

Given the government's stance on the Rs 1.76 lakh crore losses associated with the 2G scam, presumably its spokespersons will dismiss reports of Rs 2 lakh crore loss on a deal between Isro and Bangalore-based Devas Multimedia as merely presumptive. The loss is based on the preliminary questions sent by the CAG to Isro—the final report is still some months away—on its deal to build two satellites for Devas that come bundled with 70 MHz of spectrum. The Rs 2 lakh crore figure has been arrived at on the basis of the Rs 3,000-odd crore per MHz that the government got in the latest 3G spectrum auction. Devas, which is led by MG Chandrasekhar who is a former scientific secretary to Isro, has denied any wrong-doing and said the spectrum continues to belong to Isro (this is largely irrelevant if Devas has the exclusive right to use it to offer ISP and multi-media services to its clients), that the deal has been approved by the Cabinet, that the firm developed an innovative satellite system to offer the services and that there were no takers for the spectrum six years ago when it first began negotiations with Isro.

Since it is early days yet, it's difficult to say just how accurate the estimates are of the losses, if any. It is clear, however, given the rapid increase in the number of scams related to natural resources, that the government needs to come out with a clear and transparent policy on the use of such resources, on how to price them and how to allocate them. Should scarce spectrum be auctioned or should it be given out free as some have suggested on grounds that this will lower consumer tariffs (assuming tariffs are related to auction costs, though they are not, how do you choose between suitors if there is no auction?). Should spectrum or land or minerals be given to value-added industries/services (free land for hospitals in return for low-cost medical facilities or captive iron ore mines for steel producers)? Unless there is some clarity on such issues, it's likely such allegations will be made about all deals in the future. That's probably the last thing we need at the moment.