

Standing Committee Report Summary

The NEPA Limited (Disinvestment of Ownership) Bill, 2007

- The Standing Committee on Industry submitted its 211th Report on 'The NEPA Limited (Disinvestment of Ownership) Bill, 2007' on October 21, 2008. The Chairperson was Shri V. Hanumantha Rao.
- The Committee finds the disinvestment of NEPA Ltd as proposed in the Bill to be procedurally unsound, lacking financial prudence, and inconsistent in policy. In view of the infirmities, the Committee recommends that the Bill be withdrawn.
- Since NEPA Limited was acquired through transfer of shareholding from the government of Madhya Pradesh to the government of India without any enactment, there was no need to repeal an Act of Parliament. Therefore, the Committee feels that the Bill will unnecessarily add to the numbers in the statute book.
- The Committee states that it cannot make an informed examination of the Bill because it lacked critical information regarding comparative valuation figures and the rationale for accepting a particular valuation.
- The Committee expresses its reservation on the verdict of the Board of Industrial and Financial Reconstruction of change of management without finalising the financial and administrative details relevant to disinvestment such as status of government's investment, extent of waivers, and fresh investments.
- The Committee is of the view that the Bill should include a Financial Memorandum because it brings financial liabilities/returns to the Consolidated Fund of India. It also needs a clear commencement clause to fix a reasonable time frame for disinvestment/transfer of ownership without incurring further losses or liabilities.
- The Committee recommends that the state government should negotiate the value of land, presently with NEPA, with the Joint Venture partner of NEPA. The land shall be used for the purpose of establishing a township, plant and ancillary units. Also, 350.51 acres of free hold land should be valued in accordance with the recommendation of the Standing Committee on Finance.

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