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Asset monetisation: Government of India and Niti Aayog announce the National Monetisation Pipeline 2.0

The Government of India and *Niti Aayog*, on February 23, 2026, announced the launch of National Monetisation Pipeline 2.0 (“**NMP 2.0**”)¹, with an aim to monetise assets with an estimated total asset monetisation value of approximately INR 16.72 lakh crore (Indian Rupees sixteen lakh seventy-two thousand crore) with each such asset housed in 12 (twelve) sectors. The aim of NMP 2.0 will be to complete monetisation of these assets during the period between financial year 2025-26 and financial year 2029-30.

Background

The launch of NMP 2.0 follows the announcement made in the Union Budget for 2025-26 where a second asset monetisation plan for the period between 2025-30 was proposed to plough back capital of INR 10 lakh crore (Indian Rupees ten lakh crore) in new projects.

NMP 2.0 seeks to build upon the successful conclusion of National Monetisation Plan 1.0 (“**NMP 1.0**”) which was in place for the period between financial years 2021-22 to 2024-25 and which had a target of monetisation of assets amounting to a value of INR 6 lakh crore (Indian Rupees six lakh crore). NMP 1.0 was largely successful and achieved 89% of its target, with asset monetisation amounting to INR 5.3 lakh crore (Indian Rupees five lakh thirty thousand crore).

On the back of this success, NMP 2.0 has been announced. The scale and ambition of NMP 2.0 appear to be significantly greater than those of NMP 1.0. NMP 2.0 targets monetisation of assets amounting to INR 16.72 lakh crore (Indian Rupees sixteen lakh seventy-two thousand crore) as compared to approximately INR 6 lakh crore (Indian Rupees six lakh crore) in NMP 1.0.

Key features of NMP 2.0

Sectors in which asset monetisation is proposed

NMP 2.0 identifies 12 (twelve) sectors whose assets will be monetised during the next 5 (five) financial years. These sectors and the total monetisation value of assets in each sector are as follows:

¹ Refer to [PIB Press Release dated February 23, 2026](#); and [Report issued by Niti Aayog on NMP 2.0](#)

Name of the sector	Total monetisation value (in INR crore)	Percentage of Total
Highways, multi modal logistics parks and ropeways	4,42,000	26%
Railways	2,62,300	16%
Power	2,76,500	17%
Petroleum and natural gas	16,300	1%
Civil aviation	27,500	2%
Ports	2,63,700	16%
Warehousing and storage	10,000	1%
Urban infrastructure	52,000	3%
Coal	2,16,000	13%
Mines	1,00,000	6%
Telecommunications	4,800	0.3%
Tourism	1,200	0.1%
Total	16,72,300	100%

Types of asset monetisation proposed

NMP 2.0 guidelines have identified the following types of asset monetisation/assets which will be monetised during the tenure of NMP 2.0:

- Greenfield assets:** New projects developed by private concessionaire with these assets reverting to the Government's control at the end of concession period. It is understood that for these asset classes, Government will gain the depreciated asset (at residual value) at the end of the asset's life. Examples: Design Build Finance Operate Transfer (DBFOT) concessions for roads and highways sector.
- Brownfield assets:** Operational, revenue-generating assets for which the Government will grant licenses/right to use the private entities. Examples: Toll Operate Transfer (TOT) in the roads and highways sector, Operation Maintenance and Development Agreement ("OMDA") for civil aviation.
- Mineral resources:** Monetisation of coal and other mineral resources through monetisation modes such as commercial auction. The estimation of total monetisation value will include the revenue and royalty payments to the Government, along with the investment by the private sector towards development of the mine.
- Assets involving strategic sale or disinvestment:** Monetisation of Government shareholding in subsidiaries/joint ventures through equity divestment, public offerings and other market-based transactions. Example: sale of land or real estate assets, equity divestment in Public Sector Undertakings ("PSUs")/subsidiaries/joint ventures.

5. **Securitisation of future cashflows:** Securitisation applies to assets with predictable and stable revenue streams, such as pipelines, power transmission lines or toll roads. Under NMP 2.0, securitisation will be counted as monetisation only if certain conditions are satisfied: (a) the securitisation transaction must not create any charge on the PSU's balance sheet; (b) no corporate guarantee should be provided; (c) the transaction must be backed solely by the securitised cash flows; (d) there will be an escrow mechanism created for cashflows; (e) the proceeds should be earmarked for capital expenditure or debt reduction; and (f) lenders to have first charge on the cashflows, while the PSU retains the right on the balance cashflows.
6. **Assets created and owned by private sector:** These are assets created and owned by the private entity but with the caveat of there being an arrangement with the Government for usage of the asset. For these types of assets to be counted as asset monetisation, there has to be: (a) an asset created by the private entity in accordance with a mandate under a concession agreement signed between a Government entity and the private sector entity; and (b) provision of services to a Government entity and/or the public at large, with the terms of service being governed by the concession agreement. Examples: projects involving construction of silos for storage of foodgrains, Gati Shakti terminals.

Approach followed by the Government

NMP 2.0 has set out a step-wise approach which has been followed by the relevant ministries and departments during the course of deciding the list of assets to be monetised:

1. **Step 1 - Identification of assets:** A list of assets to be monetised under each sector has been prepared and finalised after multiple rounds of deliberation within each Ministry and *Niti Aayog*.
2. **Step 2 - Determination of mode of asset monetisation:** For each asset class, appropriate modes of monetisation have been identified. Such mode depends on factors such as the nature of the asset, the type of development required for the particular asset, target investor profile, sectoral regulations and the highest possible returns for the Government.
3. **Step 3 - Estimation of total monetisation value of the asset:** The monetisation value of each asset has been determined based on 2 (two) aspects: (a) revenue share/proceeds earned by the Government from the asset; and (b) capital expenditure made by the private sector in the development of the asset net of Government support.
4. **Step 4 - Estimation of aggregate monetisation value of the asset:** From the total monetisation value, the aggregate monetisation value of each asset has been derived by adjusting the impact of depreciation on the asset during the concession period.
5. **Step 5 - Allocation of monetisation proceeds:** The allocation of proceeds derived from each monetised asset among different heads has been finalised, depending on the project's implementing agency and mode of monetisation.

Allocating the proceeds of monetisation

The guidelines for NMP 2.0 explain that proceeds derived from monetisation of the assets will be allocated under the following 4 (four) heads:

1. **Consolidated fund of India:** The proceeds from a monetisation project that is implemented by a Government of India ministry/department (for example, revenue share, premium, lease rental, royalty) will flow to the Consolidated fund of India.
2. **PSU/port authorities:** The proceeds from monetisation activities undertaken by PSUs will accrue to the concerned PSU. For example, the proceeds from securitisation of cash flows from a PSU's operational infrastructure project will be retained by the concerned PSU.

3. **State consolidated fund:** Certain assets will generate revenues for State Governments. For example, assets falling under the mines and coal sectors where royalty payments will accrue to the State Government. These proceeds will accrue to the State Consolidated Fund.
4. **Direct private investment:** The investments made by the private sector in monetisation projects that involve construction and/or major maintenance components will be recorded. For example, capital expenditure by a private entity in an airport project under the OMDA model will be considered as direct private investment.

Conclusion

Since the start of the decade, the Government of India has taken a strategic decision to monetise public assets and projects. In most cases, this involves a situation where the ownership of the asset remains with the Government but the right to develop, operate and maintain the asset and earn revenue (while providing a share of the revenue to the Government) is done by private players. This strategy demonstrates the Government's middle ground approach where the Government does not transfer ownership of the assets to the private sector while at the same time managing to leverage private capital and expertise.

India is aware that it requires significant capital investment to develop its critical infrastructure across various sectors ranging from roads and highways to urban infrastructure to ports to petroleum and natural gas. To achieve this amount of spending entirely using public funding/budgetary support would lead to crippling fiscal deficits which would become unmanageable in the long run. Therefore, asset monetisation, as contemplated by the Government, is a ready-made alternative. The benefits of asset monetisation are manifold. Firstly, this leads to inflow of private investment in the development and improvement of a set of publicly owned assets. Secondly with private sector players operating the assets, this enables the Government to tap into private sector expertise and reduce inefficiencies. Thirdly, with inflows from the private sector, it frees up the Government's budget towards investing in social spending or creation of other greenfield assets of strategic importance. The Government's strategy seems to have paid off with 89% of the asset monetisation targets being met during NMP 1.0.

While the fundamentals for the success of NMP 2.0 is in place, care has to be taken by the Government to ensure that lessons learned from NMP 1.0 are reflected during the implementation of NMP 2.0. This includes ensuring that a robust, transparent and competitive tendering process is implemented for selecting private players who will develop, operate and maintain the assets. It also involves ensuring that the Detailed Project Reports (DPRs) for each of the projects/assets are of the requisite quality. Further, the concession framework must be structured in a balanced manner such that the private entity gets a fair chance at recouping its investment while not having to price gouge the users of that asset. If NMP 2.0 is implemented keeping these factors in mind, there is no reason for it not to replicate or surpass the success of NMP 1.0.

Projects and Infrastructure Practice

JSA has a leading national practice in various Infrastructure sectors, such as (i) Energy & Natural Resources (Power, Oil & Gas and Minerals); (ii) Transport (Roads & Highways, Ports, Railways / Rapid Transit Systems, Aviation); and (iii) Municipal/ Urban Infrastructure (including Water & Sanitation services and Telecom). In these areas, JSA has significant expertise to provide legal services for all the aspects relating to infrastructure sector. Some of the legal services we provide for infrastructure sector are as follows.

In these areas, JSA has significant expertise in providing comprehensive legal services across all aspects of the projects and infrastructure space. Our services include, *inter-alia*: (a) identification and assessment of project risks; (b) advising on legal structures for implementation of the projects (including both wholly private infrastructure projects and PPP projects); and (c) drafting and negotiation of a wide range of project-related documents such as RFPs, concession agreements, project implementation agreements (including power purchase agreements, fuel supply agreements, tolling agreements and other off take agreements), EPC and O&M contracts, as well as various sub-contracts.

JSA has also been involved in advising clients in M&A transactions in the infrastructure space. Our attorneys understand the unique features of infrastructure business and importance of risk identification and mitigation in the infrastructure business. The team at JSA which provides these services are experts in the M&A, investments and joint ventures and have an in-depth domain knowledge of infrastructure sector. As a result, they are able to add value to the M&A, investments and joint venture transactions in infrastructure sector and while implementing these transactions address the concerns that are unique to this sector.

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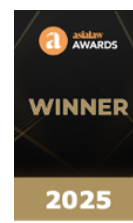
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