

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT  
(DIPAM)  
LOK SABHA  
STARRED QUESTION No.\*277  
TO BE ANSWERED ON MONDAY, MARCH 15, 2021  
PHALGUNA 24, 1942 (SAKA)

**DISINVESTMENT OF SCI**

\*277. SHRI KODIKUNNIL SURESH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Department of Investment and Public Asset Management (DIPAM) has decided to invite expressions of interest for the strategic disinvestment of its 63.75% per cent stake in the Shipping Corporation of India (SCI), the country's largest shipping company along with the transfer of management control;
- (b) If so, the details thereof and the time by which it is likely to be finalized;
- (c) the details of amount likely to be accrued from the sale of stake;
- (d) the objective and reason for which the Government proposes to disinvest its stakes in SCI which has been earning profit; and
- (e) whether the Government is aware of protests and opposition to the decision of disinvestment and if so, the reaction of the Government in this regard?

**ANSWER**

**THE MINISTER OF FINANCE  
(SMT. NIRMALA SITHARAMAN)**

(a) - (e): A statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA  
STARRED QUESTION No. \*277 TO BE ANSWERED ON MONDAY  
MARCH 15, 2021 REGARDING DISINVESTMENT OF SCI

(a): Yes, Sir.

(b): Based on the recommendations of NITI Aayog, Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 20.11.2019 accorded 'in-principle' approval for strategic disinvestment of Government of India's shareholding of 63.75% in Shipping Corporation of India (SCI) along with transfer of management control to a strategic buyer. Preliminary Information Memorandum/Expression of Interest (PIM/EoI) was floated on 22.12.2020. The last date of submission of EoIs was 01.03.2021 and date by which physical copies could be received is 15.03.2021. In response to PIM, multiple EoIs have been received. In the second stage of transaction, after due diligence by Qualified Interested Bidders (QIBs), Request for Proposal (RFP) would be supplied to QIBs for submission of financial bids.

(c): As per the strategic disinvestment process, the sale price is determined based on the outcome of the financial bidding and the reserve value. As such, it is not possible at this stage to specify the details of the amount likely to be accrued from the sale of stake.

(d): NITI Aayog had been mandated to identify and recommend CPSEs for strategic disinvestment, which are not in 'priority sector', based on the criteria of (i) National Security; (ii) Sovereign functions at arm's length; and (iii) Market Imperfections and Public Purpose. These CPSEs are reckoned as 'low priority' for the Government notwithstanding that they may be profit making companies. Strategic disinvestment is guided by the basic economic principle that the government should discontinue its engagement in manufacturing/ producing goods and services in sectors where the

competitive markets have come of age, and such entities would most likely perform better in the private hands. The unlocking of real value through better/ efficient management and use of latest technology by the private sector may bring much higher dividends for the economy as a whole in terms of growth, productivity and employment.

(e): Representations have been received from the Staff Union & Officers' Association of the company to reconsider the decision. Government intends to proceed with the decision taken by the CCEA.

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