

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:207  
ANSWERED ON:01.03.2002  
SHARES OF MNCS  
RAMSHETH THAKUR

**Will the Minister of FINANCE be pleased to state:**

- (a) whether during the past decade many multinational companies have permitted to set up operations in India on the conditions that they would make a certain percentage of their shares available to the public after some time;
- (b) if so, whether many of the MNCs have not honoured such conditions;
- (c) if so, the names of such MNCs;
- (d) the action being taken by the Government against those MNCs; and
- (e) the action has been suggested by the SEBI's primary market advisory Committee in this regard?

**Answer**

Minister of State in the Ministry of Finance ( Balasaheb Vikhe Patil)

- (a): FDI up to 100% is allowed in certain sectors subject to the condition of compulsory divestment of certain percentage of equity in favour of Indian public within a specified period of time. The sectors attracting this condition include ISPs (Internet Service Provider) without gateways, infrastructure Providers providing dark fibre (Infrastructure Provider - IP Category I), e-mail, voice-mail and B2B (Business to Business) e-commerce.
- (b): No, Sir.
- (c) & (d): Do not arise.
- (e): The Primary Market Advisory Committee of SEBI at its meeting held on 21.1.2002 had recommended that SEBI should take up with the authorities to ensure that the condition of public offering by MNCs is honoured. SEBI has accordingly requested Government to consider suitable measures in this regard. Approvals granted with the condition of compulsory divestment in favour of Indian public are intimated to SEBI from time to time to enable monitoring of compliance.