

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

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

**Date: 14.6.2018**

**OFFICE MEMORANDUM**

**Subject: Revised guidelines of the Department of Public Enterprises-(DPE) 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 refer to this Office OM of even number dated 07.09.2016 regarding guidelines on time bound closure of sick/ loss making CPSEs and disposal of movable and immovable assets and to say that the Government has approved revised guidelines on the above mentioned subject.

2. These revised guidelines enclosed with this OM will replace the earlier guidelines issued on 07.09.2016 on this matter.

3. 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 strict compliance.

*Kalyani Mishra*

(Kalyani Mishra)  
Director  
Tel. 24362061

Encl. As above

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

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 Atanu Chakraborty), Department of Investment and Public Asset Management, CGO Complex, New Delhi

5. Secretary (Dr. Inder Jit Singh), Coordination, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi
6. Shri Tarun Bajaj, Addnl. Secretary, Prime Minister's Office, South Block, New Delhi
7. Secretary (Shri Suresh Chandra), Department of Legal Affairs, Shastri Bhawan, Dr Rajendra Prasad Road, New Delhi – 110001
8. Secretary (Shri C. Chandramouli), Department of Personnel and Training, North Block, New Delhi – 110001
9. Secretary (Shri Injeti Srinivas), Ministry of Corporate Affairs, A-wing, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110001
10. Secretary ( Shri Heeralal Samariya), Ministry of Labour and Employment, Shram Shakti Bhawan, New Delhi – 110001
11. Secretary( Ms. Kimbuong Kipgen), Public Enterprises Selection Board, Block No. 14, PE Bhawan, CGO Complex, Lodhi Road, New Delhi – 110003

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1. PS to Minister (HI&PE), Udyog Bhawan, New Delhi
2. PS to MoS (HI&PE), Udyog Bhawan, New Delhi
3. PPS to Secretary, DPE, CGO Complex, New Delhi
4. PA to Joint Secretary (RKC), DPE, New Delhi



**List of Name of the Ministry/ Department**

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



**No. DPE/5(1)/2014-Fin (Part-I)**  
**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.**

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To expeditiously complete the procedures for closure of CPSEs and lay down responsibilities of the concerned ministries/ departments/ CPSE, etc., 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/ in principle approval for closure has been obtained by administrative Ministry/ Department from the CCEA/ Cabinet; or
- (ii) The process for obtaining the approval of the competent authority is underway after the administrative Ministry/ Department has decided for the closure of the CPSE.

**Note:** These guidelines shall not apply to CPSEs under liquidation where liquidator has been appointed. The Administrative Ministry/ Department of such CPSE(s) may take necessary action 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) **Preparatory Date ( $P_0$ )** shall be the date on which administrative Ministry takes the decision for closure of the CPSE.
- (ii) **Zero Date ( $T_0$ )** 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 process of closure shall be fast tracked as per these guidelines.
- (iii) **CPSE:** Certain statutory corporations and all Government Companies in which more than 50% equity is held by the Central Government are classified as CPSEs. The Subsidiaries of these Companies in which any CPSE has more than 50% equity are also categorised as CPSEs, if registered in India.
- (iv) **Land Management Agency (LMA)** is the CPSE, such as NBCC/ EPIL which has the experience of activities as mentioned in para 5 of the guidelines. It shall be nominated by the administrative Ministry/ Department/ the Board of the CPSE under closure to manage, maintain and assist in disposal of land. If instead of a CPSE, a public agency is to be nominated as the LMA, it shall be done by Ministry of Housing



and Urban Affairs (MoHUA).

(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.

(vi) **Reserve Price:** Reserve price for disposal of land may be worked out based on the prevalent circle rate in the said location for similar use and the average price at which land assets of similar size in the nearby areas have been sold in the last 3 years, whichever is higher.

(vii) **Single Bid:** In cases of sale of land by auction, while dealing with single bid situations, the guidelines/ provisions of Ministry of Finance and CVC guidelines in this regard shall apply.

### **3. ROLE OF CONCERNED ORGANISATIONS/ BODIES**

#### **3.1 Role 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 as per extant guidelines in this regard. This fact of removal of the Functional Directors including the CMD will be communicated to the PESB.

#### **3.2 Role of the administrative Ministry/ Department**

**3.2.1 Preparatory activities:** The Administrative Ministry/ Department of CPSEs in respect of whom in-principle approval for closure has been given and those mentioned in para 1 (ii) of the guidelines shall take advance preparatory action for such CPSEs which shall include the following:

(a) 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.

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

(c) **Estimation of other liabilities:** Administrative Ministry/ Department will get



the estimates of all other liabilities required to be paid including unsecured creditors.

3.2.2 The CPSEs in respect of whom in-principle approval for closure has been given and those for which the administrative Ministry/ Department has decided for closure as mentioned in para 1 (ii) of the guidelines, the concerned administrative Ministry/ Department will be responsible for formulating the detailed proposal for closure of the CPSE and placing the same before the Cabinet/ CCEA within a period of three months from the Preparatory date. It shall be ensured by the administrative Ministry/ Department that all relevant details along with their financial implications including 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. After obtaining decision of the competent authority on closure of the CPSE, the administrative Ministry/ Department shall take up request for budgetary support and shall oversee the settlement of liabilities and disposal of assets including negotiations with the State Governments on land related issues as outlined below:

(a) **Request for Budgetary Support:** Request budgetary support from the Department of Expenditure, Ministry of Finance, within 15 days from the Zero date.

(b) **Settlement of Liabilities:**

- (i) 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 within two months from the Zero Date;
- (ii) Instruct the CPSE to give a general notice to employees and other stakeholders intimating about intended closure and intimate/ apply to the Ministry of Labour and Employment in respect of closure, as may be applicable under Industrial Disputes Act, 1947 within 05 days from the Zero Date. 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.
- (iii) Take action for completing the legal formalities for retrenchment of employees not opting for VRS within the four months from the Zero Date by payment of compensation as per law.
- (iv) 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.
- (v) Settlement of other liabilities should be the next priority.

(c) **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 ( $T_0$ ). 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 ( $T_0$ ).



In respect of remaining assets, guidelines as mentioned in subsequent paras, i.e., 4.2 and 4.3 shall apply.

**(d) 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.

**3.3 Role of NITI Aayog**

For all cases of closure, NITI Aayog shall monitor the implementation of the decision along the prescribed timelines. There shall be an Oversight Committee in NITI Aayog to carry out the work of monitoring the implementation of decisions of the Government in this regard. 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.

**3.4 Role of Ministry of Finance**

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

**3.5 Role of Ministry of Housing and Urban Affairs (MoH&UA)**

MoH&UA shall nominate LMA, in cases where a public agency with necessary expertise and resources needs to be identified as the LMA as per para 2(iv) of the guidelines. MoH&UA shall inform the LMA about the requirement for land parcels for affordable housing. Such land shall undergo the process of disposal as per the guidelines of MoH&UA in this regard. A mechanism shall be put in place in MoH&UA for enabling proper co-ordination with the CPSE under closure/ the concerned administrative Ministry/ LMA with regard to process of disposal of land for affordable housing.

**4. Role/ Activities of CPSEs under closure**

**4.1 Preparatory Activities:** The CPSEs in respect of whom in-principle approval for closure has been given and those for which the administrative Ministry/ Department has decided for closure as mentioned in para 1 (ii) of the guidelines shall take advance preparatory action within three months from the Preparatory Date which shall include the following:

**4.1.1 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.

#### **4.1.2 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

#### **4.1.3 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) 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.

**4.1.4 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.

**4.1.5 Estimation of other liabilities:** Make estimate of all other liabilities required to be paid including unsecured creditors.

#### **4.1.6 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 of along with movable assets or along with land.
- (vi) Ascertaining of market value of brand name, goodwill, trademarks, etc. of the CPSE under closure.



#### **4.1.7 Estimation of receivables including trade receivables, securities, loans and advances, etc.**

#### **4.1.8 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 4.1.1 to 4.1.5 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.

#### **4.1.9 Immovable assets including buildings:**

- (i) Updating of land records with geo-mapping and details such as title deed, lease hold land, freehold 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) 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.

#### **4.2 Disposal of Movable Assets**

- (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, trademarks, 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 of 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.

#### **4.3. DISPOSAL OF IMMOVABLE ASSETS: LAND & BUILDING**

Considering that land of the CPSE may be leasehold or freehold 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 4.1.9 above, under close supervision and guidance of the administrative Ministry/ Department and in consultation with State Government(s)/ lessor, wherever required.

##### **4.3.1. Disposal of Leasehold Land**

(i) **Leasehold land with conditions:** Leasehold 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 within three months from the Zero Date. 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 Leasehold 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/lessor in the event of closure of the CPSE, the subject land may be treated akin to freehold land and dealt with in the same manner as prescribed for the freehold land, subject to any specific terms and conditions of the Lease.

##### **4.3.2. Disposal of Freehold Land:** Important steps for disposal of free hold land:

a) Freehold 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.

b) The following process shall be followed for settlement of the freehold land of the CPSEs:

(i) The LMA shall first ascertain from MoH&UA about the requirement of land for Affordable Housing. Such land shall undergo the process of disposal as per the guidelines of MoH&UA in this regard. After identification of land for Affordable Housing, the remaining land shall be disposed of as below.

(ii) CPSE/ administrative Ministry/ Department through the LMA shall invite



offers for purchase of land from Central/ State Government Departments/ Agencies. Land shall be allotted to the Government entities, subject to the approval of the Cabinet/ CCEA as required.

(iii) Land shall be allotted to the Central/ State Government Departments at reserve price in the following order of priority:

- (a) Central Government Department(s)
- (b) State Government Department(s)

(iv) Then land shall be offered for sale to Central or State PSEs/ Bodies/ Authorities. In case of sale of land to such bodies, a limited bidding process may be adopted in a physical format or on e-platform. This process can be conducted with the help of an Auctioning Agency.

(v) In case any of the above government entities is willing to take the entire land (without any division thereof), the same shall be given priority over others. 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.

(vi) In case, no offer is received in respect of (i) to (v) above, the disposal of immovable assets is to be done in a transparent process through the auctioning agency to any entity with the approval of competent authority. However, before the last date of submission of bid, if any offer is received from Central Government Departments as mentioned at para 4.3.2 b)(iii)(a) above, the same will be given overriding priority. The process mentioned above at (i) to (vi) will be completed within 8 months of Zero Date. The timelines prescribed may apply separately to each tranche if LMA decides to dispose of land in more than one tranche for maximizing value.

(vii) Land would be sold as per the permissible land use and restrictions, if any, FAR and other applicable conditions and subject to the approval of the Cabinet/ CCEA as required.

(viii) In case of non-feasibility of monetisation of land assets by way of the above options, land/ property may be utilised for public purposes like public parks, utilities, etc. as may be permissible in consultation with NITI Aayog and approval of the Cabinet/ CCEA, as required within 11 months of Zero Date.

(ix) 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.

## **5. FUNCTIONS OF LAND MANAGEMENT AGENCY**

The administrative Ministry/ Department and the Board of the CPSE under closure may entrust the immovable assets as per para 4.1.9 to the nominated Land



Management Agency (LMA), which shall:

- (i) Identify, 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 are 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 freehold, 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) Shall ascertain from MoH&UA about requirement of land for Affordable Housing so that such land can be transferred as per the guidelines of MoH&UA in this regard.
- (v) Carry out valuation of land on the basis of applicable circle rates 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. Further, the LMA shall try to maximize the land value by parcelling the land into marketable units.
- (vi) Work out the reserve price of the land as per para 2(vi).
- (vii) The Land Management Agency shall compile all such information and publish the same on Land Management Portal website 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.
- (viii) If the LMA comes to the conclusion from the Eols received that disposal of immovable assets as per priorities set out in the Guidelines would require division of land into parcels and development of such land parcels to facilitate their monetisation, it should bring the matter to the notice of the Administrative Ministry/ Department. 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 for affordable housing and to Government Departments/ Agencies/ private entities 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 and engage employees as mentioned at para 5(i) above, 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.

## **6. FUNCTIONS 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.

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

## **8. 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 248 of the Companies Act, 2013. 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. This step shall be completed within 2 months from the date of disposal/ transfer of all assets, but not later than 13 months from the Zero Date.

## **9. TIME-LINES**

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

In respect of those CPSEs where approval for closure has already been obtained, the process of closure shall be fast tracked as per these guidelines.

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## Revised Time-lines of activities for closure of CPSEs

Sr. No.	Milestones/ Activities	Time-Lines	Para No. of Guidelines
A.	<b>Preparatory date:</b> Preparatory Date (P0) shall be the date on which administrative Ministry takes the decision for closure of the CPSE.		
1.	Estimation of Statutory dues	P <sub>0</sub> + 3 months	4.1.1
	Estimation of dues of employees		4.1.2
	Estimation of liabilities towards Secured Creditors etc.		4.1.3 & 3.2.1(a)
	Estimation of dues payable to Central Government		4.1.4
	Estimation of other liabilities		4.1.5 & 3.2.1(c)
	Estimation of Movable assets		4.1.6
	Estimation of receivables		4.1.7
	Estimation of Budgetary Support Required		4.1.8
	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.		4.1.9
	Detailed Proposal for closure to be placed before the Cabinet/ CCEA		3.2.2
	Placing of information relating to immovable assets/ land on the 'Land Management Portal web site'		5 (vii)
B.	<b>Zero date:</b> Date of issue of minutes of approval for closure of sick/ loss-making CPSE by the Cabinet/ CCEA. This is shown as T <sub>0</sub> .		
2.	General notice to employees and other stakeholders intimating about intended closure	T <sub>0</sub> + 5 days	3.2.2 (b) (ii)
	Intimate/ apply to the Ministry of Labour and Employment in respect of closure		
3.	Request for budgetary support from Department of Expenditure.	T <sub>0</sub> + 15 days	3.2.2(a)
4.	Transfer of assets to Holding company/ administrative Ministry/ Department	T <sub>0</sub> + 1 month	3.2.2(c )
5.	Settlement of statutory dues/ liabilities towards revenues, taxes etc.	T <sub>0</sub> + 2 months	3.2.2 (b) (i)
	Negotiation with State Government		3.2.2 (d)
6.	Payment of secured creditors as one time settlement	T <sub>0</sub> + 3 months	3.2.2 (b) (iv)
	Settlement of wages/salaries of employees and statutory dues		3.2.2 (b) (ii)
	Disposal of movable assets		4.2
	Return of leasehold land to State Government with conditions of non-sale		4.3.1(i)
7.	Retrenchment of employees not opting for VRS	T <sub>0</sub> + 4 months	3.2.2(b)(iii)
8.	Identification of land for affordable Housing, Sale/ transfer to Central Government departments, State Government departments, Central Government bodies/ CPSEs and State Government bodies/ PSEs	T <sub>0</sub> + 8 months	4.3.2 b) (i), (ii), (iii), (iv) & (v)
9.	Auction of land to any entity after exhausting option at sl. no. 8		4.3.2 b) (vi)
10.	Utilisation of land for public purposes like public parks, utilities, etc.	T <sub>0</sub> + 11 months	4.3.2 b)(viii)
11.	Application to Registrar of Companies for removal of name of CPSE	T <sub>0</sub> + 13 months	8

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