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DoT to issue show-cause notice to 5 telcos, including Bharti, Idea, RCom and Tatas, on special audit

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NEW DELHI: The government will soon issue show-cause notices to five leading telecom firms, including Bharti, Idea, RCom and Tatas, with regard to special audit that found discrepancies in payment of licence fees.

According to sources in the know, Telecom Minister Kapil Sibal has asked the Department of Telecom (DoT) to issue notices before raising any demand so that the companies could give their response.

The DoT had conducted special audit of these telecom operators' financial books for 2006-2008 to ensure that the private operators had paid their dues to the government and there was no evasion of licence fees.

....before a demand notice is issued, show-cause notices be served to all concerned telecom service providers seeking their response and, thereafter, an appropriate order be passed in each case after considering their response either orally or in writing," according to an internal communication of the DoT.

The order in these circumstances should be a "speaking order", this will ensure that our system works transparently and fairly," it said.

The DoT is likely to demand over Rs 1,100 crore from these companies, sources said.

Recently, telecom associations COAI and AUSPI had met Sibal asking him to issue notices to companies before raising demand and operators be given an opportunity to present their cases.

DoT had ordered special audit after the recommendation of telecom regulator Trai which suspected that operators were misreporting their revenues to avoid payment of licence fee to the government through revenue share.

The move was to check operators' scope to arbitrage which is shifting revenue from higher licence fee to the lower side.

The UASL (basic and mobile) telephony has a licence fee of 6-10 per cent where as NLD, ILD, ISP and Internet Protocol has six per cent.

Trai had noticed that some of operators were showing more revenue in segment that carried lower licence fee.

The special audit was for those companies which have multiple licences -- Unified Access Service Licence (UASL), National Long Distance (NLD), International Long Distance (ILD) and Internet Service Provider (ISP). All the five companies mentioned above have all these licences.

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