

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

UNSTARRED QUESTION NO:144

ANSWERED ON:23.07.2001

VIDESH SANCHAR NIGAM LIMITED

AJAY CHAKRABORTY;MAHBOOB ZAHEDI;PRABODH PANDA;RAM CHANDRA DOME;SUBODH ROY;VIJAY GOEL

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Government's announcement that Videsh Sanchar Nigam Limited's (VSNL) monopoly over International Long Distance (ILD) calls will be dismantled by March next year has resulted in a crash in VSNL's share prices just before the proposed disinvestment;

(b) if so, the details thereof and revenue losses to be suffered as a result thereof; and

(c) steps taken by the Government to strengthen VSNL and check devaluation of share prices ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) to (c): No, Sir. Decline in VSNL's share price is on account of various market forces and market sentiments and not because of termination of monopoly of VSNL over ILD from 1/4/2002. There was a sharp decline in the share value of almost all the companies in the Technology sector. VSNL's share price was also influenced by the general Indian capital market trend in Technology Sector.

To offset the losses likely to occur due to advancement of demonopolisation of monopoly of VSNL over ILD from 1/4/2004 to 1/4/2002, the Government has decided to grant the following compensation package to VSNL:

1. Licence to run National Long Distance Services (NLD) with the following package:

(a) Government would pay to VSNL a sum equal to the amount paid by VSNL as entry fee and licence fee for a period of 5 years commencing from 1st April, 2001 net of taxes.

(b) Performance Bank Guarantee of Rs.400 crores for the prescribed roll out will be waived.

2. VSNL will be granted Category 'A' ISP Licence which will enable it to provide internet access all over the country.

3. Government can also consider additional compensation if found to be necessary on a detailed review when undertaken.