

PM Modi sets target of Rs 2.5 lakh crore from asset monetisation

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NEW DELHI: Prime Minister Narendra Modi said on Wednesday that the planned privatisation of state-run enterprises will help free up resources for spending on welfare, development, empower the citizens and create jobs as he set a target of monetising 100 government-owned assets across sectors worth Rs 2.5 lakh crore.

Reiterating his strong backing for privatisation and asset monetisation, the PM said the reforms, which have been launched, were aimed at ensuring that public money is spent judiciously to benefit the poor, in what was seen as a response to critics of the new policy unveiled in the Budget.

“The money that belongs to the poor is used for such enterprises (PSUs). This puts a huge burden on the economy,” Modi told a webinar to draw up the roadmap for the implementation of Budget proposals on privatisation

and asset monetisation.

He said the government does not have to keep running public sector enterprises just because they have been running for decades or they were “pet projects of somebody”.

Modi’s speech at the webinar on the implementation of the Budget more than built upon his strong push for privatisation and private enterprise in Parliament earlier this month. It also marked the hardening of what appeared to be an opportunistic push warranted by the pandemic into a strong belief, with Modi stressing that the government has no business to be in business at all. Rather, he went a step further and argued for the elimination of the government’s role in citizen’s life being restricted to only

those spheres where it was essential. “Government’s absence should not be felt in areas where it is needed, but its influence should not be felt in other spheres.”

The PM sought to fortify the thrust for private sector by linking the twin drives of privatisation and monetisation to the need for meeting the basic needs — from schools and roads to clean drinking water to the poor.

Since coming to power in 2014, the NDA government has talked about the sale of PSUs, especially loss-making ones, such as Air India, but it has a poor track record. It sought to pass off the sale of state-run entities, such as HPCL to ONGC, another PSU, as strategic sale, drawing criticism even from the CAG.

It is now trying to push it as a key reform initiative and has even added state-run banks and a general insurance company to the list, after specifying that only four strategic sectors — atomic energy, space and defence, transport and telecom, power and petroleum — will have PSUs. Even in the sectors, state-run firms can have a diminished presence.

“This policy will go further from the annual disinvestment targets by preparing a medium-term strategic approach and also help in selecting individual companies. There will be a clear roadmap for investment as well,” said Modi, while clearly demarcating the role of state-run entities.

“It is the responsibility of the government to support and encourage businesses and enterprises but it is not necessary for the government to run businesses or own them. That is why I say the government has no business to be in business,” Modi told the webinar attended by finance minister Nirmala Sitharaman, investors, private sector executives and government officials. “It is more important for the government to focus on welfare and development projects,” the PM said as he detailed shortcomings of the government’s direct involvement in running businesses.

“It is our government’s endeavour to improve the living standards of the people while reducing the government’s unnecessary inference in their lives,” he said and emphasised that there should neither be too little, nor too much of government interference.

Referring to the National Asset Monetisation pipeline, the PM said there were several underutilised and unutilised assets in the

country. "We have a target of 100 assets from oil, gas, airport, power, which we plan to monetise. This has the potential for investment opportunities of Rs 2.5 trillion. I can tell you this will continue in future also," said the PM.

"The mantra with which the government is moving ahead is monetise and modernise. When the government monetises, then that space is taken by the private sector," said Modi, adding that the private sector brings investment, global best practices, which modernises and expands the sector and opens up job opportunities. But he also said that to ensure that this procedure is transparent and within rules, there is a need to monitor.

"Therefore, through the 'monetise and modernise', we can usher in more efficiency across the economy. Whatever money comes from the government's efforts can be used for welfare programmes," Modi said, asserting that funds raised from asset monetisation and privatisation are used for building homes for the poor, rural roads, schools and many other welfare projects. He said privatisation will also open up opportunities for the youth, who will be able to showcase their talent.

He said PSU assets have served the nation well and there are immense possibilities in future, too. "We have seen that whenever management changes, enterprises touch new heights. You must assess the value not on the basis of the present but the immense hidden possibilities of the future," Modi said and urged investors to take advantage of the new policies.