India’s Disinvestment Strategy in FY25

Source: BS

The Indian government’s **disinvestment** **receipts in FY25 are at their lowest since 2014-15,** signaling a strategic shift from aggressive stake sales to optimizing **Public Sector Enterprises (PSEs) performance.**

- **Disinvestment Receipts:** As of FY25, the government has accrued only **Rs 9,319 crore** (lower than **Rs 16,507 crore in FY24**) through disinvestment, marking the lowest level since 2014-15 despite post-pandemic economic recovery.
- **Shift in Disinvestment Policy:** Since **FY24, the government has stopped setting annual disinvestment targets**, moving towards a **"value creation" approach** for PSEs.
  - The new strategy includes **higher capital expenditure, improved dividends, phased market dilution, and strategic privatization where feasible**.
- **Disinvestment:** It is the government's process of selling its stake in PSEs to raise funds, reduce fiscal burden, and boost private participation. It includes **Strategic Disinvestment** (full or substantial stake sale with management transfer) and **Minority Stake Sale** (partial sale without management transfer).
  - Disinvestment methods include **Initial Public Offer** for unlisted companies, **Further Public Offer** for listed ones, **Offer for Sale** for quick stake dilution, **Buyback of Shares** to consolidate ownership or utilize surplus cash, and **Exchange Traded Funds (ETF).**
  - The disinvestment process is conducted by the **Department of Investment and Public Asset Management** under the Ministry of Finance.

Read more: **Status and Proceeds of Disinvestment**