

**PUNJAB PRIVATIZATION BOARD
GOVERNMENT OF THE PUNJAB**

Dated : Lahore, the 27th December 2013

**THE PUNJAB PRIVATIZATION BOARD PROCESS / PROCEDURE (TERMS &
CONDITIONS) FOR AUCTION OF GOVERNMENT PROPERTIES
REGULATIONS, 2013**

PRELIMINARY

1. Short Title and Commencement

- i) These regulations may be called the Punjab Privatization Board Regulations 2013.
- ii) They shall come into force at once.

2. Definitions

(1) In these regulations unless there is anything repugnant in the subject or context:-

(1.a) “**Act**” means the Punjab Privatization Board Act 2010;

(1.b) “**Board**” means the Punjab Privatization Board established under section 3 of the Act;

(1.c) “**Government**” means Government of the Punjab;

(1.d) “**Members**” means a member of the Board or a member of constituted committee of the Board;

(1.e) “**Chairperson**” means Chairperson of Board;

(1.f) “**Secretary**” means Secretary of Board;

(1.g) “Valuation Firm” means a firm of chartered accountants, chartered surveyor, surveyors, engineers, and other experts of the field in which the property / entity to be privatized falls, hired by the Board and includes a firm of experts hired by the Valuation Firm;

(2) All the words and expression used in these regulations but not defined shall have the same meaning as are assigned to them in the Act.

3. Committees

(1) The Board under Section 9 of the Act may, for facilitating the performance of its functions, constitute committees at headquarter, division and district levels and entrust them with such function as it may deem fit.

(2) The Board may also constitute a selection committee for recruitment of employees on contract/daily wages basis under these regulations.

(3) The Chairperson of committee shall be appointed by the Board at the time of constitution of the committee.

(4) A committee shall only exercise the powers delegated to it by the Board.

(5) A committee shall meet on such date and such place as may be specified by the Chairperson of the committee.

(6) Two-third of the total number of members of a committee shall constitute a quorum for its meeting.

(7) The recommendations of committees shall be submitted to the Board for its approval.

4. Manner and Procedure for Privatization

(1) The manner for carrying out the privatization programme under Section 26 of the Act and the procedure for modes of privatization under Section 28 thereof shall, if, and to the extent, the Board deems necessary, include:-

(1.a) Identification of property in consultation with Board of Revenue, Department of Industries, autonomous bodies and other relevant department of the Government;

(1.b) Legal and technical due diligence of the property being privatized;

- (1.c) Financial due diligence of the property to reach fair and independent valuation of the property;
- (1.d) Pre-qualification of prospective bidders to evaluate, where a privatization requires it, that the prospective bidders are technically and financially in a position to own, manage and operate the assets being privatized;
- (1.e) Preparation of bid/auction documents;
- (1.f) Holding of pre-bid/pre-auction conference(s) to discuss concerns of prospective bidders/auctioneers;
- (1.g) Creation of an enabling environment; and
- (1.h) Carrying out of a bidding/auction process.

5. Manner and Procedure for Valuation of Property by the Valuation Firm

(1) The manner for conducting independent valuation of the property being privatized in terms of Section 27 of the Act shall, if the Board deems necessary, be as under:-

a) Evaluation by District Price Assessment Committee

Assessment of market price of Government properties will be carried out by the District Price Assessment Committee in the light of instructions issued by the Board of Revenue, Punjab from time to time on the subject.

b) Evaluation by Private Evaluators

- i) The Valuation Firm shall associate a legal firm, a firm of chartered accountants, chartered surveyors, surveyor and other experts as may be applicable and include their reports with the valuation report.
- ii) The Valuation Firm shall submit a valuation report containing an executive summary, summary of valuation, the different bases used for carrying out valuation, alongwith recommended basis of evaluation and a value of the property / entity for the purpose of determining a reference price.

6. Hiring of Valuation Firms

(1) The Board shall maintain a panel of Valuation Firms acknowledged as experts in their respective fields.

(2) The Board shall invite offers from Valuation Firms and approve benchmark service charges for the valuation of properties identified for privatization.

(3) The Valuation Firm shall value the property according to the following criteria:-

(3.a) In Case of Property: Government rate of the property determined for collection of stamp duty, existing market rate of the property, whereabouts of the property, potential of the property, possible uses of the property, distance to carpeted road/ease of communication to and from the property and state of availability of utilities.

(3.b) In case of commercial enterprise: a brief history of the entity, the financial position, a description of the product line / service of entity (if any), a description of land, buildings, plant & machinery, the current assets and liabilities and the current state of the industry.

7. Identification of the Assets and Properties

- i) Redundant and other properties available for auction will be identified and selected for privatization by the District Revenue Authorities under the supervision of the District Collector of the concerned District. The District Revenue Authorities will provide the exact measurements of the properties to the Board of Revenue, Punjab, through the Commissioner of the concerned Division.
- ii) The Board of Revenue, Punjab will refer the Government properties to the Punjab Privatization Board for privatization with the approval of the competent authority.

8. Auction Committees

- i) Auction of Government properties having assessed value of more than Rs. 50 million will be conducted by the Provincial Privatization Committee (PPC). Auction of Government properties having assessed value of more than Rs.20 million and upto Rs.50 million will be conducted by the Regional Privatization Committees, whereas auction of Government properties having assessed value upto Rs.20 million will be conducted by the District Privatization Committees. The constitution of all the three auction committees is as under:-

Provincial Privatization Committee

Member (Consolidation) Board of Revenue, Punjab.	Chairman
Secretary Punjab Privatization Board	Member
DCO/ADC of the concerned district	Member

Representative of the Department where applicable	Member
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All the members shall constitute the quorum for a meeting of Provincial Privatization Committee.

Regional Privatization Committee

Commissioner of the Division.	Chairman
DCO/DC of the concerned district.	Member
Representative of the Finance Department (not below the rank of Addl. Secretary)	Member
Representative of the concerned department	Member
One MPA from each district (nominated by the Chief Minister)	Member
Representative of the Board of Revenue, Punjab	Member

Four members including the Chairman Regional Privatization Committee shall constitute the quorum for a meeting of Regional Privatization Committee.

District Privatization Committee

DCO/DC of the concerned district Chairman

Representative of the Finance Department (Not below the rank of Addl. Secretary)	Member
Representative of the concerned department	Member
One MPA from each district (nominated by the Chief Minister)	Member
Representative of the Board of Revenue, Punjab	Member

Three members including the Chairman District Privatization Committee shall constitute the quorum for a meeting of District Privatization Committee.

- ii) The auction will be held by the concerned Auction Committee on the date and time as advertised in the leading newspapers.

9. Terms & Conditions of Auction

(1) The Board under Section 29 of the Act shall, for each proposed privatization, publish in atleast two daily English and Urdu newspapers of national circulation, on atleast two occasions not less than seven days apart, notice of the availability of the property for privatization and the salient terms and conditions of the proposed privatization. The Board may, in public interest, advertise the proposed privatization in newspapers with international circulation. The Board shall also publish all the processes of privatization including availability of the property for privatization on its website and website of the Government.

(1.a) Earnest Money

Before participating in the auction proceedings the bidders shall deposit earnest money in the shape of Call Deposit, Bank Draft or Pay Order for the amount as published in the Newspapers for each property to be privatized. The earnest money will be determined / fixed @ 15% of the DPAC assessment.

(1.b) Recommendations of PP Board and approval by Govt.

- i) The auction proceedings will be placed before the Meeting of the Punjab Privatization Board for consideration and decision. The decision / recommendations of the Punjab Privatization Board will be submitted to the CCOP. The decision and recommendations of the CCOP will be submitted to the Government for approval as required under Section 6(i) of the Punjab Privatization Board Act, 2010.
- ii) After approval by the Government, approval letter containing schedule of payment will be issued to the successful bidder.

(1.c) Schedule of Payment

- i) In case the property is auctioned by the Provincial Privatization Committee, the schedule of payment will be as under:-

Sr. No.	Auction Price	Schedule of Payment
1	25% of the auction price	The auction purchaser will be required to make payment of 25% of the total auction price including the amount of earnest money within a period of 60 days from the date of issuance

		of approval letter.
2	Remaining 75% of the auction price	The remaining 75% of the total auction price will be paid by the bidder within a period of 180 days from the date of issuance of approval letter.

- ii) In case the property is auctioned by RPC / DPC, the schedule of payment will be as under:-

Sr. No.	Auction Price	Schedule of Payment
1	50% of the auction price	The auction purchaser will be required to make payment of 50% of the total auction price including the amount of earnest money within a period of 20 days from the date of issuance of approval letter.
2	Remaining 50% of the auction price	The remaining 50% of the total auction price will be deposited by the bidder within a period of 60 days from the date of issuance of approval letter.

(1.d) Grant of Rebate

In case the bidder makes down payment of the total auction price alongwith the payment of 1st installment, he will be granted rebate at the interest rate as determined / fixed by the Board.

(1.e) Forfeiture

In case the bidder fails to make payment of the auction price within the prescribed time, his earnest money / deposited amount will be forfeited after providing him an opportunity of hearing.

(1.f) Claim / Right by the Bidder

- i) Any bidder who will participate in the auction proceedings will not be entitled to any claim or right about the property for which he will give any bid. The Punjab Privatization Board will have the right to reject or disapprove any bid without assigning any reason, before transfer of the property in the name of the bidder.
- ii) The Punjab Privatization Board will be competent to amend any terms and conditions of auction of Government properties regarding the auction and the final bid will be subject to the approval of the Government.

(1.g) Transfer of Property through Execution of Sale Deed

- i) After depositing the total auction price by the successful bidder, the case will be referred to the Board of Revenue, Punjab for issuing sanction order to the District Collector of the concerned District for handing over the possession and transfer of the property in the name of the highest bidder or his nominee / nominees.
- ii) Sale Deed will be executed by the District Collector of the concerned District on behalf of the Government in favour of the auction purchaser or his nominee / nominees on payment of prescribed registration fee, stamp duty and other legal Government dues / taxes etc.

10- Condonation of Delay in Payments

The cases for condonation of delayed payments will be placed before the Punjab Privatization Board for consideration and decision on case to case basis, subject to payment of financial charges as fixed by the Board.

11-Deficiency in auctioned area

- i) In case any deficiency in auctioned area is reported by the District Revenue Authorities and is confirmed by the District Collector of the concerned District, the case will be placed before the PP Board in its Meeting for consideration and decision on case to case basis. If the reported deficiency in the auctioned area is approved by the Board after due deliberations and examination of the record, then the price of the actual available area on ground, as reported by the District Revenue Authorities will be charged from the auction purchaser.
- ii) Subject to the provisions of the PP Board Act 2010, in case any issue arises regarding privatization process, the case will be placed before the PP Board Meeting for consideration and decision.

Chairperson

Punjab privatization Board