

Eye on divestment target, govt to sell enemy shares, exit Dredging Corp

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New Delhi, 8 November

In a bid to meet the Centre's steep ₹800-billion disinvestment target, the Union Cabinet, on Thursday, approved selling of 'enemy shares', currently with the Custodian of Enemy Property for India (CEPI), in 996 companies, and gave its nod to the government divesting its entire stake in Dredging Corporation of India (DCI) to a consortium of four ports.

The 'enemy shares' are valued at ₹30 billion at current rates, the government said, while the Centre's 73.47 stake in DCI is valued at ₹7.17 billion as on Wednesday's closing date. Given the government's past history with acquisitions within the public sector companies' space, the consortium of Visakhapatnam Port Trust, Jawaharlal Nehru Port Trust, Kandla Port Trust, and Paradip Port Trust is likely to acquire the Centre's stake in DCI at a premium.

"In principle approval has been accorded for sale of enemy shares under the custody of Ministry of Home Affairs/CEPI, as per sub-section 1 of Section 8A of the Enemy Property Act, 1968," said an official government statement.

The shares will be sold by the Department of Investment and Public Asset Management (Dipam) and count towards disinvestment proceeds for the year, Law Minister Ravi Shankar Prasad

said at a post-Cabinet media briefing.

According to the statement, a total number of 65 million shares in 996 companies of 20,323 shareholders are under the custody of CEPI. Of these 996 companies, 588 are active companies and 139 are listed on the exchanges. These shares have been held by CEPI since 1968, Prasad said.

CEPI is a body which holds assets previously held by those who emigrated to Pakistan.

The process for selling these shares will be approved by an alternative mechanism comprising Finance Minister Arun Jaitley, Home Minister Rajnath Singh, and Minister of Road Transport and Highways Nitin Gadkari.

The alternative mechanism will be supported by a panel of officials co-chaired by the secretary, Dipam and home secretary, and representatives from other department, and will give its recommendations with regard to quantum, price band, and mechanisms for sale of shares.

"Before initiation of sale of any enemy shares, CEPI shall certify that the sale of the enemy shares is not in contravention of any judgment, decree or order of any court, tribunal or other authority or any law for the time being in force and can be disposed off by the government," the statement said, and added that Dipam will appoint merchant bankers, legal advisors, and others for the process of disposing enemy shares.