



# Dattopant Thengadi Foundation

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## **National Monetisation Pipeline**

The [national monetization pipeline](#) has been launched by the Union Minister for Finance and Corporate Affairs, Ms. Nirmala Sitharaman. The pipeline has been developed by Niti Aayog with the concerned infrastructure line ministries. With the 6 lakh crore potential aggregate monetization, the National Monetization Pipeline, commonly known as NMP is designed to provide fund for an infrastructure investment of Rs. 111 lakh crore over the period of 2020- 2025 by leasing it out to the non- government entities. These [infrastructural assets include](#) government owned road, railway, warehouses, airports and ports among others for a specific time period. In this way the government is planning to shape a public- private partnership which could be crucial for generating revenue in the times of pandemic like crisis.

India also resembles it for fundraising as CEO of Niti Aayog, Mr Amitabh Kant has [projected](#) that asset recycling and monetisation will unlocks value from public investment in infrastructure, and it taps private sector efficiencies in operations and management. Although it is not the first time when India has initiated such monetization scheme as there is a list of already happened brownfield investments in various public assets in India and outside as well. In India, National Highways Authority of India has monetised close to 1,400 km of toll roads through Toll-Operate-Transfer (TOT) concessions and has raised ₹17,000 crore. PowerGrid successfully launched the first-ever public sector Infrastructure Investment Trusts (INVIT), monetising its first batch of transmission assets and raising ₹7,700 crore. Airports Authority of India (AAI) successfully monetised six brownfield AAI airports through Operation Management and Development Agreement (OMDA) model, raising upfront proceeds and private investment towards augmentation of the airports. Indian Railways also launched a strategic foray into PPP in station re-development and running of passenger trains. Therefore, India is not a beginner in the asset monetization programme.

Furthermore it has been previously exercised by Australia where two of their ports (Kembla and Botany) have been leased out to the private enterprises in the year of 2013. There are similar

programmes have been exercised in Brazil, China, Indonesia, Japan, Mexico, Uruguay, the United Kingdom, the United States among others. Therefore, the monetization phenomenon, where the government leases out the dead or non-operational infrastructural assets to the private enterprises, also known as [asset recycling](#), is rather a global practice.

This asset recycling is known in India as National Monetisation Pipeline which is aimed to support the [National Infrastructure Pipeline project](#) announced in December, 2019 where 7,671 projects were aimed to be completed by the year of 2024 and as the Minister for Finance and Corporate Affairs Ms. Sitharaman stated that the estimated amount of Rs. 111 lakh crore cannot be generated only through the taxpayer's money and government funds. The [National Infrastructure Pipeline \(NIP\)](#) is crucial for achieving the rapid economic growth because infrastructure plays a vital role in the overall developmental process of the country. With this aim a taskforce has been formed to draw a framework for NIP of each year from the financial year 2019- 20 to the financial year 2024- 25. The National Monetisation Pipeline was [launched](#) as a consequent action to raise the fund by leasing the public assets to the private enterprises.

India's asset monetization programme however focusing on [certain key aspects](#) while investing and leasing the risk free brownfield assets i.e. predictable, low-capital, accessible with execution capability. With these target areas, both public and private players can work together in multiple projects. By addressing these issues, the government on the one hand, will be enabled to have upfront access to capital by the interested private partners. The private players on the other hand will maintain, operate and monetize the assets. The process of leasing the Brownfield asset will be based on contract where the government will receive the present value of the asset and the private players will get proper operational flexibility and regulatory visibility while handling the asset. Along with a national level monetization pipeline, the government is further encouraging the gram panchayat by [issuing an advisory](#) to monetize their assets as well.

Meanwhile there are various suspicions, doubts and concerns have been arising on the NMP as well. The [opposition parties](#) are continuously blaming the central government to selling the assets which creates a misconception regarding the NMP itself among the masses. Also the fear revolves around the [earlier plans of government](#) to privatise the public sector assets but yet the process has either not completed or failed after stepping half way. The privatization process of Air India and Life Insurance Corporation (LIC) are some of the examples of the government initiatives that are yet to be processed completely. Along with that every year disinvestment targets of government are not met with the expected realities. Therefore, the process of leasing the dead assets of government in the period of pandemic ridden economy where many business conglomerates are themselves in crisis is more complicated than the above mentioned projects. Another concern that has raise head is the assets that government is planning to capitalize through leasing out are taxpayer funded and the fear of privatization, job losses and

concentration of wealth into certain segment of society is persisting among the masses. Hence it is important to [finding a balance](#) among all the concerned stakeholders.

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