

2G Spectrum Scam

The Rs 1,76,000 crore loot in telecom by the UPA govt

1) What is spectrum? What is its relation with mobile phone services?

Spectrum is airwaves. Each operator is assigned a set of frequencies. In normal basic telephone service, a pair of wires is used for communication. But in case of mobile/wireless communications, airwaves are used instead of wires. These spectrum/airwaves are licensed by the Government. It is allocated in Mega Hertz (MHz) in telecom licenses. 4.2 MHz is given as start-up spectrum, which is topped up by 1.8 MHz to make it 6 MHz (4.2 + 1.8 MHz), and so on.

2) Why spectrum is called a scarce national resource?

Worldwide different frequencies are used for different purposes depending on the characteristics of each frequency. For enabling seamless communication throughout the world, the international telecom organizations (operators, manufacturers, government of each country) have specified certain frequency bands for mobile services. These frequencies have been standardised. Every second, there are thousands of simultaneous calls. Every call has to be assigned a different frequency so that they do not cause interference. The frequencies are limited. This is why it is called scarce resource.

3) What is the 2G spectrum and 3G?

2G is the 2nd Generation of mobile phone services. Next phase of mobile services is 3G, or 3rd Generation. The difference between 2G and 3G is that we can have faster internet services in 3G, whereas in 2G the speed is slow.

4) How the telecom operation is administered?

The entire country is divided into 22 Telecom Circles and Metros. Each state is one circle, like Bihar, UP (E), UP (W), Tamil Nadu, etc. All the seven sisterly states in the North East except Assam, comes under a single circle called North East Circle. There are now three Metros (Delhi, Mumbai, and Kolkata), the fourth Metro (Chennai) was combined in Tamil Nadu circle. For every Circle or a Metro, a separate telecom license is issued. For each license, separate applications are to be submitted. We call a company as having a Pan-India license, when that company has telecom licenses for all the 22 Telecom Circles and Metros. A Pan-India license (in fact 22 licenses) was issued for an Entry Fee of Rs 1,658 crore during an open bidding in the year 2001. This rate eventually became reference rates for licenses issued in future under FCFS policy, and is a matter of scam.

5) What is FCFS policy?

Under First Come First Serve (FCFS) policy, licenses with start-up spectrum (4.2 MHz) were issued for mobile services on the basis of who applies first. This policy was good only when there were very less takers for licenses.

Between 2003 and 2006, there were only 51 applications for the licenses and all of them were issued licenses on FCFS basis. That means there were very less takers at that time. They were charged Entry Fess @ Rs 1,658 crore for pan-India license determined in the year 2001.

But in February 2007, Hutchison sold its entire stake to Vodafone for a very high value. After this, many companies applied for telecom licenses as they realized that the value of licenses has gone up. After this, the Government stopped issuing telecom licenses. But it continued to receive applications. Over a few months, the number of applications piled up. As on October 1, 2007, the Government had received 575 applications for telecom licenses but it had very limited spectrum. Therefore, with so many pending applications, the government should have opted for auction route for awarding telecom licenses instead of following FCFS policy.

6) What is the 2G spectrum Scam?

The government awarded 122 telecom licenses with 2G spectrum in January 2008 at 2001 rates (Rs 1,685 crore) ignoring the current market value of the spectrum. In February 2007, Hutch sold its 67% equity to Vodafone at Rs 75,000 cr signaling substantial increase in spectrum value. Even if 15% of this is considered to be spectrum value, then it is Rs 11,250 crore per pan-India licenses. However, Raja ignored this price. In November 2007, S-TEL offered Rs 6,000 cr for pan-India license; in December 2007, it increased the offer to Rs 13,752 crore. This was also ignored by Raja.

After obtaining licenses at cheap rates, the private companies sold (diluted) their equities to foreign telecom companies at a very high price. Every company that had pan-India licenses was valued at about Rs 10,000 cr in which it had assets of 2G spectrum (Rs 1,659 cr.) Thus, the difference in these figures (Rs 10,000 cr and Rs 1,659 cr) is per pan-India license loss to the Government and gain to private companies.

- **Shyam Telecom:** Sold **74%** to Sistema of Russia (MTS brand)
- **Unitech:** Sold **67%** to Telenor of Norway (Uninor brand)
- **Swan Telecom:** Sold DB Group about **45%** to Etisalat, UAE (Cheers brand) and **5%** to Genex, Chennai
- **Tata Teleservice:** Sold **26%** to NTT of Japan (DoCoMo brand)

7) What was the role of the former telecom minister A Raja in this scam?

He played multiple tricks to ensure that the spectrum is allocated to his favourite companies.

First, Reliance Communication (Anil Ambani Group) wanted entry into GSM segment as there was not much of demand in CDMA. The company applied for fresh license through Swan, and also applied for dual-technology permission. In October 2007, Mr Raja allowed dual technology. As soon, as Reliance Communication (ADAG group) got permission for GSM license, it gave away the control of Swan to DB Group owned by Shahid Balwa. DB Realty is a real estate company with no experience in telecom operations. Shahid Balwa was close to Mr Raja. The advantage with this company (Swan) was that it had already applied for licenses in March 2007.

Second, Essar Group (Ruias brother) also applied for a license under Loop Telecom through their sister Ms Kiran Khaitan. Ms Khaitan spent Rs 1 lakh to create Loop Telecom and the balance money of Rs 1,700 crore came from Ruias. The Ruias could not have applied for license directly as they already had operation through Vodafone-Essar company in which they had 33% equity stake. This major illegality was ignored by Raja.

Third, he also had old association with the Unitech Group, which had interest in the construction activities. This group under different names applied for Pan-Indian licenses on 24.09.2007.

Fourth, Shyam Telecom (Mr Rajiv Malhotra, MD) has very close relationship with Congress because of which Mr Malhotra also had close relationship with Mr Raja. This company applied for 21 licenses on 25.09.2007. These dates 24th (For Unitech) and 25th for Shyam are very important as discussed later.

Only Raja knew in advance what he is going to do with the policy. On 25.09.2007 he issued a Press Release (dated 24.09.2007) declaring the cut-off date for receiving applications as 01.10.2007. So, Mr Raja ensured that after his favourite companies have submitted the applications, the window is closed shortly. He opened the window for only five working days. But even during those five days as many as 343 new applications were received. This, he did not expect. As on October 1, 2007, the government had 575 pending applications for telecom licenses.

So, then Mr Raja sought advice of Ministry of Law. The ministry replied that the matter should be referred to GoM. Mr Raja protested on this. He wrote to the PM. Within his ministry, two senior officers had objected to his approach. Mr Raja waited for their retirement on December 31, 2007. He brought in his favourite officer (Mr Siddhartha Behura as Secretary DoT). Thereafter, he got the PM's nod on January 3, 2008.

On January 10, 2008, he issued first Press Release on DoT's web site stating that the applications of only those have been considered who had applied till 25.09.2007. This way he preponed the cut-off date to suit his favourite companies. Thereafter, he put up another Press Release at about 2:45pm on the same day disclosing a list of shortlisted companies and asking them to come between 3:30 to 4:30 PM to collect the LOIs (Letter of Intent). He also said that whosoever complies with the conditions of LOIs first (that means deposit of Rs 1,658 crore by draft, Bank Guarantees worth several hundred crores separate for each service areas), will be issued spectrum first. So, his friends knew about these conditions. They kept their drafts and guarantees ready one day in advance and were first to comply with LOI condition and were first to get spectrum. This way even the FCFS policy was altered; earlier it used to be date of application and everyone used to be given 15 days time for compliance; Mr Raja even changed the FCFS policy to date of compliance of LOIs.

Later, the CAG found that out of 122 licenses, 85 did not meet eligibility criteria.

8) Were senior officers involved in this scam?

Yes. He kept his close confidants in the chain of officers who would listen to his directions. Two top most officers of the DoT did not agree with his approach. One was Mr D.S. Mathur, Secretary-DoT, and another one was Ms Manu Madhavan, Member (Finance), DoT. Mr Raja waited for their retirement till December 31, 2007. From 1st January 2008, he brought his own person Mr Siddhartha Behura as Secretary DoT. He completely followed Raja's instructions.

9) Is there any relation between the 2G spectrum scam and the Radia tapes?

Yes. Ms Niira Radia runs many consultancy and Public Relation companies. Her main client was the Tata group. Later, she got Unitech, Reliance (Mukesh Ambani Group), Bharti also as her clients. From the leaked tapes, it is revealed that she was all the time talking for release of spectrum to Tatas. She had very close relationship with Mr Raja, and the family members of Tamil Nadu Chief Minister Mr M Karunanidhi. The Supreme Court has taken these issues very seriously.

10) What was the role of the Finance Minister in this scam?

Money collected by the DoT on account of Entry Fee is deposited into the accounts of the Finance Ministry. Therefore, the DoT must consult the Finance Ministry for a policy change that has impact on its revenue. The Finance Ministry took a u-turn and allowed this scam to happen. A number of times, the Finance Ministry had in writing objected to the DoT's plan to award licenses at 2001 rates. One such letter was written by the Finance Secretary on November 22, 2007 to the DoT Secretary. After DoT issued 122 LOIs (Letter of Intents) on January 10, 2008, the Finance Minister, P Chidambaram, wrote a consenting letter to Mr Raja that whatever has happened is ok, but next time the spectrum should be auctioned. After this, on 25.01.2008 Mr Raja converted LOIs into Licenses. If the Finance Minister really wanted to stop further process of converting LOIs into Licenses, then he could have issued direction to the DoT to stop further process.

11) Is the PM involved in this scam?

Yes. The scam happened with his full knowledge and consent. Not only that, he took a u-turn by allowing in January 2008 what he objected to in November 2007. On November 2, 2007, the Prime Minister wrote a two page letter to Mr A Raja asking him to consider the auction route. Subsequently Mr Raja sent three letters to the Prime Minister explaining in detail how he wants to deal with the applications, and insisting to follow FCFS policy and awarding licenses @ Rs 1,658 crore. He wrote last such letter to the PM on December 26, 2007. This was accepted by the PM in his letter dated January 3, 2008 to Mr Raja. Why did PM change his stand? Thereafter, Mr Raja awarded 122 licenses in just about 45 minutes on January 10, 2008.

12) Who has estimated that this scam caused the government a loss of Rs 1,76,000 crore?

Comptroller Auditor General of India (CAG) started auditing of new licenses in March 2010. On 8.11.2010, CAG submitted its report to the President of India in which it estimated the loss on account of 2G scam as Rs 1.76 lakh crore. Apart from this, it also found that of the 122 licenses issued on 10.01.2008, 85 licenses were issued to companies which were not eligible to get license.

13) What has been the role of the investigative agencies CBI, ED in this scam?

The case was initially referred by the Central Vigilance Commission to the CBI for further investigation on 12.10.2009 as the DoT officers were not forthcoming with the right answers/information. On 21.10.2009, the CBI registered an FIR against unknown persons and officials. On 22.10.2009, the CBI raided the DoT's headquarter and took away all the relevant files. Subsequently the offices of private companies who got the licenses were also raided. The officials were questioned by the CBI. The ED also carried out its investigation independently.

Initially CBI as well as Enforcement Directorate were investigating the matter properly, but after sometime, they also started playing into the hands of their political bosses and corporates who were the beneficiaries. Practically, further investigation was stopped. Then further exposure could be done through PIL.

14) Which were the bodies which brought out this scam in the public domain?

Initially, a Delhi based NGO, Telecom Watchdog, complained to the investigating agencies. When the investigation was slow or non-existent, later two Delhi based NGOs (Centre for Public Interest Litigation, Telecom Watchdog) and one senior journalist Mr Pranjoy Guha Thukrata filed a PIL in Delhi High Court pleading for Court monitored investigation. It was dismissed. Thereafter an appeal was filed by them in the Supreme Court, which was allowed. Now, the Supreme Court is directly monitoring the investigation of this case.

15) What has the honourable Supreme Court said about this scam?

During the hearing of the PIL, the Hon'ble Supreme Court made several observations including the one "that the same minister is still continuing", that eventually led to the exit of Mr Raja. The investigation was expedited after SC's comments, "does CBI do this kind of slow investigation in every matter, how long will it take 20 years". The SC also said, "You (CBI, ED, I-T) have to do your job without any fear and favour". The SC also ordered that the Court will monitor investigation. It also suggested creation of Special Court for this 2G scam. It is suspecting that the Government and Corporates might still interfere in the investigation because of which it has ordered that before filling of the charge-sheet, the investigating agencies (CBI, ED, I-T) must produce before the SC the charges that it is likely to file and the evidence collected to support them. The SC also took strong view on Mr Kapil Sibal's statement that the figure of loss pointed by the CAG is erroneous. After that Mr Sibal stopped attacking CAG. The SC also said why no one has been arrested in this case.

16) What action has the government taken till now against this corruption case?

Infact the Government did not do anything. Whatever is happening, it is because of the Supreme Court, pressure from the opposition parties, and media. First, Mr Raja resigned. Thereafter, after Mr Kapil Sibal took over as Telecom Minister, he issued show-cause notices to certain companies and collected about Rs 280 crore as penalty from them for not fulfilling the rollout obligations. Thereafter the Government has not taken any step.

17) What did the government do to cover up this scam?

Mr Kapil Sibal started a campaign against the CAG calling their figure of loss of Rs 1.76 crore as erroneous. He also said that no loss has happened. Later, he started saying that the Government followed the same policy of FCFS as was followed during NDA period.

18) Were bribes paid to Raja?

Yes. The CBI and ED's investigations have revealed that substantial investment (money) coming into the accounts of people/companies associated with Mr Raja. This money is coming from many companies in India and abroad. As per media reports, so far Rs 3,000 crore has been linked to the bribes paid to Mr Raja and DMK party and Mr Karunaidhi's relatives. This is even revealed in Raida tapes. An example is as follows: -

On June 13, 2009, Ms Rajathiammal (third wife of M Karunanidhi and mother of Ms Kanimozhi) called up Ms Radia reminding her of certain promises

The conversation is between Ratnam, Chartered Accountant of Tamil Nadu Chief Minister M Karunanidhi's third wife Rajathiammal, Rajathiammal herself and Nira Radia.

Ratnam to Radia: Hi, morning Madam.

Radia to Ratnam: Hi, hi, uhh uhh

Ratnam to Radia: Madam (Rajathiammal, third "wife" of Karunanidhi and mother of DMK MP, Kanimozhi) baat karna chhahti hai, de doon?

Radia to Ratnam: haan haan, please ok (whispers to someone nearby - Karunanidhi ki patni) - call is being transferred, (she takes a deep breath) call connects - oh I am so sorry, hello how are you (very sweetly indulgent)?

Rajathi to Radia: Hello, I am fine, how are you (in English)?

Radia to Rajathi: I am so sorry, I have not been in touch, I am busy! How are you?

Rajathi to Radia: am fine.

Radia to Rajathi: Yeah, keeping better?

Rajathi to Radia: ummm

Radia to Rajathi: Good, good, good. How is CM (Chief Minister M Karunanidhi)

Rajathi to Radia: (mumbles) aahhh - ok

Radia to Rajathi: (tone is still sweetly indulgent), good, Kani (Kanimozhi), Kani, I met last week, I didn't meet her this week. Kani is in Chennai?

Rajathi to Radia: ahh yes.

Radia to Rajathi: She has come no? How are things? (Rajathi mumbles again, clearly she is not comfortable talking English), good. How are things?

Rajathi to Radia: mumbles something inaudible

Radia to Rajathi: Haan? (silence for sometime)

Rajathi to Radia: what happened?

Radia to Rajathi: (voice turning anxious) to?

Rajathi to Radia: aaahh

Radia to Rajathi: Tata?

Rajathi to Radia: ah, yes

Radia to Rajathi: (very anxious) not done?

Rajathi to Radia: no, not done (voice low)

Radia to Rajathi: Ratnam is there?

Rajathi to Radia: Yes.

Radia to Rajathi: I will talk, let me speak to him. I thought it was all done

Rajathi to Radia: (voice low) yes, ummm (hands over to Ratnam)

Radia to Ratnam: Hi Ratnam (tone changes, more authoritative)

Ratnam to Radia: Hi Madam

Radia to Ratnam: What happened it's not done? (anxious indignation in the voice)

Ratnam to Radia: No Madam, it is not done? I just give you a message, no madam.

Radia to Ratnam: I didn't get a message.

Radia to Ratnam: I had told Cecilia (Personal assistant to Krishna Kumar, Director, Tata Sons, and one of key aides of Ratan Tata, and also Chairman, Tata Realty and Infrastructure Ltd) last week itself.

Ratnam to Radia: You know Cecelia is totally last one week, not in touch.

Radia to Ratnam: no, no, I will tell you why. Her mother's is in hospital.

Ratnam to Radia: yeah, that I know.

Radia to Ratnam: She's been very sick. So that's why Cecilia has been a little problematic.

Ratnam to Radia: ummm, ummmm. But you said no, you yourself has done. (Radia - yeah!), But that has not come. That's why I sent a message to you.

Radia to Ratnam: (short silence) I can't believe it, is it? (Ratnam - yeah madam, yeah madam) That can't be possible (anxiety in her voice)

Ratnam to Radia: No mam, it has not come.

19) Which are the companies that are being investigated?

The following companies received the licenses in January 2008 from Mr Raja: Unitech (Unionor), Swan Telecom (DB Etisalat), Loop Telecom, STel, Datacom/Videocon, Shyam Telecom (MTS), Spice, Idea, Reliance Communications, and Tata. The investigation is being done against all of them. In addition, certain companies of Raja's associates and Ms Nira Radia are also being investigated for the routing of money.

20) What can now be done to recover this loss?

A PIL in the Supreme Court to cancel these 122 licenses was filed by the same group of NGOs and individuals. After hearing, the Supreme Court has reserved the judgment.

The only way that the government can recover the loss is by cancelling all the 122 licenses and recover spectrum from them. Thereafter, the spectrum can be put on sale and even these 122 licensees should be able to participate in the auction process to resume their services. This should be done independent of the criminal proceedings that will be initiated against them for bribing.

21) If the government recovers the money from the operators/cancels licenses, will it lead to rise in tariff of telecom services?

No. There is already enough competition in the market. When the cancelled licenses are re-auctioned, then again the new operators, in order to get market share, will reduce their tariffs. Even at high level of Entry Fee decided through auction, there is no possibility of any hike in tariff. You have to remember that the original new licensees had got the spectrum for cheap but sold it for a very high premium. The telecom operators like Telenor (brand Unionor) who bought 2G spectrum privately from the original allottees did not hike the tariff but rather to get marketshare brought down the tariff. Payment of Entry Fee is viewed as an opportunity cost to get into this lucrative business.

Investigation so far (May 6, 2011)

22) What has been the role of the Supreme Court?

Whatever arrests and disclosures we are seeing is because of the Honourable Supreme Court's supervision. The Supreme Court came into the picture after a PIL was filed for court-monitored investigation. The Supreme Court allowed it. The court ordered the Central Bureau of Investigation (CBI), Enforcement Directorate (ED), and the Income Tax (I-T) department to co-operate with each other and give status report to the SC almost every two weeks.

The CBI finally agreed to file charge-sheets as per the following schedule: -

- 1st : Already filed on April 2, 2011 against 12 accused
- 2nd : Already filed on April 25, 2011 against five more accused
- 3rd : In May 2011, yet to be filed

Special Court: To expedite the proceedings, SC directed the Govt to constitute a Special Court for this case. SC also directed the Special Court to hear the case on a daily basis.

Senior Public Prosecutor: To ensure that the accused are not acquitted due to manipulated weak evidences, SC appointed Shri UU Lalit as Senior Public Prosecutor, despite opposition by the Govt.

From April 13, 2011, the case is now being heard on daily basis by the Special Court, while Supreme Court is monitoring the case almost every ten days.

23) What are the arrests which have been made in this scam so far?

List of accused (Arrested from 1 to 12);		As on May 6, 2011
1	A Raja, the then Telecom Minister	
2	Siddhartha Behura, the then Secretary, DoT	
3	RK Chandolia, the then PS to Telecom Minister	
4	Shahid Usman Balwa, Director, Swan Telecom	
5	Vinod Goenka, Director Swan Telecom	
6	Swan Telecom Pvt Ltd	
7	Sanjay Chandra, MD, Unitech Ltd	
8	Unitech Wireless (Tamil Nadu) Pvt Ltd	
9	Gautam Doshi, Gr MD, Reliance ADA Group	
10	Surendra Pipara, Sr VP, Reliance ADA Group	
11	Hari Nair, Sr VP, Reliance ADA Group	
12	Reliance Telecom Ltd	
13	Asif Balwa, Director, Kusegaon Fruits & Vegetables Pvt Ltd	
14	Rajiv B Agarwal, Director, Kusegaon Fruits & Vegetables Pvt Ltd	
15	Karim Morani, Director, Cineyug Films Pvt Ltd	
16	Sahard Kumar, Director, Kalaignar TV Pvt Ltd	
17	Kanimozhi Karunanithi, Director, Kalaignar TV Pvt Ltd	

24) Was DMK involved?

Apart from officials and private companies, many politicians are directly involved in this scam. In the 2nd charge-sheet, the CBI has traced the following payments made by Swan Telecom through a number of companies to DMK Chief's family members owned Kalaighar TV (Wife Dayalu Karunanithi – 60%, daughter Ms Kanimozhi - 20%, and an ex-Sun TV employee Sharad Kumar 20%).

Swan Telecom, then owned by Dynamix Balwa, got 22 licenses at throw away prices. It sold 45% shares to Etisalat, and 5% to Genex. On 17.12.2008, it received Rs 3,228 cr from Etisalat and Rs 381 cr from Genex. After this, it started paying to Kalaighar TV owned by DMK chief's family members.

	Date	Rs crore		Date	Rs crore		Date	Rs crore				
Dynamix Realty	23.12.2008	10.00	Kusegaon Fruits & Vegetables Pvt Ltd			Cineyug Films Pvt Ltd			Kalaighar TV Pvt Ltd			
	12.01.2009	2.50										
	14.01.2009	0.25										
	16.01.2009	2.00			23.12.2008		10.00					
	27.01.2009	0.25			16.01.2009		2.00					
	28.01.2009	8.00			28.01.2009		8.00					
	29.01.2009	1.50			29.01.2009		1.50					
	12.02.009	2.00			12.02.2009		2.00					
	20.03.2009	5.00			20.03.2009		5.00					
	06.04.2009	1.50			06.04.2009		25.00			23.12.2008	10.00	
	08.04.2009	25.00			08.04.2009		1.50			28.01.2009	10.00	
	22.06.2009	1.00			22.06.2009		1.00			20.03.2009	5.00	
	15.07.2009	0.25			15.07.2009		0.25			06.04.2009	25.00	
	16.07.2009	100.00			15.07.2009		100.00			15.07.2009	100.00	
	11.08.2009	50.00			07.08.2009		50.00			07.08.2009	50.00	
	Total	209.25			Total		206.25			Total	200.00	
		23.12.2010		12.00								
		29.12.2010		10.00			20.12.2010	12,19,17,808			20.12.2010	15,24,65,753
		30.12.2010		20.00			24.12.2010	10,00,00,000			24.12.2010	10,00,00,000
		31.12.2010		7.95			27.12.2010	20,00,00,000			27.12.2010	20,00,00,000
		10.01.2011		7.95			29.12.2010	8,00,00,000			29.12.2010	10,00,00,000
	01.01.2011	12.06		04.01.2011	10,00,00,000		04.01.2011	10,00,00,000				
	17.01.2011	10.00		05.01.2011	10,00,00,000		05.01.2011	10,00,00,000				
	24.01.2011	65.00		11.01.2011	10,00,00,000		11.01.2011	10,00,00,000				
	01.02.2011	25.00		24.01.2011	65,00,00,000		24.01.2011	65,00,00,000				
	04.02.2011	50.00		29.01.2011	25,00,00,000		29.01.2011	25,00,00,000				
	12.02.2011	1.35		03.02.2011	50,00,00,000		03.02.2011	6,11,64,384				
	28.02.2011	2.24		03.02.2011	4,89,31,507		03.02.2011	50,00,00,000				
	Total	223.55		Total	2,25,08,49,315		Total	2,31,36,30,137				

After SC ordered court monitored investigation, the CBI on 24.12.2010 contacted A Raja. Four days before this, Kalaighar TV started returning the money with interest. A Raja was arrested on 2.2.2011. The next day, the entire balance money with interest was returned.

25) Who actually owns Kalaingar TV and why did the CBI spare the majority stakeholder?

The CBI has charge-sheeted two minor stakeholders of Kalaingar TV- Rajya Sabha member and DMK supremo M Karunanidhi's daughter, Ms Kanimozhi Karunanithi who owns 20 pc, and Managing Director of Kalaingar TV Sharad Kumar who owns another 20 pc. However, it has exonerated a high profile stakeholder Ms Dayalu, wife of the Tamil Nadu Chief Minister Mr M Karunandihi, having 60 pc shares in Kalaingar TV. The CBI has exonerated her for two reasons. First, she does not understand any language other than Tamil (as if no officer can speak in Tamil in India), and second she did not participate actively in the business of the company.

These cannot be the reasons for the CBI not having charge-sheeted Ms Dayalu. M Karunanidhi has two surviving wives – Ms Dayalu and Ms Rajathiammal. Ms Dayalu has three sons - M.K. Azhagiri, M.K. Stalin, M.K. Tamilarasu. Ms Rajathiammal has one daughter Ms Kanimozhi. In these circumstances, it is quite possible that Ms Dayalu is holding 20 pc stake each for her three sons, which is at par with shares held by Ms Kanimozhi. The CBI has not investigated in this direction as to how an old lady (Ms Dayalu), who does not understand English and is unwilling to attend any Board meeting, etc., has 60% shares of Kalaingar TV.

26) How much money must have been paid as bribe? Where is the bribe money of A Raja?

The CBI could trace Rs 200 crore paid by Swan Telecom/DB Group to DMK family members, but it is yet to trace the major money paid to various politicians. The CBI could not trace the money of even Mr A Raja.

27) How has the CBI tried to save the Prime Minister, Mr Manmohan Singh?

Despite the honourable Supreme Court's direction to carry out investigation "irrespective of the position, rank or status of the person to be investigated/probed", the CBI in its 1st charge-sheet has devoted considerable time and space for justifying the innocence of the Prime Minister in 2G scam case by shifting the blame to A Raja.

Mr Raja had shared every detail with the Prime Minister in his letter of December 26, 2007, which was duly seen and accepted by the Prime Minister in writing on January 3, 2008. Pursuant to which, the new FCFS policy was implemented and the licenses were issued by the DoT on January 10, 2008.

Mr Raja's advocate will show these letters to the Court. He will claim if the PM is innocent, then he too should be held innocent because he took PM's permission before giving licenses. The lawyer of another accused (Shahid Balwa) has already raised this issue in the Special Court.

28) How the CBI is trying to save Mr GE Vahanvati, the present Attorney General, who was then the Solicitor General of India and had approved A Raja's policy?

A controversial draft press release was issued on January 10, 2008 through which 122 licenses were issued. This originally had four paras. The first para dealt with the "No cap" issues. It spelt out the policy that there was no cap on the number of companies who could get licenses. However, in view of the huge response of 545 applications, the Department of Telecom (DoT) should have gone back to the telecom regulator

(Trai) for a re-consideration on capping the number of applicants. But, this was not done.

The second para dealt with the “change of cut-off-date”. The date for submitting applications was arbitrarily changed from October 1, 2007 to Sept 25, 2007. This was done by Mr Raja to ensure that his favoured companies got the license.

The third para changed the First Cum First Serve (FCFS) policy, ‘from date of application’ to ‘date of compliance of LoI’. The basis of FCFS policy was that companies would be allotted spectrum from the date of application for licenses. However, this was changed to the ‘date of compliance of the conditions for LoI’. The LoI conditions were made known beforehand to a few select companies and they were ready with their bank drafts. This was the worst form of crony capitalism where a scarce public resource was distributed to favoured companies at a throw away price instead of a fair competitive auction.

All these three issues are major issues before the courts. The 4th para explains that if compliances of LOIs are received on the same date, then the priority for spectrum allocation will be governed by the date of application. But, Mr Raja had struck-off Para 4. Thereafter, he sent the entire file for legal vetting to GE Vahanvati, the present Attorney General of India (AGI), who at that time was Solicitor General of India (SG). He approved it.

Now after seeing the magnitude of the problem, Mr Vahanvati has passed on the blame to Mr Raja, claiming that after his vetting, Mr Raja had struck-off para No.4.

However, this entire file has by chance been made available on DoT’s web site as Annexure-47 in the report of Justice Patil, the One Man Committee constituted by the Telecom Ministry to look into the 2G spectrum scam. At Page N/27 of this file, complete detail is available and at Page N/29, Mr Vahanvati’s approval is there.

29) Why the CBI has not investigated the then Finance Minister P Chidambaram?

Money collected by the DoT on account of Entry Fee is deposited into the accounts of the Finance Ministry. Therefore, the DoT must consult the Finance Ministry for a policy change that has impact on its revenue. The Finance Ministry took a u-turn and allowed this scam to happen. A number of times, the Finance Ministry had in writing objected to the DoT’s plan to award licenses at 2001 rates. One such letter was written by the Finance Secretary on November 22, 2007 to the DoT Secretary.

After DoT issued 122 LOIs (Letter of Intents) on January 10, 2008, the Finance Minister, P Chidambaram, wrote a consenting letter to Mr Raja that whatever has happened is ok, but next time the spectrum should be auctioned. After this, on 25.01.2008 Mr Raja converted LOIs into Licenses. The actual allocation of spectrum was started from April 25, 2008 onwards. If the Finance Minister really wanted to stop further process of converting LOIs into Licenses, then he could have issued direction to the DoT to stop further process. The CBI has not investigated him.

30) CBI did not investigate Ms Kanimozhi’s mother Ms Rajathiammal. Why?

In a conversation (reproduced at serial No 18. above), Ms Kanimozhi's mother Ms Rajathiammal was clearly demanding money from Tatas through Ms Niira Radia. The CBI has not charge-sheeted anyone on this communication.

31) What has been the CBI response to corporate lobbyist Niira Radia, who fixed deals with the telecom minister A Raja, prominent members in Karunanidhi family on behalf of the Tatas and Unitech ?

The CBI has made Niira Radia, a corporate lobbyist as a witness. She had worked for Unitech and Tatas. Tatas provided money to Unitech to buy licenses at the instance of Niira Radia. The CBI has made Unitech an accused but Niira Radia a witness. If CBI is to be believed then she was acting on behalf of Unitech to get Mr Raja back into office, in which case, how can she become a witness as Unitech has been charge-sheeted as a prime conspirator and accused.

The CBI has charge-sheeted Unitech Wireless and its MD, Sanjay Chandra, but it has exonerated Tatas, who are also the beneficiary of this spectrum loot. The CBI in its charge-sheet has not mentioned about the money provided by Tatas to Unitech for paying to DoT for the 2G spectrum. In fact, there was a complete understanding between the two companies. But, the CBI in its charge-sheet has portrayed as if Tatas were the victims at the hands of Unitech at the time of actual allocation of spectrum. The telephonic communication about payment of money between Niira Radia and Tamil Nadu's Chief Minister's wife, Rajathi Amal, (Kanimozhi's mother) has been completely ignored. The fact that the land and building that Tata had in Chennai, was given away to people close to A Raja, also did not find any mention in the CBI charge-sheet.

32) What have been the major exclusions in the first CBI charge-sheet?

Another major exclusion in the charge-sheet is Ruias controlled and funded Loop Telecom. The CBI has not charge-sheeted anyone from the Essar group. On January 10, 2008, they got 21 licenses (all India except Mumbai) in the name of Loop Telecom. On the same day, they got 2G spectrum for 7 licenses (MP, HP, Bihar, Orissa, Assam, NE, J&K) in the name of Essar Spacetel, which it sold to Vodafone-Essar for a premium. This is a case of selling one set of licenses and standing in queue again to get more. Essar provided entire money (Rs 1,592.59 crore) to Loop Telecom to pay for 21 licenses through a maze of companies. The DoT has also investigated this matter and concluded that Essar has violated cross-holding norms, as it also has 33 pc shares in Vodafone Essar Ltd. In March 2011 the DoT had prepared as Show Cause Notice, but under pressure the DoT has not yet served this notice on Essar. The CBI is also not taking any action in this regard.

Similarly, there many other companies such as Shyam Telecom, Videocon, STel, etc., who are the beneficiaries of this 2G spectrum loot, but nothing has been mentioned against them in the CBI charge-sheet.

33) What is the quality of the first CBI chargesheet?

The quality of CBI's first chargesheet is extremely poor; it lacks quality evidence even after 19 months of investigation. The CBI has tried to cover up for the Prime Minister, the then Solicitor General (now Attorney General), GE Vahanvati and the Tatas. It is also silent on Loop Telecom & other beneficiaries.

34) Which way is the CBI investigation headed?

There has to be some clinching evidences against the accused, otherwise they will be soon out scot free.