

TO BE INTRODUCED IN LOK SABHA

Bill No. 87 of 2007

THE NEPALIMITED (DISINVESTMENT OF OWNERSHIP)
BILL, 2007

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BILL

to provide for disinvestment of shares of the NEPA LIMITED and for matters connected therewith or incidental thereto.

WHEREAS M/s. Nair Press Syndicate Limited incorporated on the 25th January, 1947 the National Newsprint and Paper Mills Limited for production of newsprint;

AND WHEREAS the State Government of Madhya Pradesh took over the management of the company by providing loans to the company in the year 1949;

AND WHEREAS the Government of India took over the management of the company in 1958 from the State Government by providing and adjusting loans to the company;

AND WHEREAS the name of the company was changed to NEPA LIMITED in the year 1989, and now it is expedient to induct a joint venture partnership of the private sector for the revival of NEPA LIMITED for the efficient management and optimum use of infrastructure and productive resources available in the company and to improve financial and physical performance of the company.

BE it enacted by Parliament in the Fifty-eighth Year of the Republic of India as follows:—

- Short title. **1.** This Act may be called the NEPA LIMITED (Disinvestment of Ownership) Act, 2007.
- Disinvestment in the company. **2.** When the Central Government, on the recommendations of the Board for Reconstruction of Public Sector Enterprises, is of the opinion that disinvestment is to be made in the NEPA LIMITED, it may pass an order providing for transfer, exchange or relinquishment of shares in the NEPA LIMITED to any person on such terms and conditions as may be agreed upon. 5
- Payment of consideration for disinvestment in the company. **3.** (1) For the transfer to, and vesting in, any person, the shares of the NEPA LIMITED, there shall be given to the Central Government by such person or in case such person is a company, by such company, such consideration, having regard to the book value of assets and liabilities of the NEPA LIMITED or the valuation made under any other method as may be agreed upon by the Central Government and such person. 10
- (2) The manner of payment of consideration for transfer of shares of the NEPA LIMITED to the transferee shall be such as may be agreed upon between the transferor and the transferee. 15
- Manner of disinvestments. **4.** The Central Government may, in its order made under section 2, specify that disinvestment of shares shall be effected by one or more of the following methods as may be specified in such order, namely: —
- (a) by making a public offer or preferential allotment or private placement in accordance with such procedure as applicable in case of any other Government company; 20
- (b) by directing the NEPA LIMITED to make further issue of equity capital to the members of the public or preferential allotment or private placement, as the case may be, in accordance with such procedure as applicable in case of the Government company. 25
- Provision in respect of officers and other employees of the company. **5.**(1) Every officer or other employee of the NEPA LIMITED, except the chairman and directors, serving in its employment immediately before the disinvestment of the NEPA LIMITED under this Act, shall continue in office or service after such disinvestment, on the same terms and conditions as if the disinvestment of the NEPA LIMITED had not been made and shall continue to do so until the expiry of the period of one year from the date of such disinvestment. 30
- (2) Where an officer or other employee of the NEPA LIMITED opts under sub-section (1) not to continue in the employment or service of the NEPA LIMITED, such officer or other employee shall be deemed to have resigned. 35

STATEMENT OF OBJECTS AND REASONS

M/s. Nair Press Syndicate Limited was incorporated as a private enterprise on the 25th January, 1947 under the name of “The National Newsprint and Paper Mills Limited” for production of newsprint. The State Government of Madhya Pradesh took over the management of the company by providing loans to the company in the year 1949. Government of India took over controlling interest in 1958 from the State Government of Madhya Pradesh. The name of the company was changed to NEPA LIMITED in February, 1989. The Head Office and Registered Office of NEPA LIMITED is at Nepanagar.

2. The NEPA LIMITED, a public sector enterprise under the administrative control of the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry), became a sick industrial company as defined in the Sick Industrial Companies (Special Provision) Act, 1985 and is under reference to the Board for Industrial and Financial Reconstruction since May, 1998. In the year 2005, the Government sought advice of the Board for Reconstruction of Public Sector Enterprises for revival and restructuring of the company. The Board for Reconstruction of Public Sector Enterprises have recommended for revival of the company through joint venture formation.

3. Since the approval of Parliament is necessary for changing the public character of the company as it was held by the Supreme Court in the Centre for Public Interest Litigations Vs. Union of India (2003) 7 SCC 532, the NEPA LIMITED (Disinvestment of Ownership) Bill, 2007 seeks to empower the Central Government to carry out disinvestment.

4. The Bill seeks to achieve the above objectives.

NEW DELHI;
The 9th October, 2007.

SONTOSH MOHAN DEV

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to provide for disinvestment of shares of the NEPA LIMITED and for matters connected therewith or incidental thereto.

(Shri Santosh Mohan Dev, Minister of Heavy Industries and Public Enterprises)

MGIPMRND—4561LS(S-5)—16-11-2007.