

### Findings of CAG Report

1444. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether CAG Report of 16 November, 2010 has found 85 companies ineligible for grant of UAS licences for fraudulently accessing spectrum;

(b) if so, the details, roles and functions of various Departments in DoT and other Ministries for approving such applications, along with approval criteria;

(c) whether DoT officials who cleared such applications continue to function in their current roles/responsibilities and whether they have any role in the process of issuing Show Cause Notices (SCNs) for penalties or for termination of licences in the above cases or any other cases of licence violation; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA): (a) and (b) Unified Access Services (UAS) licences are granted in terms of the eligibility criteria prescribed in the UAS guidelines dated 14.12.2005 and validated by the information/documents/certificates submitted by the applicant companies duly certified by their Company Secretary as mentioned in the Guidelines/Application Form. Prescribed eligibility criteria include paid -up equity capital, net-worth, substantial equity, FDI etc. and applications are examined by different wings of DoT such as Licensing wing, Finance wing, Investment Promotion wing, Legal wing etc. As a matter of abundant precaution, Department of Telecom (DoT) also takes an undertaking from the applicant company that "*if at any time, any averments made or information furnished for obtaining the licence was found incorrect, then their application and the licence if granted thereto on the basis of such application, shall be cancelled*". If any misrepresentation of facts is brought to notice at a later date necessary action can be taken as per due procedure under the provisions of the UAS licence Guidelines/agreement.

The Report of Comptroller and Auditor General of India (CAG) on "Issue of Licences and allocation of 2G Spectrum by Department of Telecommunication.", which was laid in the Parliament on November 16, 2010, has *inter alia* stated that "*... as many as 85 Licenses out of the 122 new licences issued to 13 Companies in 2008 were granted to those companies which did not satisfy the eligibility conditions prescribed by the DoT. All 85 licenses were given to companies which did not have the stipulated paid up capital at the time of applications. Further, 45 out of these 85 licenses were issued to companies who failed to satisfy conditions of main object clause in their Memorandum of Association.*" The CAG report has, *inter alia*, concluded that..." 85 licenses were issued to the companies which suppressed facts, disclosed incomplete information and submitted fictitious documents to the DoT and thus used fraudulent means for getting UAS licenses and thereby access to Spectrum".

(c) and (d) Transfers and postings are routine matters in the Government. Officials posted in particular Wing/Division are supposed to do all kinds of work assigned to that particular Wing/Division which may include grant of licence as well as termination of licence etc.

Roles and Responsibilities of the most of the officers of various wings of DoT as mentioned above, who processed applications for grant of UAS licenses during 2007-08, have since changed due to routine transfers/postings/superannuation. Few of the officers in different wings who processed the applications for grant of UAS license are continuing in their respective wings.

#### **Cancellation of licences for violating rollout obligations**

1445. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that there is disagreement between the Telecom Regulatory Authority of India (TRAI) recommendations of November-December, 2010 and the Department of Telecom (DoT) on the number of licences to be cancelled for violation of rollout obligations;

(b) if so, the details thereof;

(c) the current status of each of the said TRAI recommendations and the action taken by DoT against operators, operator-wise, circle-wise and date-wise; and

(d) by when Government expects to fully resolve this issue so that appropriate action can be taken against those who have violated licences with impunity?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA): (a) and (b) TRAI *vide* its letters dated 18th November, 2010 & 22nd December, 2010 recommended for cancellation of 43 Unified Access Service (UAS) licenses as per license conditions and to seriously consider the cancellation of another 31 UAS licenses in view of non-utilisation of spectrum and resultant loss of revenue to exchequer after legal examination, out of 145 UAS licenses granted between the year 2006 to 2008.

DoT has examined the recommendations of TRAI as per the UAS License conditions in consultation with Ministry of Law and Justice and came to a *prima facie* conclusion that 18 licenses are liable for cancellation as per license conditions.

(c) The current status of each of the said TRAI recommendations and the action taken by DoT against operators, operator-wise License Service Area wise and date-wise is attached as Statement (*See below*).

(d) Since the Government came to a *prima facie* conclusion that TRAI recommendations may need modification, the reference was sent back to TRAI for its reconsideration as per TRAI Act. The recommendations of TRAI after reconsideration has been received *vide* its letter dated 14th July, 2011. It is proposed to take final decision on recommendations of the TRAI after taking into consideration legal advice in this regard and accordingly at this stage no definite time frame can be given to fully resolve this issue.