

**GOVERNMENT OF INDIA
MINES
LOK SABHA**

STARRED QUESTION NO:209
ANSWERED ON:13.03.2007
GOVERNMENT STAKE IN BALCO
Das Gupta Shri Gurudas

Will the Minister of MINES be pleased to state:

- (a) whether the Government is considering a proposal to sell the remaining Government equity in the Bharat Aluminium Company (BALCO) to Sterlite Company;
- (b) if so, whether the Sterlite Company has violated the share holders agreement on labour related issues;
- (c) if so, the details thereof;
- (d) whether the Government proposes to review the agreement made with the Sterlite Company; and
- (e) if so, the details thereof?

Answer

THE MINISTER OF MINES (SHRI SIS RAM OLA)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN THE REPLY TO LOK SABHA STARRED QUESTION NO. 209 FOR ANSWER ON 13.3.2007 ASKED BY SHRI GURUDAS DASGUPTA REGARDING GOVERNMENT STAKE IN BALCO.

(a) to (e): Government of India had disinvested 51% shares of BALCO in March, 2001 in favour of M/s Sterlite Industries (India) Limited (SILL) and also transferred the management control to them. As per the Shareholders' Agreement (SHA) signed with the SILL, the Strategic Partner (SP) had the option to exercise Call Option Notice to acquire the remaining 49% shares. In March, 2004, the SP had given the Call Notice after which the necessary process under the SHA was initiated for valuation of shares. In April, 2006, the Learned Attorney General (AG) opined that the Call Option provision of the SHA is ultra vires the provisions of the Companies Act and hence, void and unenforceable. The Government had accepted the opinion of the Learned AG and returned the cheque of Rs. 1098.89 crores to the SP. The SP has filed a case in Delhi High Court pleading, inter alia, that pending arbitration, the Government be restrained from selling the shares to any third party. Since, the arbitration has to be preceded by negotiation/mediation, the Government has constituted a Committee under Secretary (Department of Legal Affairs) for holding negotiations with the SP. The matter is at present sub-judice.

In 2002, on the directions of the Prime Minister's Office, the Ministry of Labour had constituted a Fact Finding Committee consisting of representatives of the Government as well as Labour Unions to enquire into the allegations regarding lay off/retrenchment of the employees in BALCO. The said Committee submitted its report in 2004 and did not find any instance of lay-off in BALCO, post disinvestment.