

Text of the D.O. letter dated 25.6.2013 addressed by Selvi J Jayalithaa, Hon'ble Chief Minister of Tamil Nadu to Dr. Manmohan Singh, Hon'ble Prime Minister of India is reproduced below:

"The issue of disinvesting a further 5 per cent of the Government of India's equity in Neyveli Lignite Corporation has been in the air for a number of years now. I had written to your predecessor on 22.4.2003 conveying my opposition to the proposed disinvestment in NLC. I had continued to oppose the disinvestment while I was in the Opposition in Tamil Nadu. I had written to you again on 23rd May, 2013, seeking reconsideration of the proposed disinvestment. I had outlined the potential ramifications and the likely negative fallout of the proposed decision. I had also offered some alternatives for your consideration to overcome the artificial regulatory crisis that has been created. You had replied on 8th June, 2013, indicating that it is not possible to reconsider the disinvestment.

According to media reports, the Cabinet Committee on Economic Affairs (CCEA) also cleared the proposed disinvestment in NLC last week. Hearing of this, I had written to you again on 22nd June, 2013, highlighting the fact that the decision to proceed with the Neyveli Lignite Corporation disinvestment, completely brushing aside the legitimate apprehensions of the workers and trampling on the aspirations of the people of Tamil Nadu, has created an atmosphere of anxiety and uncertainty in the minds of the workers and the local people. This being a very sensitive issue, it has provoked almost all trade unions and they are in a highly charged mood and have announced a plan of agitation, including a notice for an indefinite strike from July 3, 2013. I am afraid that this unrest may spread and continue for a long time, leading to the eventual shutdown of the power plants in Neyveli. You will appreciate that with Tamil Nadu already reeling under power scarcity, such a situation will badly hurt the State's economy and cause great hardship to the people.

While I still expect that the Government of India would reconsider the decision to proceed with disinvestment in NLC, there is an apprehension that the disinvestment would proceed under the recently amended "Offer for Sale" methodology prescribed by the Securities and Exchange Board of India (SEBI) under which such a disinvestment could be executed with just one day's notice. Such a surreptitious move by the Government of India could seriously exacerbate the law and order situation in Tamil Nadu. Hence,

I request you not to proceed in haste in this very sensitive and serious matter.

I believe that this situation requires an unconventional and pragmatic solution. Therefore, I propose that the 5 percent Government of India's shareholding in Neyveli Lignite Corporation be offered to one or more of Government of Tamil Nadu's State Public Sector Undertakings, such as the Tamil Nadu Industrial Development Corporation (TIDCO), State Industries Promotion Corporation of Tamil Nadu (SIPCOT) and Tamil Nadu Industrial Investment Corporation (TIIC). Such entities fall within the meaning of "public" as defined under Rule 2(d) of the Securities Contracts (Regulation) Rules, 1957. Offer of shares to them will ensure that Neyveli Lignite Corporation will be compliant with Rule 19 (2) and Rule 19A of the Securities Contracts (Regulation) Rules.

I find that since SEBI had earlier indicated to Neyveli Lignite Corporation that under its guidelines it is possible for the shareholding in Neyveli Lignite Corporation to be divested, *inter alia*, through an Institutional Placement Programme or through any other method as may be approved by SEBI, on a case by case basis, the mechanism I have proposed can be facilitated by SEBI. The above-mentioned Government of Tamil Nadu's Public Sector Undertakings come within the definition of 'Qualified Institutional Buyers' (QIBs) and hence would be eligible to purchase the shares of Neyveli Lignite Corporation under an Institutional Placement Programme. SEBI may be asked to work out a special arrangement for such a placement of shares of Neyveli Lignite Corporation with Government of Tamil Nadu's Public Sector Undertakings at the approved rate.

To protect and preserve the "public sector" character of the Neyveli Lignite Corporation and to assuage the feelings of the workers of NLC and people of the region, I am suggesting this offer of sale of 5% of shares of NLC to Tamil Nadu Government's PSUs. I request you not to sell this equity to any other private entity.

I am sure you will consider favourably this alternative proposal now suggested by me. I look forward to an early and positive response in this matter."

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