

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

STARRED QUESTION NO:598

ANSWERED ON:08.05.2000

BANK GUARANTEE OF CELLULAR TELEPHONE COMPANIES

DR. KIRIT SOMAIYA;RAMSHETH THAKUR

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Department of Telecommunications (DoT) has seized around Rs.600 crore worth of bank guarantees of cellular telephone companies;
- (b) if so, the name of the companies whose bank guarantees have been seized and the reasons therefor;
- (c) whether Cellular Telephone Operators Association of India(COAI) has raised objections in this matter;
- (d) if so, the details thereof;
- (e) the reaction of the Government thereto;
- (f) whether all the private operators have urged the Government to extend their bank guarantees; and
- (g) if so, the reaction of the Government thereto?

Answer

MINISTER OF COMMUNICATIONS

(SHRI RAM VILAS PASWAN)

(a) to (g) A statement is laid on the Table of the House.

STATEMENT IN RESPECT OF PARTS (a) to (g) OF LOK SABHA STARRED QUESTION NO.598 FOR 8TH MAY, REGARDING BANK GUARANTEE OF CELLULAR TELEPHONE COMPANIES.

Under the License Agreements read with the migration package, the operators had to furnish and maintain Financial Bank Guarantees (FBGs) to securitise license fees and other dues. Since the Financial Bank Guarantees of some of the operators were expiring on 31st March, 2000, it became necessary to securitize both the license fees payable under the revenue sharing arrangement and other outstanding dues of wireless fees and royalty. Accordingly, a lien was recorded on these Financial Bank Guarantees of 10 operators amounting to Rs. 189.49 Crores. The names of these operators are annexed.

The Cellular Operators Association of India objected to this action on two main grounds, namely no prior notice had been given and that the Financial Bank Guarantees were required to be valid only till 31st March, 2000. However, this did not take into account the fact that the operators were required to provide Financial Bank Guarantees to cover the outstanding amounts due including further sums, which might become due from time to time. The operators have since been requested to modify the amounts of their Financial Bank Guarantees to cover their dues and to extend their validity for a period of one year.

ANNEXURE

NAMES OF THE CELLULAR COMPANIES ON WHOSE BANK GUARANTEES THE LIEN WAS RECORDED

1. Bharti Cellular
2. Bharti Telenet
3. BPL Mobile Communications
4. BPL US West
5. Escotel Mobile Communication
6. FASCEL
7. Modi Telstra
8. Skycell Communications
9. Sterling Cellular
10. Tata Communications