

Transparent Allocations of Spectrum through Competitive Bidding

The recently concluded spectrum auctions have fetched government over Rs 1,09,874 crore through competitive bidding process in a transparent manner. Earlier, in 2008, nine telecom operators received pan India spectrum licenses in an arbitrary and non-transparent bidding process for a trivial price of Rs.1658 crores. The price was one that was fixed in 2001, when the telephone density was extremely low. By 2008, the market conditions had changed but the auction price remained the same. The Union Government also failed to institute a competitive bidding process and allocated spectrum on a first-come, first-served basis. Eligibility criteria for applicants were not defined clearly and the cut-off date for applications was arbitrarily advanced so that only a few select operators managed to place their bids on time and meet eligibility. Several of those operators, who acquired spectrum for a paltry sum, resold the spectrum for several times the fee they paid. This caused an enormous loss to the public exchequer, an amount which the Comptroller & Auditor General of India estimated to be Rs.1,70,000 crores.

Lok Satta filed a petition in the Supreme Court demanding the cancellation of all the licenses that were handed out in a non-transparent manner. Eminent Indians such as JM Lyngdoh, TS Krishnamurthy, N.Gopaldaswamy, P.Shankar, Admiral Tahiliani and Julio Rebiero were part of the petition and senior advocate Prashant Bhushan appeared before the court on behalf of the petitioners. Through this petition, Lok Satta argued that the bribe giver in cases of collusive corruption has to be denied the benefits of corruption. Only then there shall be deterrence against future fraud and corruption. Dr. Jayaprakash Narayan wrote a letter to the Prime Minister, outlining the steps to be taken to curb corruption in the country. In this letter, he advocated the enactment of a windfall profits tax or royalty or cess, which will provide for stiff taxation of windfall profits earned by corporates in the exploitation of natural resources either because of monopoly or a change in the global

Change We Delivered

economic environment, and a False Claims law, which heavily penalizes those who try to swindle public funds through fraudulent claims. FDR also suggested that any license or lease of natural resources by the Government shall become void if there is evidence of corruption. This measure shall deter corporates from indulging in corruption.

Lok Satta's petition for the cancellation of spectrum licenses received support from all quarters. A post card campaign was initiated by Lok Satta and thousands of citizens wrote a letter to the Prime Minister's office, appealing to him to cancel the licenses, recoup the loss incurred and punish the corrupt parties. To ensure that the PMO acknowledged their letter, a money order of Rs.1 was sent along with the letter. The post card campaign was initiated on November 24th, 2010 and continued till December 9th, 2010. The PMO kept returning the money orders to the public. However, not put down, the public continued bombarding the PMO with emails, fax orders, post cards and letters re-iterating their demands. Acknowledging the seriousness of public demand, the Prime Minister assured speedy justice and promised to weed out corruption.

In February 2012, the Supreme Court ordered the cancellation of 122 licenses of 2G spectrum that were granted in a non-transparent and non-competitive manner. FDR/Lok Satta wholeheartedly welcomed the Supreme Court decision canceling the 122 licenses of 2G spectrum that were issued in a "totally arbitrary and unconstitutional" manner. Following the Supreme Court judgment the government conducted auctions for the spectrum through competitive bidding in a fair and transparent manner. This is a vital step in the fight against collusive corruption. These measures when coupled with windfall profit tax and a false claims act will go a long way in tackling the menace of crony capitalism.
