

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

UNSTARRED QUESTION NO:2939
ANSWERED ON:13.08.2003
DISINVESTMENT OF VSNL
DR. KIRIT SOMAIYA

Will the Minister of DISINVESTMENT be pleased to state:

- (a) whether any differences have cropped up between the Union Government and Tata Group Company on VSNL;
- (b) if so, the details thereof alongwith the main causes thereof;
- (c) whether these differences have been sorted out;
- (d) if so, the details thereof;
- (e) the details of the amount proposed for disinvestment; and
- (f) the details of information relating to VSNL submitted to stock exchanges in this regard?

Answer

MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHF SHOURIE)

- (a) & (b): Yes, Sir. Differences had arisen regarding decision of VSNL management to invest Rs. 1200 crores in Tata Tele Services Limited (TTSL)
- (c) : Yes, Sir.
- (d) : Government desired that before the final decision is taken, careful analysis and consideration and the desirability of such an investment by VSNL in the targeted company may be undertaken through the process of study by the Sub-committee of Directors of VSNL Board including a Government nominee Director. Accordingly, a Committee was constituted for this purpose.
- (e) : According to the decision of the Sub-Committee, a sum of Rs. 835.80 crores would be invested by VSNL by way of equity in Tata Teleservices over a period of seven years. For the first four years an amount of Rs. 636.80 crores will be invested and the remaining amount as per time table and mode to be decided mutually between VSNL and Tata Teleservices.
- (f) : Immediately after the Board meeting VSNL informed the Stock Exchange that the Board of Directors of VSNL had approved the inter-corporate investment of upto Rs. 1200 crores in the equity share capital of Tata Tele Services Limited.