

No. 3/9/2018-DIPAM-II-B
Government of India
Ministry of Finance
Department of Investment and Public Asset Management
Block 11&14, CGO Complex,
Lodhi Road, New Delhi
October 9th 2019

OFFICE MEMORANDUM

Subject: CCEA's approval for modifications in the existing procedure and mechanism of strategic disinvestment of Central Public Sector Enterprises (CPSEs) – **revised composition and functions of the Inter-Ministerial Group (IMG).**

The under signed is directed to state that the Cabinet Committee on Economic Affairs (CCEA), on 03.10.2019 has approved this Department's proposal for modifications in the existing procedure and mechanism of strategic disinvestment of Central Public Sector Enterprises (CPSEs) laid down by CCEA on 17.02.2016.

2. CCEA has approved that the revised procedure shall be applicable to all cases of Strategic Disinvestment of CPSE or subsidiary/unit/JV of CPSEs where Request For Proposal (RFP) document inviting financial bid is yet to be issued. The procedure will also be applicable where the RFP was issued but process had to be restarted due to failure of the transaction.

3. CCEA has, inter alia, approved the revised composition and functions of the Inter-Ministerial Group (IMG), as under:

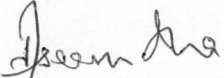
(i) Composition

- | | | | |
|-----|--|---|-----------|
| (a) | Secretary, DIPAM | - | Chair. |
| (b) | Secretary, Administrative Ministry/Department | - | Co-Chair. |
| (c) | Secretary or a representative (not below the rank of Joint Secretary) of Department of Public Enterprises. | | |
| (d) | Secretary or a representative (not below the rank of Joint Secretary) of Department of Legal Affairs. | | |
| (e) | Secretary or a representative (not below the rank of Joint Secretary) of Ministry of Corporate Affairs. | | |
| (f) | Secretary or a representative (not below the rank of Joint Secretary) of Department of Economic Affairs. | | |
| (g) | Secretary or a representative (not below the rank of Joint Secretary) of Department of Expenditure. | | |
| (h) | Financial Advisor, DIPAM. | | |
| (i) | Financial Advisor, Administrative Ministry. | | |
| (j) | JS, Administrative Ministry. | | |

- (k) JS, DIPAM (Convener).
- (l) CMD, CPSE – Special invitee.
- (m) Director (Finance), CPSE – Special Invitee.
- (n) IMG may co-opt any other member from any Ministry/Department/Organization, on a case to case basis, if needed.

(ii) Functions

- (a) To examine the recommendations of Consultative Group on selection of CPSEs or subsidiaries/Units/JVs of CPSEs for strategic disinvestment and to make recommendations to CGD on mode, quantum of divestment, valuation methods, etc.
 - (b) Appointment of intermediaries, such as Transaction Advisor (TA), Legal Advisor (LA) and Asset Valuer (AV) or any other advisors considered necessary by the IMG for a particular transaction, on a case to case basis.
 - (c) To recommend to the CGD/AM the contours of transactions; identifying core & non-core assets, prepare documents including RFP, SPA/SHA, EoI/IM.
 - (d) To approve the reasons for disqualification of potential bidders.
 - (e) To monitor the activities related to transaction, eg. hiving off of non-core assets, demerger, verification of title deeds, respond to due diligence queries, etc.
 - (f) To consider the recommendations of Administrative Department on valuation.
 - (g) To recommend Reserve Price to the CGD for their approval and to evaluate financial bids received from the bidder(s).
 - (h) Processing the financial bid and making recommendations for the Strategic buyer to the CGD.
 - (i) To recommend to the CGD, the quantum of shares to be transacted, timing, mode of sale and final pricing of the transaction (or lay down the principles/guidelines for such pricing); and the selection of strategic buyer; terms and conditions of sale and any other issues related to the transaction.
4. The secretariat of the IMG shall be in DIPAM.
5. This issues with the approval of Secretary, DIPAM.


(Aseem K Jha)

Under Secretary to the Govt. of India

To

Secretary, Administrative Ministry / Department concerned;

Copy to: The Cabinet Secretariat (kind attn.: Shri S. G. P. Verghese, Director)

Sr. PPS to Secretary, DIPAM