

F.No. 7/22/2019-DIPAM-II Vol II (part)  
Ministry of Finance  
Department of Investment and Public Asset Management

Block 11, CGO Complex  
Lodhi Road, New Delhi  
Dated 6th November, 2020

OFFICE MEMORANDUM

Subject: Sale/disposal of asset below threshold value by owner (CPSE/Administrative Ministry/Department) following their extant process: Clarification regarding.

The undersigned is directed to refer to DoT U.O. No. 8-1/2020-Asset Mgmt. dated 2-11-2020 on the above mentioned subject. DoT has sought clarification from DIPAM in respect of the points raised in the said reference. The reply/clarification of DIPAM on the points raised are as under:

1) **Criteria for fixation of threshold value:-** DIPAM has not mentioned any specific criteria for valuation of particular asset viz: book value, circle rate value, market value or bid value. In the absence of any specified criteria, different organization/department may adopt their different criteria or use multiple criteria which may lead to inconsistency. It is, therefore, requested to specify the appropriate criteria for determination of threshold value.

**Reply:** The approved DIPAM framework provides that the owner of the asset (CPSE/ PSU/ CEPI/ other Government Organizations) may estimate the indicative value of the asset earmarked for monetization. The framework suggests that the following metrics may be used to arrive at the indicative valuation of the assets:

- i. Circle rate and/or
- ii. Average value of the transactions (only an indicative value is needed at this stage) in last 1-3 years and/or
- iii. CPWD/IPC's may also be engaged for the same and/or
- iv. Any other criteria as decided by the CPSE/Adm. Ministry

It is suggested that the same mechanism be followed for estimating value of assets while benchmarking it against the threshold of ₹100 crore. It may also be kept in view that the estimated value is indicative and the actual value will be discovered through the asset monetization process. It is expected that the flexibility in methodology would facilitate the process for the asset owners.

2) **Appropriate authority to approve the transaction:-** As per extant provisions, sale/long term lease or alienation of assets is not within the purview of Administrative Ministers and required approval of Cabinet in each case. Implementation of aforesaid OM of DIPAM may result in anomalous situation wherein higher value assets shall be disposal off at the level of



Alternate Mechanism whereas other assets below threshold value would require to be taken up with the Cabinet. In view of this, it is requested to kindly define appropriate authority to approve the transaction process for monetization of properties below threshold value or confirm whether Cabinet approval will be required in each case.

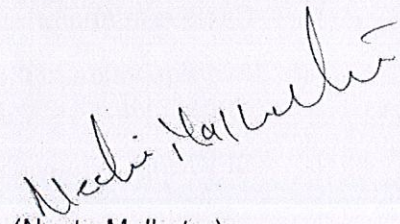
**Reply:** The DIPAM framework has been approved by the Cabinet which inter alia, provides for establishment of a threshold for the framework with the approval of AM. This threshold has now been established at ₹100 crore. As has been specified in the Cabinet note, in case the value of the asset is below this threshold, it would be monetized as per extant processes available with the owner of the asset. It is expected that such extant process would define the appropriate authority for approving monetization transactions.

**3) Extant procedure for selection of asset, model for monetization and finalization of transaction process:-** In the absence of SOP/channel of submission and levels of decision making etc. setting threshold value may not yield expected results. It is, therefore, requested that extant procedure in the matter may be notified so that monetization of assets below threshold value could be processed accordingly.

**Reply:**

- The DIPAM framework for asset monetization covers identified non-core assets of CPSEs under strategic disinvestment and immovable enemy property under Custodian of Enemy Property (CEPI). For other entities, employment of the DIPAM framework is not mandatory and can be used with the approval of the competent authority. Thus, the DIPAM framework is an optional one for most entities (other than those under strategic disinvestment and CEPI).
- Other frameworks exist for managing and monetizing assets, an example being Ministry of Railways (RLDA). As such, a unique process has neither been envisaged nor enforced by DIPAM.

This issues with the approval of the competent authority.



(Neetu Malhotra)

Under Secretary

AMC, DIPAM

To

Sh. Abhay Kumar Singh,

DDG(E&AM)

Department of Telecommunications.