

RJIL/DOT/2019-20/392

October 30, 2019

Rajan S Mathew
Director General
COAI
New Delhi

Subject: COAI's letter to Hon Minister regarding alleged unprecedented crisis in the Telecom Industry

Reference: COAI letter no. RSM/COAI/2019/190 dated 29th October 2019

Dear Rajan

1. This is with reference to the aforementioned COAI letter on the alleged unprecedented crisis in the telecom industry.
2. We are shocked to know that you have issued the letter shared last night, when it was clearly communicated to you that that we will be providing our detailed comments by morning of 30th October 2019. Further, on a direct query by our senior official on the urgency of issuing the letter, you wrongfully tried to justify the same by communicating that some discussions had been happening with the DoT necessitating the urgency. However, we still fail to understand the need and undue haste in issuing this letter in the midnight. This is a serious breach of trust on your part, that can only exacerbate the contentious relations between Reliance Jio Infocomm Limited (RJIL) and COAI, all due to such actions by COAI, in the past.
3. Evidently, submission of this letter by merely mentioning that one of the members has a divergent view, without so much as waiting for such view, is another manifestation of COAI's prejudiced mindset completely laced with one-sided thought process. It seems that there were extraneous consideration to send this letter, only on the behest of other two members. By such unwarranted behaviour COAI has just proved that they are not an industry organisation but just a mouthpiece of two service providers.
4. We take strong exception to such action and request you to also share RJIL's divergent view with the Hon Minister vide a follow-up letter today itself, to prove your non-partisan intentions Our views on the said letter are captured in following paragraphs.





5. RJIL completely disagrees with the intent, tone, contents and connotations of the COAI letter. This letter does not represent the Industry view by any stretch of imagination. We take strong umbrage at COAI exploiting the legitimate pay-out obligations to create an alarmist propaganda for the doom of telecom sector in the country. Actually, it appears that this sum was used for expanding some other business as per their commercial decisions.
6. We also strongly take exception to the statements like '*investments and Government revenue will suffer, QoS will deteriorate, monopolies will be created, and ambitious Government programs will suffer*', if the Government does not bail out these two operators from their non-compliance with the terms of an earlier bail-out. We disagree with the threatening and blackmailing tone of COAI.
7. The failure of two operators, even in the unlikely event of it actually happening, will not have an impact on the sector dynamics with existence of vibrant competition including presence of the PSUs and there is no restriction on entry by new operators. Further, there will be no impact on the digitization and Government programs, as these operators, anyway were not investing sufficiently in the sector and have been shedding crocodile tears by claiming a financial stress for a long time now and they have not shown any inclination to modernise the networks, as evident for TRAI data in its IUC CP. On the other hand, RJIL promoters alone have made an equity investment of Rs.1.75 lakh Crores in the sector, while equity investment by Airtel and Vodafone-Idea has been inadequate keeping in view the network requirements. Therefore, failure of these operators cannot be blamed on the Government
8. It would also not be out of place to mention here that the despite the COAI's and these two operators continued highlighting of the so-called financial stress, these service providers have chosen to continue with their below cost tariffs, especially when there is no competitive pressure compelling continuation of these tariffs. Thus clearly, the financial difficulties of these operators are an effect of their own commercial decisions and Government should not be obliged to bail them out for their own commercial failure and financial mismanagement.
9. In this letter, COAI has again attempted to rake up the issue of merits of AGR case like notional revenue, which has already been settled by the Supreme Court Judgement. While all these were argued in detail during the proceedings in the court and subsequently rejected by the Supreme Court, these operators had the option to fulfil their licensing obligations in terms of payment of LF / SUC on the disputed amount, more particularly in view of the Supreme Court Judgement of year 2011 on the same matter. Now, therefore seeking relief on the very same grounds amounts to seeking relief for these operators' for their wilful decision of continuing non-compliance by with-holding legitimate government dues.



10. Further, by reading para 7 of the letter, it appears that COAI is implying that Judges of Hon'ble Supreme Court did not consider their contentions by not concurring with judgement of TDSAT. In our opinion, such observations and arguments are not only factually incorrect, unwarranted but amount to contempt of the court as well.
11. Furthermore, references to predatory pricing, an issue that has been settled in all legal forums, is not only out of place and irrelevant, but once again the displays the lack of application of mind by COAI and shows the repetition of the foolhardy approach of keep on agitating settled issues. It would not be out of place to remind COAI here that this approach alone led to this so called financial disaster in AGR case as well.
12. COAI's intent of using this as an opportunity to seek non-enforcement of the Supreme Court Judgement and asking for relief is strongly objected by RJIL. RJIL will like to point out to COAI that Judgement of Hon Supreme Court is final and to be implemented as law of the land. These operators have capacity and enough monetisation possibilities to comfortably pay government dues.
13. We suggest that COAI, as an organisation supposedly representing all operators, should stop blaming Hon Supreme Court for their orders but ask members to respect judgement and stop forum shopping for relief.

Thanking you,

Yours sincerely,

For **Reliance Jio Infocomm Limited**,

P.K. Mittal

Pramod Kumar Mittal
Authorised Signatory

