

PRESS RELEASE

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Randeep Singh Surjewala, Media Incharge, AICC has issued the following statement to the press today:-

BJP Government promoting 'crony capitalism' to help select Telecom Companies.

Abuse of discretion by Telecom Ministry would cause loss to the public exchequer.

'Zero Tolerance for Corruption' & 'न खाऊंगा, ना खाने दूँगा' are repeatedly proving to be 'jumlas' in the light of series of scams over last 40 months, particularly, 'Lalit Modi Gate', 'Vyapam Scam', 'Chhattisgarh PDS Scam', 'GSPC Scam', 'Panama Papers Scam', 'Gir Lion Sanctuary Land Allotment Scam', 'Sahara-Birla Papers', 'Spectrum Non-Recovery Scam 1.0' to name a few.

Latest in the list is the 'Spectrum Scam 2.0' whereby BJP Government is unilaterally and surreptitiously deferring recovery of spectrum auction amount by six years, thereby causing an interest loss of Rs.23821 crore alone to the public exchequer. No wonder, Modi Government is identified as 'Suit Boot Sarkar of Crony Capitalists'.

Facts

- (i) On 8th August, 2016; BJP Government invited auction of spectrum in 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz bands. Terms of auction required an upfront payment of 50% (1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz bends) or 25% (700 MHz, 800 MHz and 900 MHz) of the final bid amount and the balance in 13 years i.e. no payment for first three years upto 26.08.2019 and thereafter to be paid in 10 equal annual installments.
- (ii) Auction policy for spectrum was decided by the Supreme Court in 'Center for PIL vs. Union of India & Ors.' in the year 2012 also known as the '2G Case'. It was unequivocally laid down that State should have no discretion in allotment of natural resources like spectrum and that 'a completely non-discriminatory method is adopted for distribution and alienation' of natural resources for protection of 'National/Public Interest'.
- (iii) Auction ended on 6th October, 2016 with auction sale of 965 MHz at a value of Rs.65,789.12 crore. Out of this, an upfront amount to be paid was Rs.32,000 crore and the balance amount to be paid in installments was Rs.33,789.12 crore. There were three successful bidders i.e. Reliance Jio (269.9 MHz for Rs.13,672 crore), Airtel (173.8 MHz for Rs.14,244 crore) and Idea (349.20 MHz for Rs.12,798 crore).
- (iv) Auction amount was itself a set back to the government. The under writers

i.e. the brokerages firm IDFC Securities Limited expected to raise Rs.80,000 crore. Thus, there was a **short fall of Rs.14,281 crore below the expectation**. Even the budget for fiscal 2017 pegged the revenue target at Rs.98,995 crore. To this extent, auction amount was less by Rs.33,206 crore.

- (v) In order to help the telecom companies in a clandestine manner, an inter-ministerial committee comprising of Telecom and Finance Ministry was constituted. In flagrant violation of the Supreme Court judgment in 2-G Case and ignoring the inviolable terms of auction, the inter-ministerial committee decided to alter the auction terms by recommending payment of Rs.33,789.12 crore within 16 years (19 years after counting the no-payment period of first three years) instead of the original 10 years. Telecom Ministry and Telecom Commission have both put their stamps of approval on this blatant abuse of authority and misuse of discretion to cause a loss to public exchequer. It is now awaiting seal of approval from the Union Cabinet.

Reality

- (i) Unilaterally changing the terms of auction to favour Reliance Jio – Airtel – Idea violates the Supreme Court judgment in 2G Auction Case, which ended discretion of the executive in award of natural resources once for all. BJP Government cannot amend the terms of auction to grant benefits that are neither legally nor contractually permissible.
- (ii) Extending the period of payment from 10 to 16 years would deny availability of money meant for India's development in the originally specified period. Even in terms of interest loss @ 9.3% (as prescribed by the tender conditions), loss to the exchequer would be **Rs.23821 crore**
- (iii) BJP Government's plea that the three telecom companies are facing adverse financial conditions arising on account of competitive pressure cannot be a ground to alter terms of auction to provide relief to them. In fact, Supreme Court rejected an identical plea in case of Adani Enterprise Consortium on 11th April, 2017 when they sought additional price of electricity on the ground that international coal price had risen making their original competitive bid unviable and loss making.

Before granting such massive relief to Reliance Jio – Airtel – Idea, BJP Government did not even conduct a study about the veracity of the claims made by the companies. BJP Government did not even consider the adverse impact on public interest as already, the three Telcos had been given the deferred payment option of paying in 10 annual installments with a three year moratorium, so that they could earn business profit and get time to honour their legal and contractual obligations.

- (iv) BJP Government did not even consider the fact that if the three Telcos had not made the payment as per the auction terms of 3+10 years, they would be liable to monthly compound penal interest followed by encashment of their bank guarantee and finally the termination of the spectrum itself as per Section 6.1(b) (viii to x) of the auction terms. Deferment being given would obviously help the three Telcos escape these three stringent liabilities.

We want to ask four fundamental questions from Modi Government –

1. Whether it is a grotesque breach of public trust by BJP Government, which, in the past, had made a notional loss pegged by CAG in telecom sector in major issue of transparency and corruption?
2. Whether BJP Government is acting as a willful collaborator with the select corporate entities in artfully dodging recovery of massive sums of money due to public exchequer instead of being a trustee of public interest?
3. Who benefits from this new 'governance model' of BJP Government? Is it not causing a loss of **Rs.23821 crore** to the exchequer by way of interest alone?