



RAJEEV CHANDRASEKHAR  
MEMBER OF PARLIAMENT  
RAJYA SABHA

Member of Standing Committee on Information Technology  
Member of Consultative Committee on Finance  
Member of Parliamentary Forum on Youth  
Co-Chairman, Vigilance & Monitoring Committee, Bangalore Urban District

08 October, 2010

*Respected Prime Minister*

Sub : Move to provide an exit route to UASL-Cellular Mobile Licensees

This is with reference to recent reports in the media about the statement by Shri A. Raja, Hon'ble Minister of Communications & IT, regarding the possibility of bailing out telecom licensees who were given licenses without any tender / auction process, at far-below-market prices in January 2008. The Comptroller and Auditor General (CAG) has also responded to this statement cautioning the Government to avoid any situation which could again develop into another scam.

As you are aware, I have already raised my concerns about the suspected motive and direction being adopted by the Government and articulated the corrective action that needs to be taken in this regard, vide my letters dated 12 November, 2009 and 31 August, 2010.

These telecom companies have already received thousands of crores of benefits by getting spectrum in 2008 at 2001 prices, and later refusing to or slowing down rollout of networks, thereby hoarding a scarce national resource - which must be treated equivalent to a white collar offence.

The only way the telecom sector can be rehabilitated (and not individual companies bailed out) would be to ensure that the following steps are taken:

- 1) The spectrum and licenses should be returned to the Government of India at the original price that had been paid, i.e. Rs.1,658 crores for a pan India 2G license with appropriate startup spectrum, less any penalties for violation of any of their contractual obligations. Under no circumstances should the companies be allowed to trade in these licenses for private gain of more than what they have paid, either now or at the expiry of the three year period which has been contemplated.
- 2) Severe and specific penalties must be levied on each of these companies relating to rollout obligations and other license violations.

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- 3) The sale of spectrum /license under any circumstances to other private operators by these companies, including under guise of M&As, should not be allowed. This should be strictly mandated even if the company has launched in a few circles and is yet to launch in others.
- 4) Government must benchmark the price of spectrum, and auction it directly in the event the operator wishes to sell it in the open market. The Government must retain all proceeds of such public auction, after paying license fees due to the seller and adjusted against penalties as indicated in (2) above.

The Government cannot be seen in any way associating with or looking to bail out these companies. Any sympathy towards these companies will not only justify allegations of a scam – consistent with the CBI FIR of October 2009 and the CAG enquiry – but will also be discriminatory to those looking to implement their license obligations with sincerity.

Yours Sincerely,

A handwritten signature in blue ink, which appears to read 'Rajeev', is written over a horizontal line.

RAJEEV CHANDRASEKHAR

Dr Manmohan Singh  
Hon'ble Prime Minister  
Government of India  
New Delhi