



Bill Summary

The NEPA Limited (Disinvestment of Ownership) Bill, 2007

- The NEPA Limited (Disinvestment of Ownership) Bill, 2007 was introduced in the Lok Sabha on November 22, 2007. The Bill was referred to the Parliamentary Standing Committee on Industry on December 17th, 2007. The Bill was introduced by the Ministry of Heavy Industries and Public Enterprises.
- NEPA Ltd (originally National Newsprint and Paper Mills Ltd), a Public Sector Enterprise under the control of the Ministry of Heavy Industries and Public Enterprises was declared a sick unit and referred to the Board for Industrial and Financial Reconstruction (BIFR) in May 1998. In 2005, the Board for Reconstruction of Public Sector Enterprises recommended the revival of the company through joint venture formation.
- The Supreme Court has ruled that disinvestment in any company that was nationalised by an Act of Parliament requires Parliamentary sanction. This Bill proposes to allow the central government to disinvest shares of NEPA Ltd on the recommendation of the Board for Reconstruction of Public Sector Enterprises.
- The Bill recommends that the sale price shall be determined based on the book value of the company's assets and liabilities, or by any other method agreed upon by the central government and the buyer.
- The Bill states that the central government may specify that the disinvestment of shares shall be by making a public offer, preferential allotment or private placement. The central government may also direct NEPA Ltd to make further issue of equity capital.
- The Bill recommends that all existing employees of NEPA Ltd, except the chairman and directors, shall continue on the same terms and conditions until one year after the disinvestment.

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