



## **Top Indian Court Cancels 122 Cellphone Licenses**

By RAVI NESSMAN Associated Press  
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India's top court ordered the government on Thursday to cancel 122 cellphone licenses granted to companies during an irregular sale of spectrum that has been branded one of the largest scandals in India's history.

The verdict will likely disrupt the country's massive cellphone market and is a further embarrassment for the scandal-riddled government of Prime Minister Manmohan Singh.

The 2008 sale of second generation, or 2G, cellphone spectrum at cut-rate prices in a bewildering "first-come, first-served" process netted the government only 124 billion rupees (\$2.7 billion). Government auditors said the sale might have cost the treasury as much as \$36 billion in potential revenue.

Subramanian Swamy, an opposition politician who filed the court complaint, said the court ruled that the 122 licenses granted in that deal be scrapped and that a fresh auction for licenses be held in the next four months.

Analysts expect the new auction to raise an estimated 1 trillion rupees (\$20 billion).

Among the companies that will lose their licenses are Unitech Wireless, which is in collaboration with Norway's Telenor, and Swan Telecom, which is 45 percent owned by Dubai-based Etisalat.

The license cancellation affects 11 companies, mainly newer and smaller firms that were late entrants into the market. Larger companies, such as Bharti Airtel, IDEA Cellular, Tata Teleservices and Reliance Communications, received nearly all their licenses in earlier agreements with the government and are largely unaffected. Still, tens of millions of subscribers will be affected.

Ankita Somani, a telecoms analyst, said the decision would likely spell the end of some of the smaller, struggling cellphone companies and give an opening to those remaining to raise prices for the country's nearly 900 million cellphone accounts.

"It'll create consolidation in the industry ... and a price rise," she said.

During the 2008 sale, some licenses were awarded to ineligible participants who in turn sold their stakes at much higher prices than they bought them from the government.

India's former telecommunications minister Andimuthu Raja, who was forced to resign because of the scandal, is facing charges of abusing his position. He denies any wrongdoing.

In its judgment Thursday, the court declined to order a high-level probe of one of the country's most powerful politicians, Home Minister Palaniappan Chidambaram.

Chidambaram was finance minister at the time the licenses were granted and opposition officials say he was partially responsible as well. The court instead directed a trial court to examine the accusations against Chidambaram and make a decision on what to do within two weeks.

Soon after the verdict, Telecoms Minister Kapil Sibal and other top Cabinet ministers met with Singh to discuss the political fallout of the decision. Sibal was expected to hold a press briefing later Thursday.

Opposition leaders called for Chidambaram to step down from the Cabinet immediately while the trial court decides what to do.

"This is a matter of probity in public office. If Chidambaram is cleared by the trial court, he can always return to the Cabinet," said Balbir Punj, of the opposition BJP.