

India refuses to extend Vodafone unit licences

NEW DELHI, INDIA: India's government has told the Indian unit of British mobile phone giant Vodafone that its licences for three big cities cannot be extended and it will have to bid again, the company has said.



The government has also refused to extend the licences of India's mobile carrier Bharti Airtel, the sector leader by subscribers, in the same three lucrative urban centres, according to local media.

"Vodafone is deeply disappointed with the summary rejection of its request for extension of licenses in the Delhi, Mumbai and Kolkata service areas," the company said in an emailed statement.

There was no immediate comment from Bharti.

The refusal to extend the licences is one of a raft of regulatory issues faced by mobile operators in the world's second-largest cellular market by subscribers after China.

Vodafone, the second largest carrier, and Bharti, have been at war with the Congress-led government over its demand that they bid again for spectrum in the three cities where they have been operating for nearly two decades.

Licences due to expire in November 2014

"Unless you participate in auctions and get your bid confirmed, you would not be entitled to a wireless licence," the telecom ministry told Vodafone, according to local media.

Vodafone said the decision showed no acknowledgment of the company's pioneering role in "entering the market when there was no concept of mobile telephony in India" or for its investment of huge sums to set up a network.

Last month both Vodafone, which is also embroiled in a US\$2bn tax row with the Indian government, and Bharti filed separate court challenges to the government's decision to sell mobile airwaves in the three cities.

"Vodafone believes it is entitled to a fair and reasonable extension of its license as per mutually agreeable terms," the

company said in a February statement.

Bharti, which is also demanding that the government renew its existing licence, said its decision to go to court was aimed at protecting its legal rights and "ensuring business continuity".

The government has been hoping to use money raised from spectrum auctions to help plug a gaping fiscal deficit. But last month, it postponed the auction of some telecommunications frequencies as it got no applications from bidders.

Source: AFP, via I-Net Bridge

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