

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1693  
ANSWERED ON:01.08.2003  
VSNL INVESTMENT IN TATA GROUP  
DR. KIRIT SOMAIYA

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government have received complaints regarding decision of VSNL investments in Tata Group Companies;
- (b) if so, the details thereof;
- (c) whether the Government have conducted any inquiry in this regard;
- (d) if so, the outcome thereof; and
- (e) the corrective steps taken by the Government in this regard?

**Answer**

Minister of State in the Ministry of Finance (Shri Anandrao V. Adsul)

(a) to (e) : Sir, A dispute had arisen regarding decision of VSNL management to invest Rs. 1200 crores in Tata Tele Services Limited (TTSL). The 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 proposed by the Board as per following enlarged scope of the Committee.

- I. to study and decide the quantum and the valuation / price at which the investment will be made by VSNL in TTSL at various points of time;
- II. to decide the tranches and periodicity of investment in TTSL;
- III. to negotiate, finalise and execute shareholders agreements and other contractual arrangements with TTSL to best protect the interests of VSNL in respect of the investment;
- IV. to determine conditions of draw down of the investment to TTSL linked to defined milestones to be achieved by TTSL;
- V. to play a constructive role in the matter in which TTSL utilizes and applies the investment;
- VI. to identify and quantify any additional investment opportunities which are more attractive and submit the same to the Board for its consideration.
- VII. Such other functions as may be delegated to it by the Board from time to time.

As per 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 7 years. For the first 4 years an amount of Rs. 636.80 crores will be invested and remaining amount as per timetable and mode to be decided mutually between VSNL & TATA Teleservices.