

Cabinet approves setting up of National Land Monetization Corporation as a Special Purpose Vehicle (SPV) for undertaking surplus land monetization

Posted On: 09 MAR 2022 1:31PM by PIB Delhi

The Union Cabinet, chaired by Prime Minister Shri Narendra Modi has approved the setting up National Land Monetization Corporation (NLMC) as a wholly owned Government of India company with an initial authorized share capital of Rs 5000 crore and paid-up share capital of Rs 150 crore. NLMC will undertake monetization of surplus land and building assets of Central Public Sector Enterprises (CPSEs) and other Government agencies. The proposal is in pursuance of the Budget Announcement for 2021-22.

With monetization of non-core assets, Government would be able to generate substantial revenues by monetizing unused and under-used assets.

At present, CPSEs hold considerable surplus, unused and under used non-core assets in the nature of land and buildings. For CPSEs undergoing strategic disinvestment or closure, monetization of these surplus land and non-core assets is important to unlock their value. NLMC will support and undertake monetization of these assets. This will also enable productive utilization of these under-utilized assets to trigger private sector investments, new economic activities, boost local economy and generate financial resources for economic and social infrastructure.

NLMC is also expected to own, hold, manage and monetize surplus land and building assets of CPSEs under closure and the surplus non-core land assets of Government owned CPSEs under strategic disinvestment. This will speed up the closure process of CPSEs and smoothen the strategic disinvestment process of Government owned CPSEs. These assets may be transferred to NLMC to hold, manage and monetize these assets. NLMC will also advise and support other Government entities (including CPSEs) in identifying their surplus non-core assets and monetizing them in a professional and efficient manner to generate maximum value realization. In these cases (e.g., on-going CPSEs and listed CPSEs under strategic disinvestment), NLMC will undertake surplus land asset monetization as an agency function. It is expected that NLMC will act as a repository of best practices in land monetization, assist and provide technical advice to Government in implementation of asset monetization programme.

NLMC will have necessary technical expertise to professionally manage and monetize land assets on behalf of CPSEs and other Government agencies. The Board of Directors of NLMC will comprise senior Central Government officers and eminent experts to enable professional operations and management of the company. The Chairman, non-Government Directors of the NLMC will be appointed through a merit-based selection process.

Recognizing the wide range of specialized skills and expertise required for asset monetization in real estate market research, legal due diligence, valuation, master planning, investment banking, land management etc. It has been decided to hire professionals from the private sector, similar to other specialized Government companies like National investment and infrastructure Fund (NIIF) and Invest India. NLMC will be a lean organization with minimal full time staff, hired directly from the market on contract basis. Flexibility will be provided to the Board of NLMC to hire, pay and retain experienced professionals from the private sector.

Going forward, Department of Public Enterprise, Ministry of Finance, will set up the company and act as its administrative ministry.

DS

(Release ID: 1804286)