



## Raising of Asset Monetisation Target

**For Prelims:** [NITI Aayog](#), [National Monetisation Pipeline](#), [Brownfield Assets](#), [National Infrastructure Pipeline](#), [Public-Private Partnership](#), [Infrastructure Investment Trusts](#), [Disinvestment](#), [monopoly](#).

**For Mains:** Infrastructure financing, Performance of National Monetisation Pipeline (NMP).

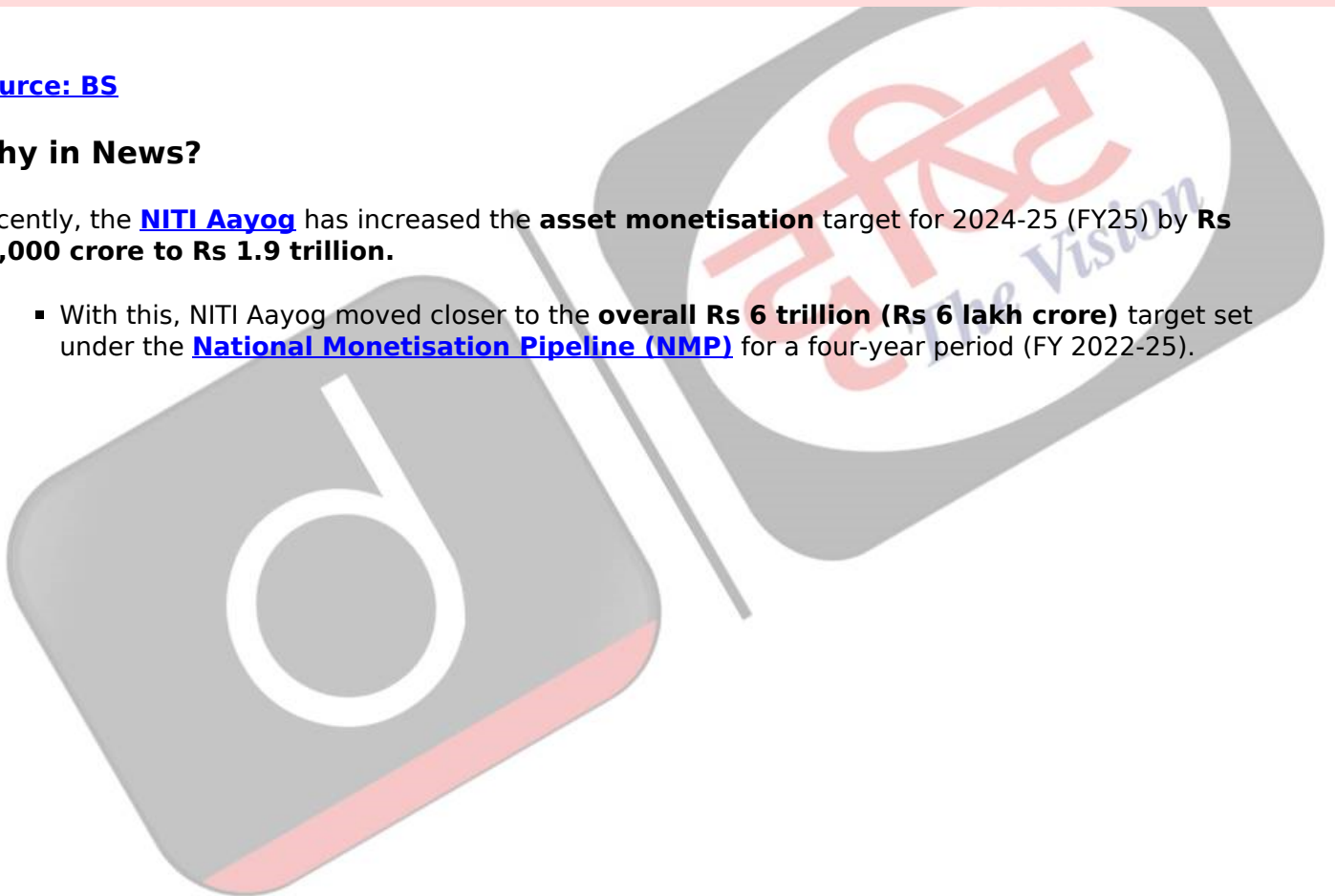
[Source: BS](#)

### Why in News?

Recently, the [NITI Aayog](#) has increased the **asset monetisation** target for 2024-25 (FY25) by **Rs 23,000 crore to Rs 1.9 trillion**.

- With this, NITI Aayog moved closer to the **overall Rs 6 trillion (Rs 6 lakh crore)** target set under the [National Monetisation Pipeline \(NMP\)](#) for a four-year period (FY 2022-25).

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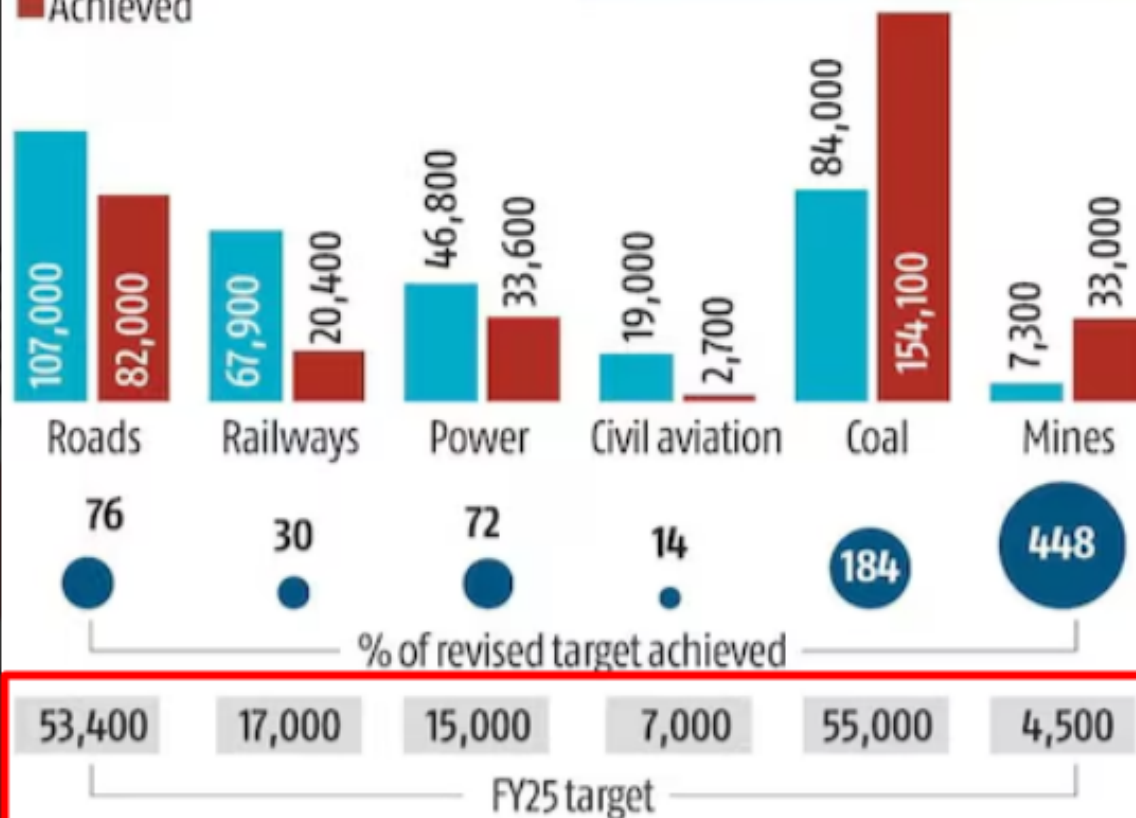
# MONETISATION: KEY SECTOR WATCH



Approximate figures in ₹ crore

■ Revised target (2021-24)

■ Achieved



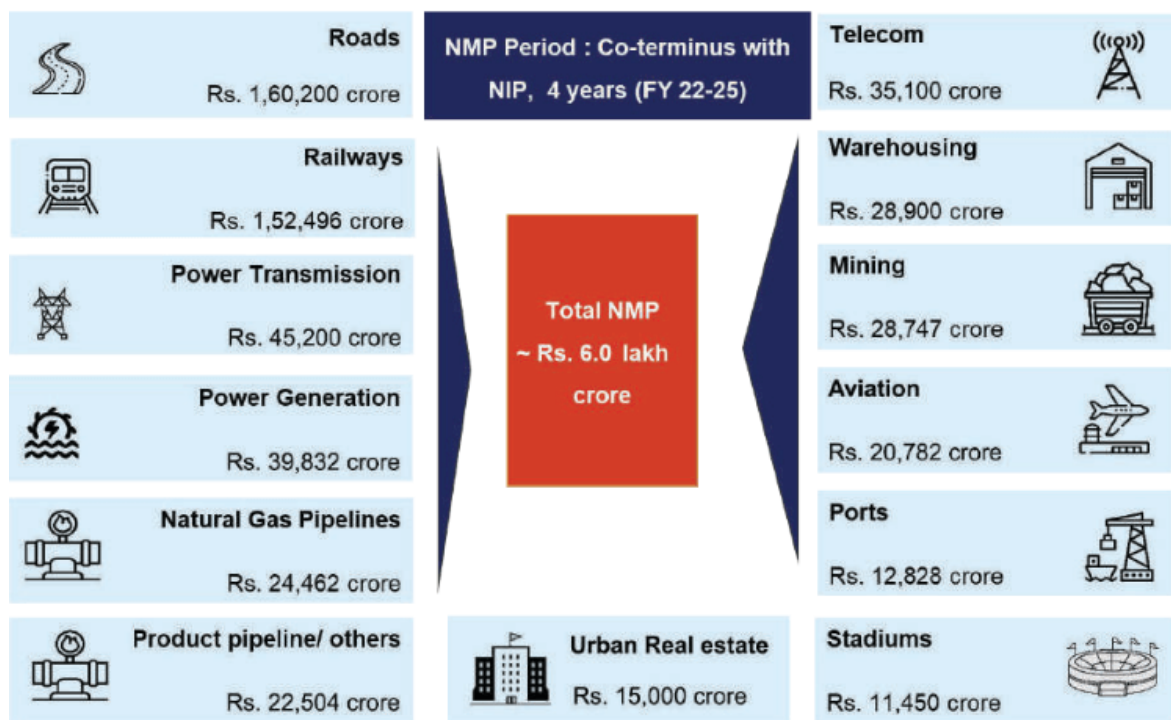
## What is Asset Monetisation?

- **About Asset Monetisation:** Monetising an asset means **converting** it into a form that can generate **revenue or currency**.
  - Monetising involves using something of value to **generate profit or convert it into cash**. For example, a government may monetise its national debt by acquiring treasury securities, thereby increasing the money supply.
- **Need of Asset Monetisation:** It unlocks the economic value of **underutilised or unutilised public assets** to create new revenue streams for governments and public entities.
  - It aims to identify and leverage these assets to generate financial returns without necessarily selling them outright.
- **Focus on Public Assets:** Public assets that can be monetised include properties owned by public bodies, such as infrastructure like **roads, airports, railways, pipelines, and mobile towers**.
  - The focus is on **brownfield assets**, which are existing assets that can be improved or put to better use.
  - Brownfield assets are those which a private company or investor purchases or leases **an existing infrastructure project or production facility** to carry out new production activity.
- **Monetisation vs. Privatisation:** Privatisation entails complete **ownership transfer** to the private sector, while asset monetisation involves structured partnerships with private entities,

allowing public authorities to **retain ownership** while benefiting from **private sector efficiency and investment**.

## What is the National Monetisation Pipeline (NMP)?

- **About NMP:** The NMP is a key initiative to promote **sustainable infrastructure financing** through the **monetisation** of operating public infrastructure assets.
  - It envisages an aggregate monetisation potential of **Rs 6 lakh crore** through the **leasing of core assets** of the Central government and public sector entities.
- **Preparation of NMP:** The pipeline has been prepared by **NITI Aayog** in consultation with infrastructure line ministries.
  - These include ministries responsible for **Roads, Transport, Highways, Railways, Power, Civil Aviation, Telecommunications**, and others.
  - The NMP targets brownfield infrastructure assets, offering public asset owners a roadmap and providing the private sector with visibility on monetisation opportunities.
- **Sectors and Asset Classes Covered:** The NMP covers a wide array of sectors including roads, ports, airports, railways, gas & product pipelines, power generation and transmission, mining, telecom, warehousing, and more.
  - The **top 5 sectors** include **roads (27%** of the total pipeline value) followed by **railways (25%), power (15%), oil & gas pipelines (8%)** and telecom (6%).
- **Monetisation Framework:** The framework for monetisation of **core asset monetisation** has three key mandates.
  - **Monetization of 'Rights' NOT 'Ownership':** The government retains **primary ownership** of the assets and assets are returned to **public authority** after the transaction period ends.
  - **Stable Revenue:** It involves selecting **de-risked brownfield assets** with stable revenue.
  - **Defined Partnership:** Structured partnerships are established under well-defined **contractual frameworks**, with strict key performance indicators (KPIs) and performance standards.
- **Link with NIP:** The NMP is **aligned with the National Infrastructure Pipeline (NIP)**, ensuring that the monetisation period is **co-terminus** with the NIP, which runs through **FY 2022 to FY 2025**.
  - The purpose of NMP is to reinvest capital into the **Rs 111 trillion National Infrastructure Pipeline**.
  - NIP aims to attract investments in key **greenfield and brownfield projects** across all economic and social infrastructure sub-sectors.
- **Instruments for Monetisation:** The **NMP will utilise a variety of instruments** for asset monetisation, including:
  - **Public-Private Partnership (PPP) concessions** for direct contracts.
  - **Infrastructure Investment Trusts (InvITs)** and other **capital market instruments**.
    - **InvITs** enables direct investment of money from individual and institutional investors in infrastructure projects to earn a portion of the income as return.



## What is the Current Status of the National Monetisation Pipeline?

- **Revenue Generation:** The NMP has generated **Rs 3.9 trillion** in the first three years (up to FY24), achieving most of its **adjusted targets**. The original target for this period was Rs 4.3 trillion.
- **Successful Monetisation:** The **Ministry of Coal** has raised **Rs 1.54 trillion** against its four-year target of Rs 80,000 crore, **far exceeding** expectations.
  - Additionally, **mines** have been monetised to the tune of **Rs 32,000 crore**, surpassing the revised target of **Rs 7,300 crore**.
- **Lagging Sectors:**
  - **Railways:** Despite being a major focus area, the Ministry of Railways has only monetised assets worth **Rs 20,417 crore** over the past three years, meeting just **30% of its revised target**.
  - **Warehousing:** Achieved **38% of its target**, amounting to Rs 8,000 crore.
  - **Civil Aviation:** Lagging significantly, having monetised **only 14% of its targeted Rs 2,600 crore** asset base.

## What are Challenges with NMP?

- **Low Monetisation Potential:** The NMP targets the monetisation of Rs 6 lakh crore which is **only 5-6%** of the overall capital expenditure under the **National Infrastructure Pipeline (Rs 111 lakh crore)**.
- **Missing Disinvestment:** The 13 sectors chosen for monetization have consistently **missed their disinvestment targets** year after year in recent years. It raises doubt on achieving actual monetisation targets.
- **Long-Term Rights:** Monetisation could grant private players **long-term rights (up to 60 years)** to operate and profit from public assets. It can be viewed by many as **privatisation** raising suspicion about government motives.
- **Budgeting and Proceeds Usage:** The NMP lacks clarity on how proceeds from monetisation will be accounted for within the budget.
  - There are **no specific guidelines** on whether these funds will finance infrastructure or be used for revenue expenditures, such as salaries or subsidies.
- **Monopolisation:** The consolidation of ownership may lead to **monopolies**, particularly in the case of **highways and railway lines**. It could lead to increased prices.
- **Issue of Taxpayers' Money:** Taxpayers are concerned about **potential double charges** on public assets, as they first funded their creation and now face additional costs for using them

through payments to private entities after monetization.

## Way Forward

- **Expedite Contract-Based Monetisation:** The government should prioritise the acceleration of contract-based monetisation through **Public-Private Partnership (PPP)** concession agreements particularly in railways and airports, where investor interest is strong.
- **Implement Land Monetisation Initiatives:** Engaging real estate and infrastructure companies in developing **multi-storey buildings** can enhance housing amenities while generating revenue.
- **Establish Clear Budgeting Guidelines:** The NMP should establish clear guidelines on how **monetization proceeds** will be treated in the budget, specifying whether funds will be allocated for infrastructure development or operational expenses.

### **Drishti Mains Question:**

Examine the objectives of the National Monetisation Pipeline (NMP). How does the NMP plan to leverage public assets for economic development?

## UPSC Civil Services Examination, Previous Year Questions (PYQ)

### **Mains**

**Q.** Account for the failure of the manufacturing sector in achieving the goal of labour-intensive exports. Suggest measures for more labour-intensive rather than capital-intensive exports. **(2017)**

**Q.** The nature of economic growth in India in recent times is often described as jobless growth. Do you agree with this view? Give arguments in favour of your answer. **(2015)**

PDF Reference URL: <https://www.drishtias.com/printpdf/raising-of-asset-monetisation-target>