

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY
RAJYA SABHA
QUESTION NO 19.11.2009
ANSWERED ON
G SPECTRUM ALLOCATION .

18

SHRI N.R. GOVINDARAJAR

Will the Minister of COMMUNICATION AND INFORMATION TECHNOLOGY be pleased to state :-

- (a) whether Government gave clearance to the Norwegian Telecom firm Telenor to acquire 74 per cent stake in Unitech group of companies which had benefited 2G spectrum allocation last year;
- (b) if so, the details thereof;
- (c) whether it is a fact that Home Ministry, Intelligence Bureau and RAW have been vehemently objecting granting clearance to Telenor's take over of Unitech's wireless venture for the past 18 months on security concern;
- (d) if so, the details thereof; and
- (e) whether Telenor is a major telecom operator in Pakistan and Bangladesh and many times the Foreign Investment Promotion Board deferred the matter due to the Home Ministry's objection?

ANSWER

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY

(SHRI A. RAJA)

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

STATEMENT TO BE LAID ON THE TABLE OF THE RAJYA SABHA IN RESPECT OF PARTS (a) TO (e) OF THE RAJYA SABHA STARRED QUESTION NO. 18 FOR 19TH NOVEMBER, 2009 REGARDING "2G SPECTRUM ALLOCATION".

(a) & (b) The Government has permitted M/s. Unitech Wireless (Tamilnadu) Private Limited, the ultimate surviving entity, post merger of all the licensee companies viz., M/s. Unitech Wireless (Tamilnadu) Private Limited, Unitech Wireless (North) Private Limited; Unitech Wireless (South) Private Limited; Unitech Wireless (Kolkata) Private Limited; Unitech Wireless (Delhi) Private Limited; Unitech Wireless (East) Private Limited; Unitech Wireless (Mumbai) Private Limited; Unitech Wireless (West) Private Limited, as per the Court's merger scheme, for foreign investment of upto 74% (initially up to 67.25%) by M/s. Telenor Asia Pte. Ltd. Singapore as per FDI policy subject to the following conditions:-

(i) Adherence of Press Note 3(2007) read with Press Note 2 (2009), Press Note 3 (2009).

(ii) The licensee shall abide by security condition and license conditions.

(iii) The fund would be brought through fresh equity by licensee.

(iv) The investment would be made by M/s Telenor Asia Pte. Ltd. and not by affiliates.

(v) There shall be a lock-in period for sale of equity of a person whose share capital is 10% or more in the Unified Access Service (UAS) licensee company on the effective date of UAS license and whose net worth has been taken into consideration for determining the eligibility for grant of UAS license, till completion of three years from the effective date of the UAS license or till fulfillment of all the rollout obligations under clause 34, of UAS license conditions, whichever is earlier.

(vi) Issue of additional equity share capital by the UAS licensee company by way of private placement/public issues is permitted. However, such a person (on whom the lock-in condition applies as per para (v) above) shall not transfer in any manner such as sale, assignment etc., his share capital directly or indirectly to any other person during lock-in period i.e. the invested amount in the shareholding by the equity holder shall not be reduced in any circumstances during the lock-in period.

(vii) In case of issue of fresh equity, within the lock-in period the declaration of dividend and/or special dividend shall be barred.

(viii) The provision of lock-in period shall not apply, in pursuance of enforcement of pledge by the lending financial institutions/banks in the event of defaults committed by the UAS licensee company.

(ix) No personnel who has worked in Telenor Pakistan shall be allowed to work in Indian company.

(c) & (d) No, Sir. Ministry of Home Affairs has indicated that the inquiries have not revealed anything against M/s Unitech Wireless group companies as well as M/s Telenor Asia Pte. Ltd, Singapore and its Directors. However, besides the safeguards in respect of FDI in telecom sector which have already been made, considering the fact that Telenor has presence in Pakistan, the security clearance is subject to the additional condition that no personnel who has worked in Telenor Pakistan shall be allowed to work in Indian company.

(e) M/s Telenor has 100% subsidiary in Pakistan and majority owned subsidiary in Bangladesh for providing telecom services in these countries. The consideration on proposal of company was deferred in FIPB since the matter was under examination of MHA. Subsequently the comments of MHA were received and proposal was recommended by FIPB in its meeting held on 21st August 2009 for consideration of CCEA, as the investment in the proposal exceeded the FIPB limit of Rs. 600 crore. The proposal was approved by CCEA in its meeting held on 19th October 2009.