

**GOVERNMENT OF INDIA  
MINES  
LOK SABHA**

UNSTARRED QUESTION NO:2797

ANSWERED ON:22.08.2006

DISINVESTMENT OF BALCO .

Ahir Shri Hansraj Gangaram;Gamang Shri Giridhar

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

- (a) The modality of disinvestment adopted between the Ministry of Disinvestment and Sterlight Company on BALCO;
- (b) The views taken by the Ministries concerned including the Ministry of Mines on the proposal mooted by the Ministry of Disinvestment;
- (c) The present position of agreement for strategic sale signed with the strategic partner of BALCO;
- (d) Whether the nodal Ministry and Ministry of Finance have arrived at the decision for sale of 49% equity of BALCO to Sterlight Company; and
- (e) If not, the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF MINES (DR.T.SUBBARAMI REDDY)

(a) to (c): On 2nd March 2001, Government of India disinvested 51% of its share holdings in Bharat Aluminium Company Limited (BALCO) to the Strategic Partner

(SP), namely, M/s Sterlite Industries (India) Limited (SIIL). A Shareholders' Agreement (SHA) and a Share Purchase Agreement (SPA) were also signed between the Government of India and the SP. Modalities of disinvestment and acquisition of remaining 49% shares held presently by the Government of India are provided in the SPA and the SHA.

As per the provisions of the SHA, the SP had sent a Call Notice to acquire the remaining shares of BALCO. After the Call Notice was received, Ministry of Mines, in consultation with Department of Disinvestment and as per the recommendations of the Core Group of Secretaries on Disinvestment (CGD) started the process of valuation of remaining 49% shares as per the provisions of SHA.

The Learned Attorney General for India has opined that the provisions of Call Option and the valuation date under the SHA do not survive, being ultravires the Companies Act.

(d) & (e): No decision has been taken by the Government in this regard.