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Telecom Minister Kapil Sibal defends R-COM penalty, rejects allegations of bias

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NEW DELHI: The telecom minister said on Friday the Rs 5-crore penalty imposed on [Reliance Communications](#) for interruption of service was as per its contract, rejecting an allegation that he had favoured the country's second-biggest mobile carrier. Kapil Sibal said the public interest litigation (PIL) filed by Centre of Public Interest Litigation, an NGO, was "malicious, motivated and defamatory".

"I am deeply grieved by what is happening by the PIL filed by an NGO in the Supreme Court, stating that the telecom minister has abused his power to reduce penalty on Reliance Telecom to Rs 5 crore," he said. A day earlier, Centre of Public Interest Litigation had filed an appeal in the Supreme Court alleging that Sibal had slashed ADA Group-owned Reliance Communications' penalty to Rs 5 crore, from Rs 650 crore, for violating a contract with Universal Service Obligation Fund or USOF.

The court is likely to hear the matter on July 11. All mobile phone companies contribute 5% of their annual revenues towards the USOF, which is used to support rural telephony. Reliance Communications (RCom) agreed to provide telephony in remote rural areas in May 2007 and became eligible to avail subsidy from USOF in accordance with a unified access service licence contract. Sibal said RCOM won the rights since it did not seek the subsidy. RCom allegedly stopped providing rural telephony in 13 circles in November last year and on December 21, the USOF sent a notice to RCom saying it would have to pay a penalty Rs 50 crore.

"The notice for Rs 50 crore was to pressurise Reliance Telecom.... They got worried," Sibal said, adding the firm had 60 days to reply. The petition alleged that a penalty of Rs 50 crore should have been imposed for each of the 13 circles for "violation of the terms and conditions of USOF agreement and UASL agreement by voluntary, unilateral and unauthorised switching off/closure of services to subscribers from USOF sites without any notice".

In another application, the NGO accused Attorney-General Ghulam E Vahanvati of bypassing rules to give an opinion to former communications minister A Raja, key accused in the 2G scam who is in jail. Vahanvati apparently gave Raja the green signal to give spectrum to Swan Telecom. The application says Vahanvati disregarded the law ministry in giving an opinion to Raja on 2G spectrum when he was Solicitor-General in the UPA-I, when as per rule, seniors are to give their opinions only through the law ministry.

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