

## AIR Spotlight - National Monetisation Pipeline

AIR Spotlight is an insightful programme featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation. In this article, the topic of discussion is the National Monetisation Pipeline (NMP).

### Participants:

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### Context

- Union Minister for Finance recently launched the National Monetisation Pipeline based on the mandate for “Asset Monetisation” as envisioned by the [Union Budget 2021-22](#).

### National Monetisation Pipeline (NMP)

- The primary objective of the programme is to unlock the value of investments in brownfield public sector assets.
- “Asset monetisation” aims to unlock the potential of the private sector investment for new infrastructure creation. The various institutional and long term private capital opportunities are tapped for this purpose.
- A range of instruments from Public-Private Partnerships to capital instruments such as Infrastructure Investment Trusts (InvIT) has been identified under NMP.
- For example, Ports can be leased out to private players for maintenance and new infrastructure creation for augmenting the capacity. The revenue sharing models, the additional private investments from the private player, etc. will all be part of the contractual partnerships signed for this purpose.
- The aggregate asset pipeline under NMP over the four-year period, FY 2022-2025, is currently valued at Rs 6.0 lakh crore.
- It has also been clarified that NMP will be co-terminus with the [National Infrastructure Pipeline \(NIP\)](#). Hence the monetisation has been linked with infrastructure creation.
- **There will not be any ownership transfer under the programme.** The assets are handed back to the public authorities at the end of the contract.

### Role of NITI Aayog

The NITI Aayog's role is mentioned below:

- Development of key performance indicators (KPIs) for the contractual partnerships and looking after the development and progress of these projects.
- Development of a coherent set of contracts across ministries, to bring similarity in the principles of the contracts. This reduces the scope for litigation and project delays. Real-time monitoring will be undertaken through the asset monetisation dashboard for this purpose.
- Offer the project and regulatory certainty that is sought by the private sector.

### **Benefits**

- Creation of capital assets and meeting the infrastructure requirements of the country.
- Ensures resource efficiency in infrastructure operations and maintenance.
- It works towards ensuring a transparent mechanism for public authorities to monitor the performance of the private players and for investors to plan their future activities.
- Reduced risk for the private sector as these are brownfield projects. Hence, there will not be inordinate delays owing to land and environmental clearances.
- Government-led capital creation has been a major force globally to overcome the economic slowdown induced by the COVID-19 pandemic.
- Efforts to bring coherence in the contracts by NITI Aayog will help to improve the ease of doing business, especially in contract enforcement.
- Assist in quality job creation in the different sectors as envisioned by the programme.

### **Way forward**

- NMP offers a promising start. The program currently includes only the assets of the Central Government and various CPSEs involved in the infrastructure sector. This should be streamlined to involve other assets under the State governments.
- The actual realisation of the value can be ensured by transparent project evaluations, structuring, and timing of the transactions.

### **Conclusion**

The end objective is to enable infrastructure creation through monetisation where the public and private sectors collaborate and excel in their core areas of competence. This will deliver socio-economic growth and quality of life to the people of the country.

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