

GAIL celebrates International Women's Day



Inspired by Prime Minister's vision of promoting #NariShakti and as tribute to its women employees, GAIL Ltd celebrated International Women's Day by launching a video on its social media platforms with #EveryDayHerDay showcasing how women are an important part of our every day lives.

UNLOCKING VALUE

Monetising public sector assets could ease financing constraints, pave way for sustained investment push

IN THE UNION budget 2021-22, Finance Minister Nirmala Sitharaman had proposed a three-pronged strategy for raising resources to finance new infrastructure investments in the country. This included creating an institutional structure through a new development finance institution (DFI), monetising assets of the public sector, and increasing allocations for capital expenditure by the central and state governments. In line with these proposals, the Union cabinet, on Tuesday, gave its nod for setting up a DFI for long-term infrastructure financing with a capital infusion of Rs 20,000 crore. Alongside, as reported in this paper, the government is also firming up plans to monetise assets, with Niti Aayog preparing a "National Monetisation Pipeline" of potential brownfield infrastructure assets. Considering that this process is likely to be long-drawn, the swiftness with which the government has embarked on it is welcome.

The assets shortlisted by the government so far include roads and highways, electricity transmission assets of Power Grid Corporation of India, oil and gas pipelines of GAIL, IOCL and HPCL, telecom assets of BSNL, MTNL and Bharatnet, sports stadia, and others. Plans are also being drawn up to redevelop 50 railway stations, and award 150 passenger trains to private players, as well as to divest the equity stake of Airport Authority of India (AAI) in the joint ventures that operate Delhi, Mumbai, Bangalore and Hyderabad airports. Further, AAI has selected Bhubaneswar, Varanasi, Amritsar, Indore and Trichy airports for the second round of airport privatisation. Alongside these initiatives, the government should also consider setting up a mechanism for monetising the vast land holdings of the public sector which could form an additional source of revenue.

The logic of monetising public sector assets is straightforward. With subdued private sector investments, the burden of driving investment activity in the economy falls upon the public sector. Higher public sector capital expenditure, which has a greater multiplier effect than revenue expenditure, could also help crowd-in private sector investments. However, the government's ability to ramp up spending is constrained by the fact that it has limited fiscal space. Monetising existing assets that are currently on the public sector balance sheet could thus help ease these financing constraints. The proceeds from the monetisation programme, which should be sequestered so that they are not used for financing consumption expenditure, could then be recycled into fresh projects, wherein the public sector takes on the implementation risk. Such a mechanism creates avenues for public sector undertakings to raise resources regularly for new investments without being overly dependent on budgetary support from the Centre. Thus, the success of the government's monetisation drive is critical not just for the resources it generates for the public sector in the near term, but also for becoming a feasible option for financing a sustained public sector investment push.