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Telcos see opening of Pandora's Box with SC order

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The Supreme Court's order that the Comptroller and Auditor General ([CAG can audit telecom operators](#)) can open a Pandora's Box and lead to similar demand in other industries, unhappy service providers said.

"Yes, whatever the judgment the Supreme Court has given to us, we will abide by it. But, it has certain other connotations, which we should be aware of. This judgment has no precedence, and any company that contributes to the Consolidated Fund of India is liable to audit by CAG. This is opening of a Pandora's Box," Ashok Sud, Secretary-General, Association of Unified Telecom Service Providers of India (AUSPI) — the CDMA operators association — told IANS.

An apex court bench, headed by Justice K. S. Radhakrishnan, upheld a [Delhi High Court](#) order that CAG can audit the revenue receipts of telecom operators. "There are immense long-term implications. As it is, the Department of Telecom has the right to conduct special audit if they wish to, and now CAG is the third provision," he said. Rajan S. Mathews, Director-General, Cellular Operators' Association of India (COAI) — the GSM body — said: "We have two concerns. First, multiple audits by multiple agencies (DoT, TRAI, Telecom Enforcement, Resource and Monitoring (TERM) cells, SEBI and now CAG), increasing the costs and time to operators. Second, increasing the scope of CAG to private entities. By the logic of the court, every tax payer should also be subject to audit by the CAG, in addition to the IT department. This ruling will become a larger issue for corporate India and not just mobile operators," he added.

"Industry is definitely not happy with the situation and that is the reason it went to the Supreme Court. We already pay a chunk of our earnings to the government. Recently, the spectrum auction got completed and most of the operators have bought airwaves. Now if we cannot keep a margin for all these stringent rules, the burden will be passed on to the subscribers," an industry source said. Mahesh Uppal, director of telecom consultancy firm Com First, told IANS that "not all operators will be equally impacted from this decision but implementation will remain a concern since it involves billions of dollars of revenues of around 200 licences over 22 service areas".