

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:5490
ANSWERED ON:13.12.2010
SHARE OF TELECOM COMPANY
Naranbhai Shri Kachhadia

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether a licenced company does not have permission of shareholding of another telecom company more than 9.9 per cent as per Indian telecom rules;
- (b) if so, whether some telecom companies especially Reliance Communications R-Com Limited has more than 9.9 per cent shareholding in another telecom company;
- (c) if so, the details thereof; and
- (d) the steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SACHIN PILOT)

- (a) Madam, as per the terms and conditions of Unified Access Services (UAS) licence agreement, "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 Access Services namely; Basic Cellular and Unified Access Service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company /Legal person cannot have stakes in more than one LICENSEE Company for the same service area".
- (b) to (d) Recently, the Report of CAG on "Issue of Licences and allocation of 2G Spectrum by the Department of Telecommunications" has been Tabled in the Parliament on 16.11.2010. Taking into account the non-cumulative redeemable preference share (NCRPS) of Reliance Telecom Ltd. (RTL) in Swan Telecom Pvt. Ltd., the CAG Report has stated that the equity stakes of Reliance Telecom Ltd. in Swan Telecom Private Limited was 10.71%. The CAG Report has also stated that it appears that Swan Telecom Private Limited while applying for the UAS licenses in 13 Service Areas was acting as a front company on the behalf of RTL and their application was in effect against the intent and sprit of the UAS licensing guidelines. In view of the CAG Report, Department of Telecom has decided to refer the matter to the Ministry of Corporate Affairs for examination.