

**No. DPE/11(12)/2023-DD**  
**Government of India**  
**Ministry of Finance**  
**Department of Public Enterprises**

\*\*\*\*\*

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

**Date: 14<sup>th</sup> June, 2024**

**OFFICE MEMORANDUM**

**Subject: Asset Monetization of Central Public Sector Enterprises (CPSEs)  
/ other Government Organizations and Immovable Enemy  
Properties - Procedure and mechanism thereof.**

The undersigned is directed to forward the procedure, mechanism and guidelines for Asset Monetization of Central Public Sector Enterprises (CPSEs) / other Government Organizations and Immovable Enemy Properties as per the enclosed document (**Annexure-I**)

2. All the administrative Ministries/Departments concerned with CPSEs are requested to take note of the revised guidelines and also bring the same to the notice of all CPSEs under their administrative control for compliance.

3. This issues with the approval of Competent Authority.

  
(Rohin Koppuravuri)  
Deputy Director  
Tel: 24360671

**Encl.: As above**

To,

All the Secretaries, Government of India

**F.No. DPE/11(12)/2023-DD**  
**Government of India**  
**Ministry of Finance**  
**Department of Public Enterprises**

Block-14, CGO Complex,  
Lodhi Road, New Delhi  
Dated: 14<sup>th</sup> June, 2024

**Subject: Asset Monetization of Central Public Sector Enterprises (CPSEs) / other Government Organizations and Immovable Enemy Properties - Procedure and mechanism thereof.**

\*\*\*

**1. Introduction and Scope:**

- 1.1 Asset Monetization involves creation of new sources of revenue by unlocking of value of hitherto unutilized or underutilized public assets. Internationally, it is recognized that public assets are a significant resource for all economies. Monetizing these assets that Government's control, including in public corporations, is widely held to be a very important but inadequately explored public finance option for managing public resources.
- 1.2 The assets of the public sector and Government Departments are diverse and spread out across the country. These assets could be categorized, broadly, into the following classes: a) Land and Buildings, b) brown-field operational assets such as pipelines, roads, mobile towers etc., c) financial assets, like equity shares, debt securities, other hybrid/ structured finance asset units etc., d) other miscellaneous assets.
- 1.3 Many public sector assets are sub- optimally utilised and could be appropriately monetized to create greater financial leverage and value for the companies and of the equity that the government has invested in them. The objective of the asset monetization programme of the Government of India (GoI), is to unlock the value of investment made in public assets which have not yielded appropriate or potential returns

so far; and thereby create hitherto unexplored sources of income for the company and its shareholders.

- 1.4 Accordingly, an Asset Monetization Framework was approved by Cabinet on 28.02.2019 interalia providing for monetization of assets of Central Public Sector Enterprises (CPSEs)/Public Sector Undertakings (PSUs)/ other Government Organizations and Immovable Enemy Properties. Further, in order to take forward the monetization of the non-core assets of CPSEs and other government agencies, Cabinet in its meeting on 09.03.2022 had approved setting up of National Land Monetization Corporation (NLMC) as a 100% GoI owned company with the objective of undertaking professional and orderly monetization of land and other non-core assets. Para 7.1 of the said Cabinet Note also authorised the Department of Public Enterprises (DPE) to review the existing framework and to make appropriate alterations as per operational requirement.
- 1.5 In pursuance to the above, DPE has reviewed the existing framework and in particular the incorporation of NLMC. The following procedural guidelines are being prescribed. The guidelines as enumerated below supersede the extant guidelines issued by DIPAM with respect to monetization of assets of CPSEs/other Government Organizations and Immovable Enemy Properties vide OM dated 08.03.2019.
- 1.6 This procedural guideline lays down the framework for monetization of the following:
  - i. identified non-core assets of CPSEs under Strategic Disinvestment.
  - ii. Immovable Enemy Property under the custody of Custodian of Enemy Property of India (CEPI), Ministry of Home Affairs (MHA) as per sub-section 6 of section 8A of the Enemy Property Act 1968;
  - iii. CPSEs under closure.
  - iv. assets of others CPSEs/ other Governemnt Organisations identified for monetization

1.7 This procedural guideline does not apply to other assets including brownfield operational assets, financial assets etc., covered under the National Monetization pipeline being handled by NITI Aayog.

**2. Decision making bodies:**

2.1 An Alternative Mechanism (AM), comprising of Union Finance Minister, Minister of Road Transport and Highways and Minister of the concerned Administrative Ministry.

2.2 An Inter-Ministerial Group (IMG) Chaired /Co-Chaired by Secretary, DPE and Secretary of the Administrative Department. Representatives of Department of Expenditure, Department of Legal Affairs, Ministry of Corporate Affairs and Financial Advisor (DPE) not below the rank of JS shall be members of the IMG. IMG can co-opt any other member as per its discretion.

**3. Roles and responsibilities of different decision making bodies/ stakeholders:**

**3.1 Alternative Mechanism (AM):**

- a. to approve the reserve price for the identified assets to be monetized on the recommendations of IMG.
- b. to approve the final bid amount on the basis of recommendation of IMG.
- c. to set a threshold based on the value of asset(s) and/or any other criteria which would determine the assets that would be monetized through this mechanism. Assets below this determined threshold (other than those transferred to NLMC for monetization) would be disposed off by the concerned Administrative Ministry/CPSE as per extant process.
- d. to approve the changes in the institutional framework approved by Cabinet Committee on Economic Affairs (CCEA) with relation to Asset Monetization.

**3.2 Inter-Ministerial Group (IMG) for Asset Monetization:**

- a. to approve selection of assets of CPSEs/Government organizations to be taken up for monetization.
- b. to approve selection of Enemy Property for monetization based on recommendation of CEPI/MHA.
- c. to approve appropriate model to be used for monetization.
- d. to recommend to AM, the reserve price of the assets taken up for monetization.
- e. to recommend to the AM, the final bid amount and the acceptance or rejection of bid/bids, including in cases of single bid.
- f. to consider any matter related to interpretation and deviations in the transaction process.

**3.3 DPE:**

- a. to function as Secretariat for Alternative Mechanism and IMG and provide all secretarial support including preparation of all agenda notes, minutes, notices etc.
- b. to analyse the proposals received from the Asset Owner/ Administrative Ministry/ Committees empowered and to submit the same to IMG for a decision, after obtaining the comments of NLMC. In so doing, DPE will also recommend to IMG the model to be used for monetization; the reserve price and the acceptance/ rejection of bid prices,
- c. to suo moto initiate the process of asset monetization in respect to any asset of a CPSE (excluding enemy property) and submit the same to the IMG for a decision.
- d. to monitor the progress of asset monetization process assigned to NLMC.

**3.4 Administrative Ministry/ Department:**

- a. to recommend to DPE, the CPSEs and their assets to be taken up for monetization; MHA shall do the same in consultation with CEPI in respect of Enemy Property.

- b. to recommend the appropriate model for monetization.
- c. to ensure that the assets of the company are properly accounted for and listed by the CPSE concerned / CEPI and all the accounts are complete.
- d. to supervise and monitor the asset monetisation of the CPSEs/ CEPI under their administrative control.
- e. to support NLMC in the transaction process.
- f. the Enemy Property Act, 1968 empowers vesting of Enemy Property in the CEPI. Further, as per the ABR, issued by the Cabinet Secretariat "Matters relating to management, preservation and control of enemy property including Custodian of Enemy Property in India" is listed under M/o Home Affairs. Therefore, the custody and upkeep of the immovable enemy property shall continue to be under the purview of MHA. Physical maintenance of the files and documents, dealing with court cases/ claims etc. relating to immovable enemy property shall be handled by MHA/ Custodian of Enemy Property in India (CEPI).
- g. to ensure that a mechanism is put in place for identification and removal of encumbrances by the owner agencies and to review such mechanisms, wherever it exists.

**3.5 Asset Owner/ Custodian of Enemy Property of India (CEPI) :**

- a. to inventorize all the assets available, ensuring their title deeds, resolving litigation etc., and to ensure that the property is free of encumbrances and encroachment
- b. to put in place a detailed mechanism for identification and removal of encumbrances, if any.
- c. to interact with potential investors, potential bidders and other stakeholders including State Governments.
- d. to recommend models/instruments to be used for monetization of the identified assets.

- e. to identify assets for monetization and with approval of competent authority, refer the matter to DPE through Administrative Ministry/ Department/ MHA for placement before the IMG.
- f. to ensure that the disposal of the assets 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.
- g. non – core assets of the 100% GoI owned CPSEs under Strategic Disinvestment/ closure are to be hived off to NLMC. Non- core assets of other CPSEs under Strategic Disinvestment are to be hived off to the SPV especially created/or through de-merger to hold and monetize assets. Since, transferring of assets to SPV may involve time and issues like stamp duty, the disposal with the approval of IMG on a case to case basis may be done by the CPSE itself. In such cases the CPSE may create an escrow account to park the sale proceeds so as to ring fence these from the rest of the business which is under strategic disinvestment.
- h. to establish proper and effective MIS system with access to DPE to monitor the assets available.

### 3.6 **NLMC:**

- a. to appoint intermediaries including Technical Consultants, Transaction Adviser, Legal Advisor, Asset Valuer, multilateral institutions and other international expert bodies etc., as required for monetization of the assets.
- b. to recommend to DPE, the appropriate model to be used for monetization and the reserve price.
- c. to auction/ seek bids for the approved assets in a transparent and competitive mechanism.
- d. to forward a complete proposal to DPE for acceptance of bid price and the acceptance or rejection of bid/bids, including in cases of single bid.
- e. to interact with potential investors, potential bidders and other stakeholders including State Government.

#### **4. Transaction Process:**

- 4.1 Based on the enumeration of roles and responsibilities at Para 3 *ibid*, the transaction process will broadly be as follows:
- a. CPSE/ CEPI identify an asset for monetization; make out and submit a proposal for Administrative Ministry/ MHA.
  - b. Administrative Ministry/ MHA will identify and submit a clear proposal with respect to assets having value more than the threshold limit set by AM along with all relevant documents to DPE. While forwarding the proposal, Administrative Ministry/ MHA will also suggest the monetization model. The Current threshold limit of ₹100 Crore would continue till the same is revised by AM.
  - c. DPE will do its own due diligence and forward the proposal to NLMC for its comments/observations.
  - d. after obtaining the comments of NLMC, DPE will place the matter before IMG for appropriate decision.
  - e. on approval of IMG, the monetization matter will be reverted back to NLMC for carrying forward the monetization process.
  - f. where an in-principle approval of the CCEA/ Competent Authority and/or IMG is already there for monetization of assets of a CPSE/ Enemy Property, the concerned CPSE will directly refer the matter to NLMC for initiation of monetization without any reference to DPE/IMG.
  - g. on initiation of monetization process, NLMC may enter into a bipartite and/or tripartite agreement with the CPSE/ Administrative Ministry to carry forward the monetization.
  - h. NLMC will drive the monetization process as per the model approved by CCEA/IMG including where needed to carry out the bid process in a transparent manner. In so doing, it may hold and manage the assets, if transferred to it.
  - i. to facilitate the monetization, NLMC will be competent to empanel/engage any other CPSE and/or technical consultants/ transaction and legal advisors/ asset valuers/ individual experts etc., on its own.
  - j. NLMC will arrive at and recommend the reserve price to DPE.

- k. On completion of bid process, NLMC will forward proposal to DPE, for acceptance of bid price and the acceptance or rejection of bid/bids, including in case of single bid by the IMG.

**5. Consideration:**

- 5.1 The proceeds of monetization after paying the advisory charges to NLMC would flow to the asset owner.
- 5.2 The proceeds of monetization would flow to NLMC, in cases where the assets stand transferred and are managed by NLMC.

\*\*\*\*\*