

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

UNSTARRED QUESTION NO:3232

ANSWERED ON:13.08.2001

EVALUATION OF VIDESH SANCHAR NIGAM LIMITED

A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL;RAMSHETH THAKUR

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Government have evaluated Videsh Sanchar Nigam Limited (VSNL);
- (b) if so, the details thereof;
- (c) whether the Government have decided to exclude VSNL from offering cellular services;
- (d) if not, whether exclusion from bidding is likely to adversely impact VSNL valuation;
- (e) if so, the reasons for not allowing VSNL to take part in the bidding for the fourth cellular licence; and
- (f) the steps taken by the Government to increase the value of VSNL before disinvestment?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) No, Sir.

(b) Does not arise in view of (a) above.

(c) & (e): The tenders for grant of fresh licences for Cellular Mobile Telephone Service (CMTS), inter-alia, stipulated the following condition:

‘No single company/legal person, either directly or through its associates, shall have substantial equity holding in more than one licensee company in the same service area for the same service. ‘Substantial equity’ herein will mean ‘an equity of 10% or more’. A promoter company can not have stakes in more than one licensee company for the same service area.’

The said tender condition had been built to ensure that competition is not compromised.

Further, the tender document also stipulated that ‘The Licensor reserves the right to operated CMTS itself or through a designated public authority, in any or all the service areas.’ It was also clarified to the prospective bidders that ‘public authority means entity/authority/organization/enterprise controlled by the Government, e.g. a public sector undertaking. Only one such entity may be permitted to operate the service in a given service area.’

Since, either Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited which are public sector undertakings have already got licence for CMTS to cover whole of the country, VSNL was not eligible for grant of the licence.

(d) & (f): No, Sir. VSNL has been already given more powers for taking decisions with regard to new business lines in accordance with their strategic plans for diversification and development.