

approach to accelerate national interests, to further the interests of the country in those spheres of activities. It is time that they get recognition in these spheres also.

With these words, I join the sentiments expressed in this House in congratulating the scientists of this country.

[Translation]

SHRI UDAY PRATAP SINGH (Mainpuri) : Mr. Speaker, Sir, I associate myself as well as my party with the feelings of the House and would like to quote two lines -

"Jahan Avtar Janme Hain, Pale Hain Veer
Rishi Yogi,

Na Koi Yah Samajh Baithe Ki Ab Yeh Bhumi
Parti Hai,

Yahan Ka har Naya Ankur Agar Pal Gaya
Dhang se,

Namoona Bankar Jayega Ki Upjau Dharti Hai,
Yeh Bari Upjau Dharti Hai."

Such people should be honoured by this House also. With these words I once again pay my heartiest congratulations to all the concerned persons.

[English]

MR. SPEAKER : Scientists, engineers, workers and planners who are responsible for making and launching INSAT II C successful have done us all proud and indeed deserve our heartiest congratulations which we have profusely given to them. Let the expression of appreciation by this House be communicated to the leaders, scientists, engineers and workers.

SHRI P.V. NARASIMHA RAO : We will do that, Sir.

17.04 hrs.

STATEMENT BY MINISTER

Award of Licences to Private Companies For Operating Basic Telecom Services

[English]

THE MINISTER OF STATE OF THE MINISTRY OF COMMUNICATIONS (SHRI SUKH RAM) : Hon. Speaker Sir... (Interruptions)

MR. SPEAKER : The time of this House should be used for intelligent debate.

SHRI SUKH RAM : Hon. Speaker Sir, I wish to make a statement regarding the status of the tenders for award of licences to private companies for operating basic telecom service in various parts of the country. Marketing such a statement has become

necessary in view of the observations made by some hon. Members regarding the alleged favours extended to a private company M/s. HFCL Bezeq Telecom Ltd...(Interruptions)

SHRI JASWANT SINGH (Chittorgarh) : Mr. Speaker Sir, the House was informed that instead of 4 o'clock the Statement be deferred till 5 o'clock so that sufficient copies are available and the Hindi translation which was not complete be also made available. I am sure, this is purely an administrative difficulty, but it would help us if sufficient copies are made available because it is an intricate matter.

MR. SPEAKER : Have the copies been supplied to the Members?

SHRI SUKH RAM : Sir, copies are ready now and I think within five or ten minutes time, these will be supplied to the hon. Members...(Interruptions)

[Translation]

AN HON. MEMBER : The name of the company, which is being mentioned should be made clear.

PROF. RASA SINGH RAWAT (Ajmer) : They want to delay it deliberately...(Interruptions)

[English]

MR. SPEAKER : Please, in our House, we do not have supplementaries on the Statement made by the Minister. Now let the Minister read out the statement.

I am told that copies were getting ready, maybe the copies are ready and they would be made available to the Members. They would be getting them.

[Translation]

SHRI JASWANT SINGH : Sir, you have stated that due to Hindi translation ...(Interruptions)

[English]

MR. SPEAKER : I had heard from him. Let us understand and that this is a matter which was taken up at zero hour.

SHRI JASWANT SINGH : I know, Sir, but this is because they themselves said that they would provide the copies.

[Translation]

SHRI ASTBUJA PRASAD SHUKLA (Khalilabad) : It is our right. What is the Government doing ? Crores of rupees have been spent.

[English]

MR. SPEAKER : Will the Parliamentary Affairs Minister or somebody get the copies of Hindi version and made available?

...(Interruptions)

SHRI SUKH RAM : Sir, both English and Hindi versions will be supplied within ten minutes
...(Interruptions)

[Translation]

SHRI PRABHU DAYAL KATHERIA (Ferozabad) : It seems that we are sitting in the Parliament of America. The Government is ignoring Hindi. We are the hon. Members of the House ... (Interruptions)

[English]

THE MINISTER OF WATER RESOURCES AND MINISTER OF PARLIAMENTARY AFFAIRS (SHRI VIDYACHARAN SHUKLA) : Sir, Hindi translation takes a little time. Therefore, Hindi translation will follow ... (Interruptions)

[Translation]

MR. SPEAKER : Please sit down first.

...(Interruptions)

MR. SPEAKER : You will be provided Hindi version also. The statement of the hon. Minister is also being interpreted in Hindi. Please listen to it. This impression should not go out of the House that you are not following as to what the hon. Minister is saying. He has listened to you and he will provide Hindi version later on. He was given time for providing Hindi copies too. It would have been better if they were available on time but if it is not available, please listen to him and read it later on.

...(Interruptions)

[English]

MR. SPEAKER : You cannot compel anybody to speak in Hindi or English. You will get Hindi version.

[Translation]

You can listen to the Hindi version by using headphone.

...(Interruptions)

[English]

MR. SPEAKER : That is why, on important matters, you should follow the rules; you should give sufficient time also. You have raised this matter in the Zero Hour. Even one day's time is not given to the Minister; you have asked him to make a statement today and now he has come here to make the statement. On technical points, if you do not want to hear him, it is not proper.

...(Interruptions)

[Translation]

MR. SPEAKER : Use ear phone, you will get Hindi translation.

...(Interruptions)

SHRI PRABHU DAYAL KATHERIA : You have full right, you can say so...

...(Interruptions)

MR. SPEAKER : He has no right. Do not give direction form there. I am directing you to keep quiet please.....

...(Interruptions)

[English]

MR. SPEAKER : You are very right.

...(Interruptions)

[Translation]

SHRI ASTBUJA PRASAD SHUKLA : No work is done in Hindi... (Interruptions) work is not being done in Hindi in Lok Sabha. We are not getting Hindi version ... (Interruptions)

MR. SPEAKER : Do not distort the fact. If you do so, it will not be in the interest of the country. Let the right thing go.

...(Interruptions)

MR. SPEAKER : Please listen. Copies will be provided later on.

[English]

Please hear with your ear phone. You will hear the Hindi version.

[Translation]

I am saying so because, has he been given time till tomorrow, he would have provided Hindi version also. He is making statement today on your instance.

[English]

SHRI SUKH RAM : Hon. Speaker, Sir, I wish to make a statement regarding the status of the tenders for award of licences to private companies for operating basic telecom service in various parts of the country. Making such a statement has become necessary in view of the observations made by some hon. Members regarding the alleged favours extended to a private Company, M/s HFCL Bezeq Telecom Ltd.

The National Telecom Policy 1994, placed before the Parliament in May, 1994, had stipulated, among other things, that the basic telecom service shall also be thrown open to private sector with a view to supplementing the efforts of the Government operator to provide telephone to all at affordable prices in as short time as possible. In pursuance of this policy declaration guidelines were issued in September 1994 governing the entry of private sector into basic services They provided that :

- (a) There shall be two operators in every Circle of the country - the Government operator (DoT/MTNL) and a private operator. The country is divided into 21 Circles for the operation of the DoT. Therefore, 21 licences were proposed to be issued to private operators;
- (b) Only Indian Companies registered as such under the Indian Companies Act, shall be eligible for the grant of licence;

- (c) Foreign equity in such a licensee Company will be restricted to 49 per cent;
- (d) Inter Circle Traffic will continue to be the monopoly of the Government operator and similarly the international traffic will continue to be the monopoly of the Videsh Sanchar Nigam Limited (a Government of India Public Sector Undertaking).

Based on the Policy statement and the Guidelines, a tender document was issued on 16th January, 1995. The bidder companies were invited to seek any clarifications to the terms and conditions of the tender. A large number of inquiries were received. Necessary clarifications were issued on 27-5-1995. It was a two stage tendering process, in the first stage the technical and commercial bids were opened to pre-qualified bidder companies and in the second stage the financial bids of pre-qualified companies were opened and evaluated.

Entry conditions for pre-qualifications were made very stiff to ensure that only such companies participated in the tender ...*(Interruptions)*

SHRI RAM KAPSE (Thane) : What is the worth of HFCL?

MR. SPEAKER : Mr. Kapse, please do not interrupt.

SHRI SUKH RAM : Have patience. I am coming to that point....*(Interruptions)*

MR. SPEAKER : This is not proper.

[Translation]

PROF. RASA SINGH RAWAT (Ajmer) : Sri, what is full form of HFCL.

[English]

MR. SPEAKER : Do not use abbreviations. You give the full name.

SHRI SUKH RAM : It is Himachal Futuristic Communications Limited Bezeq Telecom Ltd. The company is known as such.

Entry conditions for pre-qualifications were made very stiff to ensure that only such companies participated in the tender who have the requisite capability - financial, physical and technological - to undertake the large investment required for the vast operation that most of the circles in India present for provision of basic telecom services. These conditions were :

- (a) The networth of the company should not be less than Rs.300 crore for 'A' Category Circle, Rs.200 crore for 'B' Category Circles and Rs.50 crore for 'C' Category Circles.
- (b) The bidder must have an experience of operating basic telephone lines of not less than five lakh lines.

Sixteen bidder companies participated in the tender. All of them were found eligible with reference to the eligibility conditions referred to above. It was gratifying to note that a large number of reputed Companies in the Indian Corporate world and some of the major telecom Companies of the world participated in the tender through joint ventures promoted by them.

M/s. HFCL-Bezeq was one of these Companies. It had the following Indian and foreign promoters: HFCL, KJMC Financial Services Limited, Kotal Mahindra Finance Limited, Bezeq Isreal and Shinwatra International Pub. Corporation Limited, Thailand.

Their combined networth is Rs. 4622 crores. ...*(Interruptions)*.

SHRI SUKH RAM : This is a consortium ...*(Interruptions)*

[Translation]

SHRI RAM KAPSE : I think they are related to JPC and Bank Scam.

[English]

SHRI SUKH RAM : I do not know any one of them...*(Interruptions)*.

[Translation]

MR. SPEAKER : How, can you get reply in this manner? What does it mean? He is replying to the allegation levelled by you against someone.

[English]

At least please show him the courtesy to hear him. Mr. Khanduri, this is not correct not all. Please do not do it. This is double-edged weapon.

...*(Interruptions)*

SHRI SUKH RAM : This is a consortium. These are the members of the consortium.

MR. SPEAKER : Mr. Minister, can you give the expansion of KJMC?

SHRI SUKH RAM : Sir, I do not know about these things. This is the company's name which has been given in the tender document. But I will find out. In case I know the full name, I will supply the information to them and to you.

These are the foreign company promoters ...*(Interruptions)*

SHRI RAM NAIK (Bombay North) : This is the same Minister, Mr. Shinwatra, who has been sacked in Thailand.

SHRI SUKH RAM : I do not know about it ...*(Interruptions)*

SHRI LAL K. ADVANI (Gandhi Nagar) : This was a specific question. After all, the misgivings in

the minds of the Opposition Members are because of these facts which have appeared and it is because of that that the other House is not functioning. You were grateful enough to appreciate that we are willing to listen to you. But now you are replying that you do not know it...*(Interruptions)*

SHRI SUKH RAM : I will come to that. This point was raised by Shri Jaswant Singh. I will try to find out as to what is the status of this company...*(Interruptions)*

SHRI RAM KAPSE : Shinwatra is a Minister who has been sacked in Thailand.

SHRI SUKH RAM : I am told that the owner of this company is the Deputy Prime Minister of Thailand. It has not been blacklisted. This is what I could ascertain within the smallest possible time. The job for the Tender Evaluation Committee was to ascertain about the financial conditions, technical conditions. That was their job...*(Interruptions)*

SHRI JASWANT SINGH : Sir, I will only ask a specific question, if you kindly permit. Otherwise, I will sit down instantly. In the morning the whole purpose was that we should voice our queries so that the hon. Minister has the time. Amongst the queries that were voiced were precisely is : who is behind these companies? It is not simply good enough to list the companies. Thereafter, you, Sir, from the Chair has enquired of the hon. Minister what is this abbreviation KJMC or whatever.

SHRI RAM NAIK : He does not know anything...*(Interruptions)*

SHRI JASWANT SINGH : The hon. Minister says, "I do not know". We do not want to know the name of the companies. They are well-known. They are published. We wanted to know the ownership of the company. Who is behind the company? I directly ask that I have reasons to believe that behind this Thai Company there are charges of corruption. The Minister says that the Tender Evaluation Committee did not bother to find out...*(Interruptions)*

MR. SPEAKER : Let us see.

SHRI SUKH RAM : That is why I wanted time for tomorrow...*(Interruptions)*

SHRI SUKH RAM : I shall find out the full names and shall supply them to you...*(Interruptions)*

[Translation]

SHRI *AL K. ADVANI : Mr. Speaker, Sir, please advise hon. Minister to give statement tomorrow...*(Interruptions)*

[English]

MR. SPEAKER : Do you need more time?

SHRI SUKH RAM : I do not need any time now. I am fully prepared...*(Interruptions)*

I shall supply you the names...*(Interruptions)*

[Translation]

SHRI RAMESHWAR PATIDAR (Khargone) : It would be better if hon. Minister comes tomorrow with full preparation...*(Interruptions)*

[English]

MR. SPEAKER : Please take your seats. That is exactly what I wanted you to give me in writing, a notice asking for the statement of the Minister. I would have gone through it, I would have asked for the comments from him and in reply to each of your written points, I would have asked him to give the explanation. You chose, in your wisdom, to raise it at a time which is given to you to transact unlisted business. You made the statement and then you asked the Minister to make a statement. The Minister was quite willing to say that he would make the statement. I had heard him and I think he was ready to make the statement because when he spoke, I thought that he was seized of the information and the facts. That is why in the afternoon I had said that even if he was asked to make the statement then, he would have been able to make it because he was speaking with confidence. Those who heard him were feeling convinced and that is why I had asked him to make a statement. Please do understand that you have made the statement, charging him with something. It is relating to a big contract. Please allow him to make the statement and then if you have anything else and if you have any question to be asked, I shall admit it as an urgent question and shall allow you to ask the urgent questions which are in your mind.

[Translation]

Mr. Minister, Advaniji has stated that if you need more time, you can have it. It is, perhaps the outlook of the House.

SHRI LAL K. ADVANI : Mr. Speaker, Sir, I have many details with me regarding this contract which have not been mentioned anywhere in the statement. Then it is but natural to say that it was not raised earlier. Therefore, I pointed out only this thing here and a question to this effect was also raised in the morning from our side as to what is the credential background and composition of the company which was benefited in all this process. Only these 2-3 specific things were asked by my colleague, Shri Jaswant Singh ji in the House. I had requested at that time that hon. Minister should give his statement at 3 O'Clock. We did not object on your suggestion of time being 4 O'Clock. When we drew your attention at 4 O'Clock you stated that there was a telephonic message from the hon. Minister that the translation of the speech was not ready, that is why he would come at 5 O'Clock. We did not object to it also. Now when we raised questions which were raised by Shri Jaswant Singh ji in the morning, hon.

Minister states that he does not know. Sir, you are saying that the hon. Minister could not get sufficient time, therefore, I think the hon. Minister should be given more time to collect all information. We do not have any objection to that. When we will ask questions which has not been covered in the statement then the hon. Minister will say that he would have to enquire about it.

[English]

Sir, I do not want that to happen and, therefore, I would request you to ask him to make the statement tomorrow...*(Interruptions)*

MR. SPEAKER : I would like to deal with this matter in this fashion. In the other House the Members are allowed to ask the questions after a statement is made and the Minister is expected to reply. We do not follow that procedure here. But, supposing, the Members are agitated on this point, I would like to deal with this matter in this fashion and I hope that you all will agree with it. Let the statement be made. If you have any questions, please write them on a piece of paper and give it to me. I will send it to the Minister and I will allow him to make one more statement on the points which are raised by you.

(Interruptions)

[Translation]

SHRI SUKH RAM : I am fully prepared now ...*(Interruptions)*

SHRI LAL K. ADVANI : Mr. Speaker Sir, I object to it because they are not prepared for that. Their attitude...*(Interruptions)* and this whole process ...*(Interruptions)*

MR. SPEAKER : You give it in writing.

(Interruptions)

SHRI LAL K. ADVANI : I am not interested. This House in a way...*(Interruptions)*

MR. SPEAKER : Please Advanji.

[English]

MR. SPEAKER : I appreciate the point you have made. Supposing there are any points to which he is not really replying, you should also not be deprived of that opportunity of getting answer. I am saying that he will make the statement. You will give me, in writing, the questions on which you would like to have a reply.

(Interruptions)

SHRI LAL K. ADVANI : Sir, he can lay it on the table of the House...*(Interruptions)*

MR. SPEAKER : You will have the reply. Then you will be satisfied.

(Interruptions)

SHRI SUKH RAM : Sir, I may assure this House.

SHRI BASUDEB ACHARIA : Sir, let him make the statement tomorrow.

MR. SPEAKER : What is this Mr. Basudeb Acharia? You spoke in zero hour and you want to speak now?

(Interruptions)

SN. LDR. KAMAL CHAUDHARY : Sir, I think it is totally unfair. The Minister should be allowed to complete the statement.

[Translation]

SHRI PHOOL CHAND VERMA (Shajapur) : If we give it in writing will you get it replied?

SHRI SHARAD YADAV : Mr. Speaker, Sir, you have yourself said it. In the morning, when this point was raised you said that it would be better if this joint is raised at appropriate time. Then the hon. Minister stood up and said that he was aware of all the facts and was prepared to make statement. But you had given him time of 6 p.m. Advanji gave him the time of 3.00 p.m. I requested Advanji to give him one more hour...*

[English]

MR. SPEAKER : Please, he has come out of the hospital with bypass surgery. Let us not go into those things.

(Interruptions)

[Translation]

SHRI PAWAN KUMAR BANSAL (Chandigarh) : ...*

SHRI SHARAD YADAV : I am understanding it and going to conclude. The matter is very serious. We have a doubt about it. I have gone through the entire statement. This statement has not covered all those points which we had raised in the morning. The hon. Minister had clearly said that he was prepared but now he is avoiding it for tomorrow ...*(Interruptions)* Now he is avoiding every question for tomorrow. Sir, you are kind enough to ask the hon. Minister to come tomorrow fully prepared and we also will come with full preparation.

[English]

SHRI SUKH RAM : Sir, I will take one minute only...*(Interruptions)* Please listen to me ...*(Interruptions)* I am making the statement just now.

Sir, I would like to tell one point and this will solve the problem. If they have any doubt about any company, I say that we have not issued the licence. Before issuing the licence I will verify the bonafides of the companies. That is one thing ...*(Interruptions)* Please listen to me. If you do not listen, that is your problem.

* Expunged as ordered by the Chair.

SHRI HARI KISHORE SINGH : (Sheohar) : Will you come before the House with all information?

SHRI SUKH RAM : Certainly I will do it. The audited accounts of the company...(Interruptions) I will check it...(Interruptions) Sir, M/s. Bezeq Isreal brought...(Interruptions)

SHRI SOMNATH CHATTERJEE (Bolpur) : Shri Sukhramji, kindly allow me. Please take a few minutes' rest...(Interruptions)

Mr. Speaker, Sir, Mr. Sukh Ram has given the impression to everybody that he was posted with the facts and he himself said that. Therefore, there is no doubt about that. Now, one question was put as to what is the full name of KJMC Financial Services. It takes half-a-minute to get this name. Otherwise, he is fully posted with the facts...(Interruptions)

MR. SPEAKER : Somnathji, let him complete. If you have anything more, if you want to enquire, give it to me in writing. I will send it to him and get the reply.

(Interruptions)

THE MINISTER OF WATER RESOURCES AND MINISTER OF PARLIAMENTARY AFFAIRS (SHRI VIDYACHARAN SHUKLA) : Mr. Speaker, Sir, I have just now confirmed that even in the tender document, only the Name KJMC is used, the full name is not used.

SHRI SOMNATH CHATTERJEE : Let him say that.

SHRI VIDYACHARAN SHUKLA : That is what I am saying.

SHRI SOMNATH CHATTERJEE : He does not know that. He said that he has to find out.

SHRI VIDYACHARAN SHUKLA : Sir, after the statement is made, when the debate is held all the points which the hon. Members have raised will be satisfactorily replied to, including the details about the people who are behind the Companies and the full names of the Companies. Everything will be given. Nothing will be hidden from the House. It is only a matter of sequence...(Interruptions)

SHRI SOMNATH CHATTERJEE : No, he says that he will verify the credibility now at this stage.

SHRI VIDYACHARAN SHUKLA : The whole thing will be given while replying to the debate. When the debate is held we will give detailed reply, but in the tender document, full name of the Company is not given and only the abbreviation is given there.

SHRI SOMNATH CHATTERJEE : Mr. Speaker, Sir, the hon. Minister of Communications has said that he will now hereafter find out the *bona fides* of this Company. Therefore, he is not satisfied with the *bona fides* of this company.

SHRI SUKH RAM : Sir, I am satisfied.

MR. SPEAKER : Mr. Minister, do not enter into a dialogue, Somnathji, it was said that one of the

Directors was sacked from the Ministry and another statement has come that he is the Deputy Prime Minister of Thailand.

(Interruptions)

SHRI RAM KAPSE : Mr. Speaker, Sir, the Minister knows that person is the Deputy Prime Minister of Thailand...(Interruptions)

MR. SPEAKER : I am sorry I am getting the impression that you are not willing to hear him.

(Interruptions)

SHRI HARI KISHORE SINGH : Mr. Speaker, Sir, the hon. Parliamentary Affairs Minister has already suggested for a debate, so, we accept the offer for the debate...(Interruptions)

SHRI SUKH RAM : Their combined network is Rs. 4,622 crores.

M/s Bezeq Isreal brought into this consortium the requisite experience - it had experience of 21 lakh lines. Thus this company fully satisfies the entry qualifications...(Interruptions)

MR. SPEAKER : I will again get the reply to your questions.

SHRI SUKH RAM : Sir, M/s Bezeq Isreal bids of the 16 bidder companies were opened on 31.8.95 in the presence of their representatives and the details of the bids were widely publicised. These were evaluated by a Committee of officers of the Department of Telecommunications which is headed by a Member of the Telecom Commission and has a representative of the Finance Branch.

MR. SPEAKER : Mr. Minister, would you like to put it on the Table of the House?

SHRI SUKH RAM : Sir, I will read it. They may listen or they may not listen, but I will read it.

The Tender Evaluation Committee (TEC) declared M/s HFCL Bezeq as the highest bidder in as many as 9 out of 20 Circles for which the bids had been received. The Committee recommended the acceptance of these 9 bids plus the highest bid in Maharashtra and recommended that the bids in the other Circles were low and that they may be rejected.

The Committee also recommended that a bidder company may be restricted to a maximum of three licences in order to curb monopolistic trends and to distribute investment over a larger number of companies and in order to reduce chances of failure in operations.

The Government have accepted the recommendations of the Committee regarding the cap of three. The Committee also recommended that the cap need not apply to category 'C' Circles where the business potential is and order of investment are low. One out of the nine Circles (i.e. Orissa), in which M/s. HFCL was the bidder belonged to 'C' Category...(Interruptions)

[Translation]

SHRI LAL K. ADVANI : Mr. Speaker, Sir we are not prepared to listen to anything. Therefore, we are leaving this House.

[English]

17.45 hrs.

At this stage, Shri Lal K. Advani and some other hon. Members left the House.

[Translation]

SHRI DEVENDRA PRASAD YADAV (Jhanjharpur): Mr. Speaker, Sir, we would like to know whether the information which the hon. Minister is going to give is a partial reply or a full reply and whether the questions which are to be raised in the House will be given a partial reply or a full reply?

[English]

At this stage, Shri Mohammad Ali Ashraf Fatmi and some other hon. Members came and stood on the floor near the table.

MR. SPEAKER : Mr. Minister, you lay it on the Table of.

SHRI SUKH RAM : Sir, I beg to lay on the Table of the House the following :

I wish to make a statement regarding the status of the tenders for award of licences to private Companies for operating basic telecom service in various parts of the country. Making such a statement has become necessary in view of the observations made by some Hon'ble Members regarding the alleged favours extended to a private Company M/s. HFCL Bezeq Telecom Ltd.

2. The National Telecom Policy 1994, placed before the Parliament in May, 1994, had stipulated, among other things, that the basic telecom service shall also be thrown open to private sector with a view to supplementing the efforts of the Government operator to provide telephone to all at affordable prices in as short time as possible. In pursuance of this policy declaration Guidelines were issued in Sept. 1994 governing the entry of private sector into basic services. They provided that :-

- (a) There shall be two operators in every Circle of the country - the Government operator (DoT/MTNL) and a private operator. The country is divided into 21 Circles for operation of the DoT. therefore 21 licences were proposed to be issued to private operators;
- (b) Only Indian Companies registered as such under the Indian Companies Act, Shall be eligible for the grant of licence;
- (c) Foreign equity in such a licensee Company will be restricted to 49%;

(d) Inter Circle traffic will continue to be the monopoly of the Government operator and similarly the international traffic will continue to be the monopoly of the Videsh Sanchar Nigam Limited (a Government of India Public Sector Undertaking).

3. Based on the Policy statement and the Guidelines, a Tender document was issued on 16th Jan, 1995. The bidder Companies were invited to seek any clarifications to the terms and conditions of the tender. A large number of inquiries were received. Necessary clarifications were issued on 27-5-95. It was a two stage tendering process, in the first stage the technical and commercial bids were opened to pre qualified bidder Companies and in the second stage the financial bids of prequalified companies were opened and evaluated.

4. Entry conditions for pre qualifications were made very stiff to ensure that only such Companies participated in the tender who have the requisite capability - financial, physical and technological - to undertake the large investment required for the vast operation that most of the Circles in India present for provision of basic telecom services. These conditions were :

- (a) The networth of the Company should not be less than Rs. 300 crores for 'A' Category Circle, Rs. 200 crores for 'B' category Circles and Rs. 50 crores for 'C' category Circles.
- (b) The bidder must have an experience of operating basic telephone lines of not less than 5 lakh lines.

5. 16 bidder Companies participated in the tender. All of them were found eligible with reference to the eligibility conditions referred to above. It was gratifying to note that a large number of reputed Companies in the Indian Corporate world and some of the major telecom Companies of the world participated in the tender through joint ventures promoted by them.

6. M/s. HFCL-Bezeq was one of these Companies. It had the following Indian and foreign promoters :

- | | |
|---------------------------------|---|
| 1. HFCL | 1. Bezeq Isreal |
| 2. KJMC Financial Services Ltd. | 2. Shinwatra International Pub. Corp. Ltd. Thailand |
| 3. Kotak Mahindra Finance Ltd. | |

Their combined networth is Rs. 4622 crores.

7. M/s Bezeq Isreal brought into this consortium the requisite experience - It has experience of 21 lakh lines. Thus this Company fully satisfies the entry qualifications.

8. The financial bids of the 16 bidder Companies were opened on 31-8-95 in the presence of their representatives and the details of the bids were widely publicised. These were evaluated by a

Committee of officers of the Department of Telecommunications which is headed by a Member of the Telecom Commission and has a representative of the Finance Branch.

9. The Tender Evaluation Committee (TEC) declared M/s HFCL Bezeq as the highest bidder in as many as 9 out of 20 Circles for which the bids had been received. The Committee recommended the acceptance of these 9 bids plus the highest bid in Maharashtra and recommended that the bids in the other Circles were low and that they may be rejected. The Committee also recommended that a bidder Company may be restricted to a maximum of three licences in order to curb monopolistic trends and to distribute investment over a larger number of Companies and in order to reduce chances of failure in operations.

10. Government have accepted the recommendations of the Committee regarding the cap of three. The Committee also recommended that the cap need not apply to category 'C' Circles where the business potential is and order of investment are low. One out of the 9 Circles (i.e. Orissa), in which M/s HFCL was the bidder belonged to 'C' Category.

11. M/s HFCL Bezeq were asked to choose 3 out of 8 A and B Circles which it had won. They have opted for Delhi, Haryana and UP (West). But for the Cap, the company was fully eligible for allocation of all the 09 licences. Network requirement for these Circles was Rs. 1950 crores whereas this Company and its promoters had a networth of Rs. 4622 crores.

12. It needs to be emphasised that the cap was conceived with a view to protecting public interest and not to favour an individual Company. Therefore it was only fair that the bidder Company should be given the choice of selecting the three Circles in which it would like to operate. The legal opinion obtained by the Department also suggested that in such a situation where the cap is being imposed by the Government, it will not be legally correct to impose the selection of three Circles on the bidder Company. Even the commercial consideration suggested that the bidder should be given such an option. In case, Government had inflicted its own choice on the Company, the possibility cannot be ruled out that it would have chosen only such Circles as it suited its commercial convenience and opted out of the other two by paying the prescribed penalty. It could have also happened that the Company may have opted out of all the three Circles chosen for it by the Government. Such a turn of events could have jeopardised the whole tender and would have resulted in an unfortunate situation of penalising a bidder who had bid very aggressively in as many as

9 out of 20 Circles. In any case, it had been mentioned in the two tenders for Cellular Mobile Phones and basic services that in such situation priorities of the bidder shall be ascertained.

It may be mentioned that in a similar situation arising out of the tender for grant of licences for Cellular Mobile Telephone services, a bidder Company attracted by the cap of three was given the choice of making a selection of one out of three Circles where it had been placed as the second highest bidder. Similarly in respect of the same tender, another Company which had won in three Circles, but it was entitled to only two in terms of its networth, was given an option of selecting the two Circles where it would like to operate. Therefore no exceptional treatment has been extended to M/s. HFCL Bezeq in selecting 3 out of 8 Circles where it was the highest bidder.

13. It may be mentioned that in the four Circles which are proposed to be allocated to M/s HFCL Bezeq, they are paying a total levy which is two to three times the reasonable levy as determined by the Tender Evaluation Committee. The relevant figures are as below :

Name of the Circle	Reasonable levy	HFCL levy	Ratio between quoted levy & Reasonable levy
Delhi	6,088	15,085	2.5 times
Haryana	1,312	4,060	3.0 times
UP (West)	2,767	6,580	2.5 times
Orissa	692	2,065	3.0 times
Total	10,859	27,790	2.5 times

14. Government had, in both the tenders for Cellular Phones and Basic Services, reserved the right to place a cap on the total number of licences in favour of a bidder Company. In both the cases Government felt it necessary and in public interest to exercise this right.

15. It needs to be pointed out that the terms and conditions of the tender permitted a bidder Company to opt out of a circle where it has been awarded licence by forfeiting the earnest money. Even if it is argued that the Government should have allotted all the 9 Circles to this bidder Company, and they had chosen the three Circles that they have, the maximum amount of money that they would have lost is Rs. 175 crores.

Therefore, the allegation that Government have lost thousands of crores by placing a cap of three is not correct.

16. The other bidders in each of these 5 Circles, for which this Company has not opted, were given the option of matching the highest offer but none of them has accepted the offer. These 5 Circles along with the 8 of the 10 Circles in which the highest bid was round too low have been put to a second round of financial bids from the shortlisted 16 bidder Companies. Their financial bids are proposed to be opened on 1st Jan, 1996 and Government hopes to evaluate them and allocate the licences by the middle of January, 96. In respect of Rajasthan and Karnantaka, the highest bidders have made a representation that their bids are higher than the reasonable price worked by the Committee and there has been some mistake in their evaluation. These two representations are under the consideration of the Government. Pending such consideration these two Circles have been excluded from the second round of financial bids.

17. In conclusion, I wish to emphasise that the tender has proceeded in a straight forward and transparent manner and that no favour has been done to any Company. The five licences which have already been allocated will earn the Government exchequer a licence fee of Rs. 41699 crores over the next 15 years. What is more important the process of inducting private sector into basic services to supplement the resources of the Government operator has made a beginning and the Government hopes that the process will be completed in the next few weeks. There has been no favour to any individual Company and in fact the licence fee payable to the Government in respect of 4 Circles allocated to M/s HFCL Bezeq is 2.5 times more than the reasonable price determined by the expert Committee.

18. I would also hasten to add that what we are doing is really unprecedented. We are travelling on an uncharted path. There is certainly room for mistake but I wish to assure the House that the whole process will be handled in a bonafide manner.

19. I may also, with the permission of the Chair, caution the Hon'ble Members against disinformation by interested parties. What the country is handling has been described as the world's biggest telecom tender. There are also forces which are opposed to entry of private sector into basic telephony. It is also not without significance that attacks on the objectivity and the transparency of the tendering process started being made really after the Government exercised its inherent right to reject the bids which were found too low.

(Interruptions)

MR. SPEAKER : If you don't want to hear him, it is laid on the Table of the House.

(Interruptions)

MR. SPEAKER : This is not correct.

[Translation]

You will ask question but will not hear the reply. It will not be allowed if you go on defaming the other.

(Interruptions)

[English]

MR. SPEAKER : Please go back to your seat. This is all wrong. When something is said against your Ministers, you come here. You allege against him and you don't hear the statement. You are using the House as you want.

(Interruptions)

MR. SPEAKER : You are coming to the conclusion without hearing.

(Interruptions)

MR. SPEAKER : Now, Debate on economic situation to start.

(Interruptions)

MR. SPEAKER : Whenever something is said against a Minister, you rush to the House. In this House you allege against the Minister and you are not ready to hear the statement.

(Interruptions)

SHRI BASUDEB ACHARIA : Sir, we want to hear the statement...*(Interruptions)*

[Translation]

SHRI DEVENDRA PRASAD YADAV : Mr. Speaker, Sir, reply cannot be given today...*(Interruptions)*

[English]

MR. SPEAKER : He has laid it on the Table of the House. If you want to read it, you read it and if you don't want to read it, don't read it. Sushant Chakravartyji.

(Interruptions)

MR. SPEAKER : Please understand, I have said that you read the statement and if you are not satisfied, you write down the question, I will send it to the Minister. And if he wants to reply, I will allow him to reply. Now, we have taken up economic situation in the country for the discussion. Let him speak now.

(Interruptions)

MR. SPEAKER : We have gone to the economic situation.

SHRI SAIFUDDIN CHOUDHURY (Katwa) : Sir, what happened to the statement?

SHRI SOMNATH CHATTERJEE : Sir, this a very important issue which is agitating the people all over the country and the Members of Parliament in both the House. Sir, you also in your judgement felt that this is a matter on which a statement should be given. If the Minister is not ready, that is a different thing.

SHRI SUKH RAM : I am ready, Who said, 'I am not ready'?

SHRI SOMNATH CHATTERJEE : Therefore, may we know that is this a complete statement and that on this issue he has nothing else to add? Sir, then he must commit himself.

I cannot go on trying to give him the way out. Let him say that this is a comprehensive statement. We are giving him the opportunity to rectify. If this is the comprehensive statement, he must say that.

MR. SPEAKER : From this Chair, I had said two or three things. When this matter was raised, I had said, "Are these the questions you want to ask or are there any other questions?" Probably, there may be some questions. I should not restrict the Members from asking the questions, if there are any. But then, I had said that in reply to the questions which were raised on the floor of the House, he would make the statement. He is making this statement, according to him, in response to the queries which were inflicted or raised here. If there is anything else you want to ask. I would not like to shut out any Members, please sent it to him in writing and I will see that it is replied.

SHRI SAIFUDDIN CHOUDHURY : He has laid it on the Table of the House. What would happen to the statement?

MR. SPEAKER : He has laid it on the Table of the House.

SHRI SAIFUDDIN CHOUDHURY : What would happen to the statement? What do we do with the statement?

MR. SPEAKER : You read it and if you are not satisfied with any of these things, you draw up the questions and send them to him and I will see that you get the replies.

(Interruptions)

SHRI SOMNATH CHATTERJEE : Let him say whether this is a comprehensive statement on these questions or not.

SHRI SUKH RAM : I have covered all the points.

SHRI SOMNATH CHATTERJEE : He says that he has covered all the points. Therefore, let us proceed on that basis. We shall not allow you to supplement anything...*(Interruptions)*

MR. SPEAKER : Please sit down, I am on my legs. Mr. Minister, please be careful in responding. Is this the *summum bonum* of everything you want to say?

SHRI SUKH RAM : Sir, whatever points they have raised in the morning, I have replied to them.

MR. SPEAKER : You say that.

SHRI SUKH RAM : I have got the copy and I have covered all those points. But now they have raised certain points such as what is the name of this company and things like that. The company's name is entered in our documents.

MR. SPEAKER : We can understand that.

SHRI SUKH RAM : About KFSL, I have to find out. This is the name of a company. Their accounts have been audited by the auditor and their accounts have been examined and seen by the TEC, that is, the Evaluation Committee.

MR. SPEAKER : Mr. Minister, may I request you one thing. Now, it is in the interest of the Members who raised this issue as well as in the interest of the Ministry and the concerned persons if something is said against them, and in the interest of the Government also, to explain all those points. I have very carefully stated that whatever was raised here should be responded by you. Probably, you have tried to respond. But even after...

(Interruptions)

SHRI BASUDEB ACHARIA : He has not responded even to a single point.

MR. SPEAKER : Please do not interrupt me.

Mr. Minister, if they are not satisfied with your response — I have allowed them to put the questions to you — please be kind enough to reply to those questions also. It clinches the issue.

SHRI SUKH RAM : I assure the House that I have nothing to hide from this hon. House. I will respond to all the points.

SHRI NITISH KUMAR (Barh) : There is nothing to hide now. He is morally exposed.

[Translation]

SHRI SHARAD YADAV : Mr. Speaker, Sir, I had requested you in the beginning that the matter has become serious and you please get it...*(Interruptions)*

MR. SPEAKER : I blame myself for this.

SHRI SHARAD YADAV : The reply given by the hon. Minister to the all points raised here was in negative. It seemed that something was being hidden. This matter itself is serious, I do not want to go into the details of it. But the way he is giving reply to our

questions, we feel that today's statement has been given hurriedly. The issue cannot be over by laying the statement on the table of the House only. I request you to ask him to come here after making full preparation. We have so many questions to ask on this matter. We are not satisfied with the way the hon. Minister is laying the statement on the table and he has given the reply. We want to leave the House in protest as it is not fair on his part. This scam involves thousands of crores of rupees and you are taking it so casually.

[English]

17.55 hrs.

(Then Shri Sharad Yadav and others left the House)

[Translation]

SHRI VIDYACHARAN SHUKLA : The hon. Member has not read the reply, even then they are alleging that we are trying to hide some facts. If some more information is required, we are prepared for that...(Interruptions) what proper reply should be give?

[English]

SHRI SOMNATH CHATTERJEE : Sir, this is such an important issue and the Government is treating it very casually. I think many of the Ministers, the Cabinet Ministers are not aware of what is happening really. What is happening? You read between the lines and find out what has not come out.

SHRI VIDYACHARAN SHUKLA : No. There is no casualness about it. All the queries that have been raised have been covered in the statement. If there are any further clarifications, we can answer all those queries again...(Interruptions)

SHRI SOMNATH CHATTERJEE : Even the bids have not been mentioned. Who were the bidders? Why some have been accepted and some have been rejected? How can one company make a bid of Rs. 85,000 crores? Where do they get the money from? ... (Interruptions)

SHRI VIDYACHARAN SHUKLA : You have not heard his statement...(Interruptions)

SHRI SOMNATH CHATTERJEE : Sir, in spite of your best efforts, good sense has not dawned on them. Let us not waste our time. Let them carry on with the business. Therefore, we walk out ... (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE : Sir, you are a witness to this. The Minister is in doubt. You

are a witness to all the questions that he has raised. He has addressed his reply to none of them. If he does not address his reply to the questions raised, how can we keep quiet?... (Interruptions)

MR. SPEAKER : This is not going on record.

(Interruptions)*

SHRI BASUDEB ACHARIA : He has not answered any of the questions raised on the floor of the House. So, we are walking out.

17.57 hrs.

At this stage, Shri Somnath Chatterjee and some other hon. Members left the House.

[Translation]

SHRI CHANDRA JEET YADAV (Azamgarh) : Mr. Speaker, Sir, I am sorry about the developments that have taken place in the House since this morning. We had requested you that a detailed discussion should be held on the economic condition of the country because it is an important subject which relates with the life of common people. Whenever a discussion is started in this regard, interruptions are created in the House. It is right that allegations were levelled against a Minister and you have rightly asked as to why such allegations are being made? Proper notice should be given to the Chair and to the concerned Minister and then the Minister should reply to the allegations. But it did not happen. In spite of that, keeping in view the sentiments of the Members you have allowed the hon. Minister to give a statement today, if it is possible for him. The Opposition demanded that statement should be made today itself and thereafter it was demanded that he should give his statement after two hours. Then again time was extended by one hour. But now they are saying that the statement is not satisfactory, therefore, it should be postponed. Half day's time has gone waste for that. I think so far as the dignity of the House and conducting of business and the time are concerned it is not fair.

Whatever questions have been raised here, I remember that looking towards the opposition benches you said that any other question, if any Member wanted to ask, he could do so.

When none of the Members raised any question then you also said that there is no more question on it. Now, I request the hon. Minister to reply to the issues raised here. I am very sorry to say that how this House would function if we, the Members would not maintain the dignity of the House, follow the rules and blame each other. If some Member blames the other for criminal charge then inquiry should be

* Not Recorded.

conducted to prove it and punishment should be awarded accordingly. You have also warned in this very House that Members from benches of other side would also blame if a party would like to run this House by blaming the other party. It will weaken the democracy. Thus people, who are against democracy in this country will become strong. Democracy will weaker if we do not change our way of functioning. There are many examples of that in various parts of the world.

18.00 hrs.

Mr. Speaker, Sir, I would like to make a humble submission.

MR. SPEAKER : Please come to my chamber and tell as what should I do?

SHRI CHANDRA JEET YADAV : I would like to say that you have tried your best, respected the feelings of all the Members and given an offer to conduct inquiry. You have also allotted time for it but Members are not satisfied with that. I request you to hold discussion on the Statement that is going to be made by the hon. Minister on this issue. It is also in accordance with the rules.

[English]

MR. SPEAKER : We can discuss it in the Business Advisory Committee. You are right. You are very correct. Mr. Yadav I am thankful to you.

[Translation]

THE MINISTER OF STATE IN THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER) : It is a very good thing.

SHRI BHOGENDRA JHA (Madhubani) : Mr. Speaker, Sir it is really unfortunate that I could not get anything even after listening to it carefully.

MR. SPEAKER : Please do not make any comment on what you have not heard.

SHRI BHOGENDRA JHA : Mr. Speaker, Sir, I am presenting my point before you. It may be correct or incorrect. I could not get what has been suggested by you and Shri Chandra Jeet Yadav. I would also like to read out the statement made, or laid on the table of the House by the hon. Minister.

MR. SPEAKER : Bhogendra Jhaji one or two other members would also get time to speak on this economic policy if you conclude.

SHRI BHOGENDRA JHA : Mr. Speaker, Sir, I have spoken on it and therefore I leave the House but I would like to say that I could not hear and get what has been said just now.

[English]

18.03 hrs.

(Then Shri Bhogendra Jha left the House)

SHRI SOBHANADREESWARA RAO VADDE (Vijaywada) : Mr. Speaker, Sir, this is a very important matter. I have gone through the statement read by the hon. Minister. I only point out one important matter to your kind notice.

MR. SPEAKER : Please do not. I am not in a position to apply my mind to it now.

SHRI SOBHANADREESWARA RAO VADDE : I am not quoting from outside, Sir.

MR. SPEAKER : Please give it to me in writing. I will send it to him and if he wants to reply, he will reply.

SHRI SOBHANADREESWARA RAO VADDE : It is a statement given by the hon. Minister.

MR. SPEAKER : I am not going to hear the arguments from this side.

SHRI SOBHANADREESWARA RAO VADDE : Please understand my point. This is a basic point to be clarified. In this statement, the hon. Minister has made us to understand that the price of the HFCL consortium was two to three times of reasonable levy as stated by the Tender Evaluation Committee. In the same page 4, it is written..

MR. SPEAKER : Who will come to the conclusion about it? I have not read the statement.

SHRI SOBHANADREESWARA RAO VADDE : Please hear me.

MR. SPEAKER : Why should I? I have gone to the other item.

SHRI SOBHANADREESWARA RAO VADDE : I will take half a minute.

MR. SPEAKER : This is exactly why important issues are getting out. You give it to me in writing.

SHRI SOBHANADREESWARA RAO VADDE : That is what I am telling.

MR. SPEAKER : I do not want to hear again.

SHRI SOBHANADREESWARA RAO VADDE : Half a minute, Sir. Why do you not have some patience? ...*(Interruptions)*

SHRI R. ANBARASU (Madras Central) : You also walk out...*(Interruptions)*

SHRI SOBHANADREESWARA RAO VADDE : We are not going to walk out. We have come to discuss. Please hear me...*(Interruptions)* If you do like this, we will not allow you also to speak...*(Interruptions)* In the same page 4, the hon. Minister has stated that

in respect of Rajasthan and Karnataka, the highest bidders have made a representation that their bids are higher than the reasonable price worked out by the Committee. There has been some mistake in their evaluation. These two representations are under the consideration of the Government. Pending such consideration, these two circles have been excluded from the second round of financial bids. My point is, you yourself have given the scope that there may be some mistake on the part of the Tender Evaluation Committee. Kindly inform this august House what was the procedure that was adopted by the Tender Evaluation Committee?

MR. SPEAKER : I am not going to ask the Minister to respond to any of these points unless they are given to us in writing.

SHRI RANGARAJAN KUMARAMANGALAM (Salem) : May I just have one minute Sir?

MR. SPEAKER : Is it on this subject?

SHRI RANGARAJAN KUMARAMANGALAM : Yes, Sir. Mr. Speaker Sir, honestly from the bottom of my heart I wish to congratulate you on finding out a solution, which you were attempting to find out, to the impasse that arose. But the fact is, momentous situations have developed and they have taken a size and picture which is horrendous. The fact is that we are dealing with thousands of crores of rupees. Even if one looks through the statement on the history of the whole tender process, there is a lot that needs to be said and should have been said which has not been said. This statement looks as if it is a neat cover-up.

My protest is not, I repeat not Mr. Speaker Sir, against the process which you have set out. I shall give in writing all the questions that I want to raise. I have gone in detail into these issues and I am aware of what is going on. I only want to say that I myself and Shri Brar, in protest against the statement which is a cover-up job, are taking leave of this House. We are walking out.

SHRI JAGMEET SINGH BRAR (Faridkot) : I share my colleague's view on this.

18.06 hrs.

At this stage, Shri Rangarajan Kumaramangalam and Shri Jagmeet Singh Brar left the House.

SHRI SOBHANADREESWARA RAO VADDE : We have not been permitted to raise the questions and the Minister has not given the answer. In protest we are walking out, Sir.

18.06½ hrs.

At this stage, Shri Sobhanadreeswara Rao Vadde and some other hon. Members left the House.

18.07 hrs.

DISCUSSION UNDER RULE 193

Economic Situation in the Country - Contd.

[English]

MR. SPEAKER : Prof. Susanta Chakraborty may please continue his speech.

SHRI P.C. THOMAS (Muvattupazha) : Are you not walking out?

PROF. SUSANTA CHAKRABORTY : Well, I am wise enough.

MR. SPEAKER : This is very strange. It is not good for a Member to say this.

SHRI P.C. THOMAS : Their Party has decided to walk out, Sir.

PROF. SUSANTA CHAKRABORTY : I know what my Party has decided to do. I know better things to do also.

MR. SPEAKER : You do not this kind of instigation or make such insulting remarks. They are not good. Like a gentleman he was sitting there and now he is speaking and you say certain things like this!

PROF. SUSANTA CHAKRABORTY : You should learn to behave.

MR. SPEAKER : Prof. Chakraborty, please do not prolong it. Now you may continue.

PROF. SUSANTA CHAKRABORTY : I was indicating that many of the economic indicators which had shown an upward trend in 1994-95 have begun to show a downward trend in 1995-96; be it industrial production which has come down to around eight percent from more than ten percent or export growth which has come down to nearly 12 percent from more than 18 percent or import growth which has come down to 15 percent from about 50 percent or commercial credit which has come down to 17 percent from over 20 percent.

18.08 hrs.

(Mr. Deputy Speaker in the Chair)

So, there are signs of a slowing down all round. The overall rate of investment as a percentage of GDP has declined from 27 percent in 1990-91 to about 20 percent in 1994-95, the latest year for which the CS estimate is available. The capital expenditure as a percentage of GDP has come down from 5.9 percent of GDP in 1990-91 to 3.4 percent of GDP in 1995-96.

So, going through the statistics, in every sphere of our economy there is a sign of decline and not