Ref No. NBCC/BS (98)/2016

September 19, 2016

The Manager, **Listing Department,** **National Stock Exchange of India Ltd.** **Exchange Plaza, 5th Floor,** **Plot no. C/1,G Block** **Bandra –Kurla Complex** **Bandra (E),Mumbai-400051** NSE Symbol: NBCC/EQ	**The Manager,** **Listing Department,** **BSE Limited,** **Floor 25 ,** **Phiroze Jeejeebhoy Towers,** **Dalal Street,** **Mumbai-400 001** Scrip Code: 534309

Sub.: Nomination of NBCC as Land Management Agency (LMA)

Sir,

The Government of India has issued guidelines on 07.09.2016 for closure of sick/loss making CPSEs including disposal of their movable & immovable assets. NBCC, a Navratna CPSE under the administrative control of Ministry of Urban Development (MoUD) has been nominated as the Land Management Agency (LMA) for disposal of land assets of the sick CPSEs. NBCC as LMA, will manage, maintain & protect the land assets of sick CPSEs and shall be paid fee for the same till it is disposed off.

NBCC in consultation with concerned CPSE/ Administrative Ministry will prepare development plan of each land parcel after examining prevailing development control norms and further invite Expression of Interest (EOI) and offers for purchase of land at the prevailing circle rate/ acquisition cost from all Government entities in order of priority i.e. (i) Central Govt. Department(s), (ii) Central Govt. bodies/CPSEs, (iii) State Deptt and (iv) State Govt. bodies/State PSEs/State Authorities. NBCC will be paid @ 0.5% of the value realized from disposal of land, subject to a maximum of Rupees One crore in each case. The above measure of Govt. of India for utilisation of the idle land of different sick CPSEs in time bound manner will definitely boost economy of the Country and give enormous business opportunities to NBCC.

एनबीसीसी (इंडिया) लिमिटेड
नई दिल्ली
NEW DELHI
NBCC (INDIA) LIMITED

CORPORATE OFFICE
NBCC Bhawan, Lodhi Road, New Delhi - 110 003 (India)
Phone No : (011) 24367314-15, 43591555 I Fax : (011)24366995
www.nbccindia.com I E-Mail : cs.nbcc@nic.in

The DPE guidelines in this respect are enclosed and also available on DPE website.

The aforesaid information is also disclosed on the website of the Company at http://www.nbccindia.com/nbccindia/nroot/njsp/InvestorNotices.jsp

This is for your information and record. Kindly acknowledge receipt.

Thanking you,

Yours Sincerely,
For NBCC (India) Limited

Deepti Gambhir
Company Secretary
F-4984

Encl : as above

No. DPE/5(1)/2014-Fin. (Part)
Government of India
Ministry of Heavy Industries& Public Enterprises
Department of Public Enterprises
*****

Public Enterprises Bhawan
Block No.14, CGO Complex
Lodhi Road, NewDelhi-110003

Date: 07.9.2016

OFFICE MEMORANDUM

Sub: Guidelines on Time bound Closure of Sick/ Loss making Central Public Sector Enterprises (CPSEs) and disposal of movable and immovable assets -regarding

The undersigned is directed to enclose herewith the guidelines on Time bound Closure of Sick/ Loss making Central Public Sector Enterprises (CPSEs) and disposal of movable and immovable assets.

2. The administrative Ministries /Departments are requested to take necessary action as per the guidelines in respect of CPSEs under their administrative control.

3. This issues with the approval of the Minister of Heavy Industries & Public Enterprises.

Kalyani Mishra

(Kalyani Mishra)
Director
Tel. 24362061

To, Secretaries to the Ministries/Departments of Government of India (As per List enclosed)

Copy to:

1. Principal Secretary to the Prime Minister (Shri Nripendra Mishra), Prime Minister's Office, South Block, New Delhi - 110001
2. Cabinet Secretary (Shri P. K. Sinha), Cabinet Secretariat, Rashtrapati Bhawan New Delhi 110004
3. Chief Executive Officer (Shri Amitabh Kant), NITI Aayog, Sansad Marg, New Delhi- 110 001
4. Secretary (Shri Neeraj Kumar Gupta), Department of Investment and Public Asset Management, CGO Complex, New Delhi
5. Secretary (Shri Sanjay Kumar Srivastava), Coordination, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi
6. Shri Tarun Bajaj, Joint Secretary, Prime Minister's Office, South Block, New Delhi

Annex

List of Ministries/Departments

S. No.	Name of the Ministry/ Department/Board
1	Department of Expenditure
2	Department of Heavy Industry
3	Department of Fertilizers
4	Department of Pharmaceuticals
5	Department of Chemicals & Petrochemicals
6	Ministry of Steel
7	Ministry of Shipping
8	Ministry of Housing & Urban Poverty Alleviation
9	Ministry of Textiles
10	Ministry of Water Resources, River Development and Ganga Rejuvenation
11	Department of Food & Public Distribution
12	Ministry of Petroleum &Natural Gas
13	Ministry of Railways
14	Ministry of Civil Aviation
15	Department of Telecommunications
16	Ministry of Development of North Eastern Region
17	Ministry of Environment, Forests & Climate Change
18	Ministry of Tourism
19	Department of Scientific& Industrial Research
20	Department of Defence Production
21	Department of Commerce
22	Department of Agriculture & Cooperation
23	Department of Space
24	Department of Atomic Energy
25	Ministry of Coal
26	Department of Economic Affairs
27	Ministry of Corporate Affairs
28	Ministry of Minority Affairs
29	Ministry of Health and Family welfare
30	Ministry of New and Renewable Energy
31	Ministry of Power
32	Ministry of Road Transport and Highways
33	Ministry of Ayush
34	Department of Biotechnology
35	Ministry of Information &Broadcasting
36	Ministry of Micro, Small & Medium Enterprises
37	Ministry of Mines
38	Department of Electronics & Information Technology
39	Ministry of Home Affairs
40	Ministry of Tribal Affairs
41	Ministry of Urban Development
42	Department of Higher Education
43	Department of Empowerment of Persons with Disabilities
44	Ministry of Social Justice & Empowerment
45	Department of Legal Affairs
46	Department of Personnel & Training
47	Public Enterprises Selection Board
48	Ministry of Labour and Employment
49	Department of Financial Services

No. DPE/5(1)/2014-Fin (Part)
Department of Public Enterprises
Government of India

Subject: Guidelines for Time bound Closure of Sick/ Loss Making Central Public Sector Enterprises (CPSEs) and disposal of Movable and Immovable assets.

***

The Government has been concerned about the inordinate delays and extended time taken for closing down Sick/ Loss Making Central Public Sector Enterprises (CPSEs) where decisions for closure were taken long time back. For such CPSEs, Government has been providing budgetary support straining its scarce resources. The Government would now like to ensure that the decisions taken by the competent authority are implemented by ensuring payment of financial compensation, discharging of liabilities, legal responsibilities, disposal/ monetisation of lands and moveable assets in a time bound manner.

To expeditiously complete the various processes and procedures for closure of CPSEs and lay down responsibilities of the administrative ministries/ departments/ CPSEs, including the support required to be extended by nodal departments/ organisations, guidelines for time bound closure of Sick/ Loss Making CPSEs and disposal of movable and immovable assets are laid down hereunder:

1 **Applicability:** These guidelines shall apply to all sick/ loss making CPSEs, where –

(i) approval for closure has been obtained by administrative Ministry/ Department from the CCEA/ Cabinet; or

(ii) in-principle approval for closure has been given by the CCEA/ Cabinet on the proposal/ recommendation of the administrative Ministry/ Department/ NITI Aayog.

(iii) the administrative Ministry/ Department has decided for the closure of the CPSE and the process for obtaining the approval of the competent authority is underway.

Note: These guidelines shall not apply to CPSEs under liquidation where liquidator has been appointed. However, the Administrative Ministry/ Department of such CPSE(s) may take necessary action in respect of various activities relating to closure of the CPSE and disposal of its movable/immovable assets in consultation with NITI Aayog and in accordance with the legal requirements of the liquidation process.

2. **Definitions**

(i) **Zero Date** shall be the date of issue of minutes conveying the decision of Cabinet/ CCEA for closure. In respect of those CPSEs where approval for closure has already been obtained, the **zero date** shall be the date of issue of these guidelines.

(ii) **Preparatory Date** shall be the date of issue of minutes conveying the decision of

in-principle approval of Cabinet/ CCEA for closure or date of decision for closure by the administrative Ministry/ Department, as the case may be.

(iii) CPSE: The definition of 'CPSE' given by DIPAM vide O.M. No. 5/2/2016-Policy dated 27.5.2016 regarding Capital Restructuring of Central Public Sector Enterprises (CPSEs) shall apply for the purpose of these guidelines, which is reproduced below:

"all corporate bodies where Government of India and/or Government controlled one or more body corporate have controlling interest.

(i) Body corporate shall include body incorporated under the provisions of the Companies Act, 1956 or the Companies Act, 2013, or under any other Act as may be applicable except Limited Liability Partnership.

(ii) Controlling interest means control over the composition of the Board of Directors; or exercise or control over more than one-half of the total share capital or able to exercise more than 50 per cent voting rights in the meeting of the members, Board of Directors or any other similar executive structure, e.g., Governing Body, Executive Committee, etc.

A body corporate in which Government of India and/ or CPSEs, including their subsidiaries, control the composition of the Board of Directors; or exercise or control more than one-half of the total share capital shall be deemed to be a body controlled by Government of India."

Note: Banks and Insurance companies will not be covered in the above definition of CPSE for the purposes of these guidelines.

(iv) Land Management Agency (LMA) is the CPSE, such as NBCC/EPIL, which is nominated by the administrative Ministry/ Department/ the Board of the CPSE under closure to manage, maintain and assist in disposal of land.

(v) Auctioning Agency (AA) is the CPSE, such as MSTC, which is nominated by the administrative Ministry/ Department/ the Board of the CPSE under closure to dispose of movable and immovable assets through e-auction in a transparent manner.

3. Preparatory Activities before Decision on Closure

The CPSEs mentioned in para 1 (ii) and (iii) of the guidelines shall take advance preparatory action for such CPSEs which shall include the following:

3.1 Estimation of Statutory dues: The CPSE will estimate the statutory dues/ liabilities towards revenues, taxes, cesses and rates due to Central Government or State Government or to local authorities under the supervision of its administrative Ministry/ Department.

3.2 Estimation of dues of employees:

(i) Preparation of VRS/ VSS package at 2007 notional pay scale, irrespective of the pay scale in which the CPSE is operating for release of the employees. Estimation

of financial implications for such a package.

(ii) Estimation of funds required for payment of wages/salaries and statutory dues in respect of the employees till the time the employees are released by way of opting for VRS/ VSS/ retrenched or settled.

(iii) Total Estimated budgetary support for (i) and (ii) above with the phasing of requirement of funds and time lines

3.3 Estimation of liabilities towards Secured Creditors etc.

(i) Secured creditors are those in whose favour a charge has been created on the assets of the Company and filed/ registered with the Registrar of Companies.

(ii) Administrative Ministry/ Department will negotiate with the secured creditors to settle their dues at the minimum value as One Time Settlement (OTS). Administrative Ministry/Department may critically examine the best possible settlement including schedule of payment, waiver of interest and penalties with secured creditors so that it requires minimum budgetary support.

(iii) Processing of offers from secured creditors and statutory dues for settling them at minimum value and estimation of the total amount so determined to be paid back to the secured creditors.

(iv) Modalities of the settlement of liabilities covered by the Government guarantees will be settled in consultation with the Ministry of Finance.

3.4 **Estimation of dues payable to the Central Government:** The dues payable to the Central Government availed in the form of loans extended from time to time, segregated into the principal outstanding amount and the interest thereon shall be worked out.

3.5 **Estimation of other liabilities:** Administrative Ministry/ Department will get the estimates of all other liabilities required to be paid including unsecured creditors.

3.6 Estimation of Movable assets:

(i) Updating details of movable assets including plant(s) & machineries. The inventory of all moveable assets should be got verified/ certified from an independent third party e.g. a firm of Chartered Accountants;

(ii) Book Value of the movable assets as well as the current estimated market value and estimation of realisable value from their sale by the CPSE/ administrative Ministry/ Department.

(iii) Where movable assets are on lease negotiation with the lessor whether he would take it back at market price or would like it to be auctioned.

(iv) Ascertaining whether movable assets are to be utilised by holding CPSE, if any or by the administrative Ministry/ Department.

(v) Ascertaining whether factory/ office building (superstructure) is required to be disposed off alongwith movable assets or alongwith land.

(vi) Ascertaining of market value of brand name, goodwill, trademarks, etc. of the CPSE under closure.

3.7 Estimation of receivables including trade receivables, securities, loans and advances, etc.

3.8 Estimation of Budgetary Support Required for closure

(i) Total Estimated funds required for financing the closure of the Company which would include liabilities at para 3.1 to 3.5 above, along with time-lines/ phasing of release of funds from the Central Government.

(ii) CPSE's own resources, including amount to be realised from sale of assets, which may be available for settlement of liabilities during the course of closure shall be taken into account for working out the requirement for budgetary support, with phasing of funds and time lines.

3.9 Immovable assets including buildings:

(i) Updating of land records with geo-mapping and details such as title deed, lease hold land, free hold land, conditions of lease, remaining period of lease, current land use, FAR and other rights relating to use of land, whether land compensation (partly/fully) has been paid by the CPSEs/ Central Government at the time of acquisition, amount of compensation paid, status of possession of land, encroachments, if any, etc.

(ii) Obtaining the concurrence/ agreement of the State Government in respect of utilisation/ settlement of lease hold land of the CPSE intended to be closed for further use for similar or identical activities as per local laws governing land use by other Central Government/ State Government/ Departments or PSEs/ organisations for public purpose/ expansion of economic activities, etc, if options possible.

(iii) Valuation of land at the prevalent circle rates or current acquisition cost (excluding the R&R expenses).

(iv) Ascertaining whether immovable assets are to be utilised by holding CPSE, if any or by the administrative Ministry/ Department failing which appointment of Land Management Agency (LMA) and sharing information with it.

4. CPSEs under Board for Industrial and Financial Reconstruction (BIFR)

NITI Aayog shall advise the administrative Ministry/ Department in respect of the CPSEs which are sick and are registered under BIFR or proceedings are pending before the AIIFR regarding the two alternative courses of action, namely, liquidation under BIFR or taking the CPSE out of BIFR through appropriate financial restructuring, after analysing the assets and liabilities of the company. If the NITI Aayog suggests taking the CPSE out of BIFR purview, the concerned administrative Ministry/ Department shall submit the appropriate financial

restructuring/ support proposal to the competent authority to the extent required to make its net-worth positive so that the sick CPSE is taken out of the purview of BIFR.

5. **Responsibility of the Board of Directors of CPSEs for Closure**

In respect of CPSEs where decision for closure has been taken or in-principle approval for closure has been given by Cabinet/ CCEA, the Directors of the CPSE should provide all support and material required in formulating the closure proposal and its implementation, failing which the administrative Ministry/ Department shall take a view on removing the Functional Directors including the CMD and give additional charge of the CMD to the Joint Secretary concerned and charge of other functional Directors to other senior officers in the administrative Ministry/ Department. This fact of removal of the Functional Directors including the CMD will be communicated to the PESB.

6. **Role of the administrative Ministry after in-principle Decision for Closure**

In respect of the CPSEs mentioned in para 1 (ii) and (iii) of the guidelines, the concerned administrative Ministry/ Department will be responsible for formulating the detailed proposal for closure of the CPSE and place the same before the Cabinet/ CCEA within a period of three months. It shall be ensured by the administrative Ministry/ Department that all relevant details along with their financial implications, details of liabilities, movable and immovable assets to be offered for sale are covered in the approval para of the proposal for closure of the CPSE.

7. **Role of the Administrative Ministry/ Department after Decision for Closure**

After obtaining decision of the competent authority on closure of the CPSE, the administrative Ministry/ Department shall take up the following processes and activities:-

7.1 **Request for Budgetary Support:** Request budgetary support from the Department of Expenditure, Ministry of Finance, within 15 days from the Zero date. For this, a mechanism for time bound release of funds required to implement all aspects of closure of CPSEs may be put in place by the Department of Expenditure, Ministry of Finance so that funds are released within one month of receiving the request, except where Parliamentary approval for Supplementary Demand for Grants is required.

7.2 **Settlement of Liabilities:**

(i) Instruct the CPSE for taking necessary action for bringing the CPSE out of BIFR/AIIFR, if required;

(ii) Instruct the CPSE for payment of statutory dues/ liabilities towards revenues, taxes, cesses and rates due to Central Government or State Government or to the local authorities;

(iii) Instruct the CPSE to give a general notice within 05 days from the Zero date to

employees and other stakeholders intimating about intended closure. Intimate/ apply to the Ministry of Labour and Employment in respect of closure, as may be applicable under Industrial Disputes Act, 1947. Implement VRS package with a timeframe/ final cut-off date and settle wages/salaries of employees and statutory dues within 3 months from the Zero Date or within such extended time required due to the need to seek Parliamentary approval for additional funds.

(iv) Take action for completing the legal formalities for retrenchment of employees not opting for VRS within the stipulated period of time by payment of compensation as per law.

(v) Settlement of secured creditors. The settlement should be completed within 3 months from the Zero Date unless there are financing constraints beyond the control of the administrative Ministry/ Department.

(vi) Settlement of other liabilities should be the next priority.

7.3 Disposal of Assets

In case the CPSE is a subsidiary of another CPSE and if the assets are required by such holding company, the same may be transferred to the holding company at book value, in consultation with the State Government, wherever so required within 30 days from zero date. Similarly, if assets are required by the administrative Ministry/ Department for its own use, the same may be transferred to it at book value within 30 days from zero date. In respect of remaining assets, guidelines as mentioned in subsequent paras, i.e., 8, 9 and 10 shall apply.

8. <u>Disposal of Movable Assets</u>

(i) The CPSE shall carry out the processes of disposal of movable assets including plant & machinery in a transparent manner immediately after 'Preparatory Date' under the supervision of Administrative Ministry/ Department.

(ii) The leasehold assets may be transferred to the lessor at his option.

(iii) The CPSE in consultation with the administrative ministry/ department, if necessarily required, may dispose of factory building structure along with disposal of movable assets.

(iv) If there is a need for auction of movable assets including brand name, goodwill, trade marks, etc., Auctioning Agency shall be nominated by the Administrative Ministry/ Department/ CPSE for completing the job within three months from the zero date.

(v) If the CPSE is not able to dispose off movable assets within the stipulated time-frame, it should be brought to notice of the Administrative Ministry/ Department and Niti Aayog by the CPSE. Thereafter, the Administrative Ministry/ Department shall redress the matter within 15 days and shall take a decision on settlement of the disposal of movable assets.

9. <u>Disposal of Immovable Assets: Land & Building</u>

Considering that land of the CPSE may be lease-hold or free-hold or a conditional

Land Grant with restricted rights of occupation and use, the CPSE shall carry out the following activities after examining issues mentioned in para 3.8 above, under close supervision and guidance of the administrative Ministry/ Department and in consultation with State Government(s)/ lessor, wherever required.

9.1 Disposal of Lease Hold Land

(i) **Leasehold land with conditions:** Lease hold land with specific condition that it will be given back to the State in case the CPSE ceases to exist or non-utilisation of land for the purpose for which it had been allotted etc. or where there is no provision of sale in the lease agreement, such land may be returned to the State Government on receipt of financial compensation determined as per the terms and conditions of the Lease or Land Grant Agreement. In such a case, financial compensation, if any, paid by the CPSE/ Central government at the time of acquisition or the higher amount shall be re-paid/ paid by the State government while taking back the land.

(ii) **Other Lease hold land:** In case the terms and conditions of the Lease do not contain any restrictive conditions regarding the use/ disposal of such land, and/or do not confer any pre-emptive rights in favour of the State/lesser in the event of closure of the CPSE, the subject land may be treated akin to free-hold land and dealt with in the same manner as prescribed for the free-hold land, subject to any specific terms and conditions of the Lease.

9.2 Disposal of Free Hold Land: Free hold land is generally allotted to the CPSE by the State government after acquisition or purchased by CPSE directly. There may or may not be conditions of land use attached to such land. In case of freehold land with conditions of land use attached, best possible use of such land may be worked out in the light of the original land-use of the land or the current land-use of the area as per the master plan of the locality, whichever is better. The following process shall be followed for settlement of the free-hold land of the CPSEs:

(i) CPSE/ administrative Ministry/ Department shall first invite the offers for purchase of land through LMA and determine the demand for such land. Land shall be allotted, subject to the approval of the Cabinet/ CCEA as required, in order of priority mentioned below at the current circle rates applicable at the time of offer and/ or the prevalent acquisition cost (excluding the R & R Costs). In case any the organisation is willing to take the entire land (without any division thereof), the same shall be given priority over others.

Order of priority:

(a) Central Government Department(s)
(b) Central Government Bodies/CPSEs
(c) State Departments
(d) State Government Bodies/ State PSEs/ State Authorities

(ii) In case, above category of organisations are interested in taking part of the land, it would require preparation of a Development Plan of the area of land, plotting and provision of internal infrastructure works/ facilities, which shall be prepared by LMA and presented to the CPSE/ administrative Ministry/ Department. The

administrative Ministry/ Department will consider the land development plan, approve it including the scheme of financing and may entrust LMA or any other suitable agency(ies) to execute it to ensure allotment/ settlement of such divided land parcels as per the priority given in the guidelines.

(iii) In case no offer is received within 6 months from zero date, the disposal of immovable assets is to be done in a transparent process through the auctioning agency to any entity with the approval of the competent authority. Land would be sold as per the approved land use, FAR and other applicable conditions. However, before the bid is finalised, if any offer is received from agencies mentioned in para 9.2(i), the same will be given overriding priority.

(iv) In case of non-feasibility of above options, land/ property may be utilised for public purposes including affordable housing, any flagship programme of Government of India as may be permissible in consultation with Niti Aayog and approval of the Cabinet/ CCEA, as required.

(v) Wherever the Administrative Ministry/ Department faces any difficulty in disposal of land, it shall consult the NITI Aayog and take action as per the advice tendered in this behalf.

9.3 Negotiations with the State Government

The Secretary of the Department/ Ministry concerned shall lead the interactions with the State Government regarding the utilisation/ alternative utilisation of land, return of land to the State Government and conclude these deliberations within a period of two months from Zero Date.

10. Role of Land Management Agency

The administrative Ministry/ Department and the Board of the CPSE under closure may entrust the immovable assets as per para 3.8 to the nominated Land Management Agency (LMA), which shall:

(i) Manage, maintain and, if required, engage security agency for the watch and ward of the assets on contract basis for the CPSE against payment. The LMA shall ensure that the land is not encroached, movable assets are not stolen and premises is secured. The LMA may engage a few key employees dealing with assets of the CPSE on contract basis to obtain, manage, maintain and update the records of lands and other immovable assets of the CPSEs on behalf of the CPSE.

(ii) Collect and validate the information regarding the land, e.g. title deed, lease hold or free hold, conditions of lease, remaining period of lease, whether land compensation was paid by the CPSE/ Central Government at the time of acquisition, status of possession of land, encroachment, if any, and its verification on the ground.

(iii) Examine the current land use, FAR and the land use as per the local laws applicable in that area to determine the suitability of the land for industrial, manufacturing or some other purposes.

(iv) Carry out valuation of land on the applicable circle rates, acquisition cost

(excluding the R&R expenses) and any other information necessary for use/ valuation of land/ building including limitations arising out of nature of title, master plan and State Government restrictions, if any.

(v) The Land Management Agency shall compile all such information and publish the same on its website (Land management portal) at the earliest, but not later than three months from preparatory date, in the public domain for the information of all parties that may be interested in taking such land.

(vi) LMA shall also invite Expressions of Interest (EoI) from all Central/ State government(s)/ their agencies and others interested in taking the entire or part of the land.

(vii) If the LMA comes to the conclusion from the EoIs received that disposal of immovable assets as per priorities set out in the Guidelines would require allotment of the asset or a part thereof, it should bring the matter to the notice of the Administrative Ministry/ Department, which shall make the allotment with the approval of the Cabinet/CCEA, as required. The LMA shall suggest the CPSE/ Administrative Ministry/ Department a plan of allotment/ settlement of the whole land or a part thereof.

(viii) If the LMA comes to a conclusion that disposal of land would require division of land into parcels and development of such land parcels to facilitate their monetisation, the LMA shall prepare and place before the Administrative Ministry/ Department a Land Development Plan along with its scheme of financing for consideration and further approval.

(ix) The LMA shall submit monthly report updating the status of disposal of immovable property to the administrative Ministry/ Department as per their approvals, with a copy to the NITI Aayog.

(x) The LMA will be entitled to land management fee which would be 0.5% of the value realized from disposal of land, subject to a maximum of Rupees One crore.

(xi) In cases where the LMA is required to support watch and ward of the asset under disposal, such expenditure shall be reimbursed by the administrative Ministry/Department on the basis of actuals every month. LMA would obtain prior approval of the administrative Ministry/Department before incurring any expenditure which require reimbursement.

(xii) LMA may be required to engage the State Government Public Sector Enterprises on appropriate terms and conditions for discharge of some of its responsibilities.

11. Role of Auctioning Agency

The auctioning agency shall dispose the assets of the Company by e-auction through a transparent process. The Auctioning Agency would be paid 1% of amount realized from auction subject to maximum of Rs. 25.00 lakh per auction.

12. Role of Niti Aayog

(i) For all cases of closure, NITI Aayog shall monitor the implementation of the decision along the prescribed timelines.

(ii) There shall be an Oversight Committee in place in NITI Aayog. This Committee shall carry out the work of monitoring the implementation of decisions of the Government in this regard.

(iii) The administrative Ministry/ Department may approach NITI Aayog for resolution of any problem/dispute arising out of sale of immovable assets of CPSE(s) approved for closure. NITI Aayog will develop a framework in place for resolution of such issues.

13. Role of Ministry of Finance

(i) Ministry of Finance may examine, either through professional help or otherwise, the request for budgetary support at the stage of seeking in-principle or final approval of the competent authority for closure of CPSE.

(ii) Once closure proposal is approved Ministry of Finance would release funds as per the prescribed time-lines.

14. Proceeds from sale of assets after making payment for all liabilities would be deposited in Consolidated Fund of India.

15. Application to the RoC for Removal of the name of the Company from the Register of Companies

Immediately upon settlement and discharge of all the liabilities, the Board of Directors of the CPSE shall take necessary steps to apply to the Registrar of Companies (RoC) for removal of the name of the Company from the Register of Companies under Section 560 of the Companies Act, 1956 (the corresponding provision under Section 248 of the Companies Act, 2013 has not yet been notified). The Board of Directors may also pass a resolution at this stage to transfer all the residual assets of the Company to another entity or the Central Government as considered necessary.

16. Time-Lines

For ease of use, a matrix of timelines of various steps for closure of the CPSE as per these Guidelines is annexed.

Further, in respect of CPSEs, where the process of closure has already started with the approval of the competent authority and is underway, a shorter timeline may be re-worked out by the administrative Ministry/ Department in consultation with NITI Aayog as per these guidelines.

****

Annex

Time-lines of activities for closure of CPSEs

Sr. No.	Milestones/ Activities	Time-Lines	Para No. of Guidelines
A.	**Preparatory date:** Date of issue of minutes of in-principle approval for closure of sick/ loss-making CPSE by the Cabinet/ CCEA or date of decision by the administrative Ministry for closure. This is shown as **Po.**		
1.	Estimation of Statutory dues	P_O + 2 months	3.1
	Estimation of dues of employees		3.2
	Estimation of liabilities towards Secured Creditors etc.		3.3
	Estimation of dues payable to Central Government		3.4
	Estimation of other liabilities		3.5
	Estimation of Movable assets		3.6
	Estimation of receivables		3.7
	Estimation of Budgetary Support Required		3.8
	Consultation with NITI Aayog and decision on taking out of BIFR, if applicable		4
2.	All preparatory actions in respect of immovable assets, e.g. updating of land records with geo-mapping and other formalities, Obtaining State Governments commitments, Valuation etc.	P_O + 3 months	3.9
	Detailed Proposal for closure to be placed before the Cabinet/ CCEA		6
	Placing of information relating to immovable assets/ land on the 'Land Management Portal web site'		10 (v)
B.	**Zero date:** Date of issue of minutes of approval for closure of sick/ loss-making CPSE by the Cabinet/ CCEA. In respect of CPSEs where Cabinet/ CCEA had already approved closure of CPSE, zero date would be the date of the guidelines. This is shown as **To**.		
3.	General notice to employees and other stakeholders intimating about intended closure	T_O + 5 days	7.2.iii
	Intimate/ apply to the Ministry of Labour and Employment in respect of closure		
4.	Request for budgetary support from Department of Expenditure.	T_O + 15 days	7.1
	Action for taking CPSE out of BIFR		7.2.(i)
5.	Transfer of assets to Holding company/ administrative Ministry/ Department	T_O + 1 months	7.3
6.	Settlement of statutory dues/ liabilities towards revenues, taxes etc.	T_O + 2 months	7.2.(ii)
	Payment of secured creditors as one time settlement		7.2.(v)
	Negotiation with State Government		9.3
7.	Settlement of wages/salaries of employees and statutory dues	T_O + 3 months	7.2 (iii)
	Disposal of movable assets		8
	Return of leasehold land to State Government with conditions of non-sale		9.1(i)
8.	Retrenchment of employees not opting for VRS	T_O + 4 months	7.2.(iv)
9.	Sale of leasehold/ freehold land to Central Government departments, Central Government bodies/ CPSEs, State Government departments, State Government bodies/ PSEs.	T_O + 6 months	9.2 (i), (ii),
10.	Auction of land to any entity after exhausting option at sl no. 9	T_O + 12 months	9.2 (iii)
11.	Application to Registrar of Companies for removal of name of CPSE	T_O + 12 months	15
12.	Utilisation of land for public purposes including affordable housing and other flagship programme of Government of India	T_O + 15 months	9.2 (iv)

Note: The above timelines would be suitably modified in individual cases requiring Parliamentary approval.