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Title: The Minister of Finance made a statement regarding alleged delay in formal letter of approval in the Aircel Limited-Maxis Communications deal.

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): Madam, allegations have been made that the proposal of M/s. Global Communication Services Holdings Limited, Mauritius (a wholly owned subsidiary of M/s. Maxis Communications Berhad) to acquire 73.99 per cent equity in M/s. Aircel Limited was delayed by the then Finance Minister in order to benefit certain persons.

The records of the FIPB have been perused. They reveal the following:

On 6.1.2006, the applicant, M/s. Global Communication Services Holdings Limited acquired 26 per cent equity in M/s. Aircel Limited through the automatic route.

On 30.1.2006, the applicant applied for enhancing its equity in M/s. Aircel Limited from 26 per cent to 73.99 per cent.

The application was processed in the normal course and the Ministries and Departments concerned took the normal time of four to six weeks to offer their comments. The proposal was included in the agenda notes circulated on 17.2.2006.

On 7.3.2006, the matter was placed before the meeting of the FIPB; DoT conveyed its support to the proposal at the meeting; FIPB recommended the proposal for approval on 7.3.2006; and file was moved by Deputy Secretary on 10.3.2006. The minutes of the FIPB meeting were placed before the then Finance Minister on 13.03.2006 and he approved the same. The formal letter of approval was issued by the Ministry of Finance on 20.03.2006.

Subsequently another application dated 1.9.2006 was received for approval for downstream investment by M/s Global Communications Services Holdings Limited through Aircel Limited in Dishnet Wireless Limited.

FIPB in its meeting held on 3.10.2006 recommended the proposal for approval. The minutes of the meeting were drawn up and the file was moved by Deputy Secretary on 6.10.2006. The minutes of the FIPB meeting were placed before the then Finance Minister on 12.10.2006 and he approved the same.

The formal letter of approval was issued by the Ministry of Finance on 20.10.2006. The letter of approval referred to the earlier approval dated 20.3.2006.

M/s Aircel Ltd.'s earlier name was M/s Srinivas Telecom Ltd. The original foreign investors in M/s Srinivas Telecom Ltd. were M/s Century Telephone Enterprises Inc., USA and M/s Redington Pvt. Ltd., Singapore. M/s Global Communication Services Holding Ltd. was the new foreign investor in M/s Aircel Limited.

There is no scope for any misunderstanding or misinterpretation of the contents of the two letters of approval dated 20.3.2006 and 20.10.2006. In both cases, there was no delay in granting the approval.

(Placed in Library, See No. LT 6838/15/12)

SHRI YASHWANT SINHA (HAZARIBAGH): Madam, I want to say something...(Interruptions)

MADAM SPEAKER: The hon. Minister has made the Statement. We will not have a discussion on this now.

...(Interruptions)

SHRI YASHWANT SINHA : Madam, the Finance Minister's Statement has raised more questions than it has clarified. I, therefore, demand that there should be a discussion under Rule 193 in this House on this issue. I am giving a notice for the same.

MADAM SPEAKER: All right. You may give the notice.

Shri Kapil Sibal.

