

## ASSET MONETISATION 2.0: ECONOMY

**NEWS:** Centre may target asset monetisation of Rs 2L cr in FY26

### WHAT'S IN THE NEWS?

The Central Government is preparing to roll out **Phase II (FY26–FY30)** of the National Monetisation Pipeline with a significantly higher target of **Rs 10 lakh crore**, aiming to boost infrastructure development through asset monetisation.

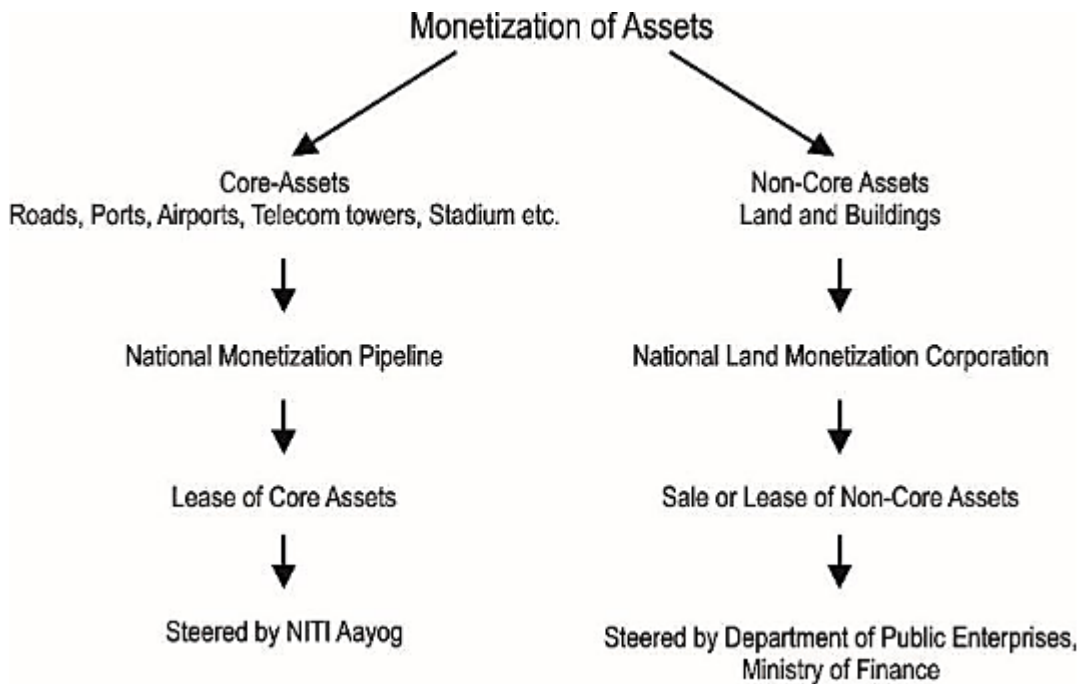
### What is Asset Monetisation?

- **Definition:**  
Asset Monetisation refers to the process of transferring **core infrastructure assets** owned by the Government to **private sector entities** for a **limited period**, while retaining government ownership of the assets.
- **Key Features:**
  - It is **not a sale** of government property, but a **time-bound lease or concession** agreement.
  - The private sector is responsible for operating, maintaining, and generating revenue from the asset during the lease term.
  - The Government continues to hold **legal ownership** of the asset throughout the contract.
- **Purpose – Capital Recycling:**
  - Monetisation allows the government to **unlock the value of existing public infrastructure** and use the proceeds to **fund new infrastructure projects**.
  - This method helps reduce the need for public debt and promotes **financial sustainability**.
  - It's a form of **capital recycling** — using revenues from old assets to create new assets.

### National Monetisation Pipeline (NMP 1.0) – Phase I (FY22 – FY25)

- **Launched by:** NITI Aayog in collaboration with the Ministry of Finance.
- **Initial Target:** Rs 6 lakh crore to be raised over 4 years.
- **Achievements:** Rs 5.65 lakh crore raised, accounting for about **94% of the target**.
- **Core Assets Included:**
  - Roads and highways
  - Railways
  - Airports and ports
  - Telecom infrastructure
  - Warehousing
  - Power transmission and generation
  - Oil and gas pipelines

- Hospitality assets like hotels
- Sports stadiums
- **Non-Core Assets Excluded:**
  - Vacant land, government buildings, and other administrative properties were **not included** in NMP 1.0.



### National Monetisation Pipeline (NMP 2.0) – Phase II (FY26 – FY30)

- **Overall Target:** Rs 10 lakh crore over a 5-year period.
- **First Year Target (FY26):** Rs 1.9 to 2 lakh crore.
- **Key Sectors for Monetisation:**
  - Highways and expressways
  - Railways (stations, tracks, freight corridors)
  - Power generation and transmission assets
  - Petroleum and natural gas pipelines
  - Civil aviation infrastructure (airports and ATC towers)
  - Ports and inland waterways
  - Warehousing and cold storage
  - Urban infrastructure (metro rail, housing complexes, bus terminals)
  - Coal and mineral mines
  - Telecom towers and optical fibre networks
- **New Focus Area:**
  - Monetisation of **vacant public land** through development partnerships with private

firms.

- A strategic shift from merely leasing built infrastructure to **unlocking land value** for long-term projects.
- **Role of Consultants:**
  - A professional consultant will be hired to **identify eligible assets and land parcels**.
  - The consultant will assess the **potential market value, revenue generation, and investment attractiveness** of the assets.
  - They will also design **public-private partnership (PPP) models** to accelerate infrastructure growth.

### **Monetisation Models and Revenue Forms**

- **Upfront Lease Revenues:** Government receives a lump sum for granting rights to operate the asset.
- **Revenue Sharing:** A portion of revenues generated by private operators is shared with the government.
- **Private Sector Investment:** Capital expenditure by private players to upgrade or maintain the infrastructure, reducing the burden on public funds.

### **Conclusion and Way Forward**

- NMP Phase II aims to **deepen private participation** in infrastructure and support the Government's **Vision 2047** goals.
- Success will depend on:
  - Regulatory clarity and investor confidence
  - Transparent asset valuation
  - Efficient contract enforcement
  - Market-responsive PPP models
- With rising infrastructure needs and fiscal constraints, NMP 2.0 will be a key pillar in India's path to **becoming a \$5 trillion economy**.

Source: <https://www.financialexpress.com/business/infrastructure-centre-may-target-asset-monetisation-of-rs-2l-cr-in-fy26-3811813/>