

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS**

**LOK SABHA
UNSTARRED QUESTION NO. 609
TO BE ANSWERED ON 1ST DECEMBER, 2021**

TELECOM SERVICE PROVIDERS

609. DR. SUKANTA MAJUMDAR:
DR. JAYANTA KUMAR ROY:
SHRI BHOLA SINGH:
SHRI RAJA AMARESHWARA NAIK:
SHRI VINOD KUMAR SONKAR:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Government has approved number of structural and process reforms to address the liquidity needs of Telecom Service Providers in the country and if so, the details thereof;
- (b) whether the Government has a fixed auction calendar and the spectrum auctions to be held accordingly every year;
- (c) if so, the details thereof;
- (d) whether the Government has rationalized Adjusted Gross Revenue (AGR) and Bank Guarantees (BGs);
- (e) if so, the details thereof;
- (f) whether the Government has discontinued the practices of BGs in forthcoming Auctions and Spectrum Usage Charge (SUC) in future spectrum auctions of Telecom sector;
- (g) if so, the details thereof; and
- (h) the other steps being taken by the Government to boost 4G proliferation to infuse liquidity?

ANSWER

**MINISTER OF STATE FOR COMMUNICATIONS
(SHRI DEVUSINH CHAUHAN)**

(a) to (g) The Government has approved a number of structural and process reforms to address the liquidity needs of Telecom Service Providers (TSPs) in the country. The important decisions taken in this regard, inter-alia, are:

- (i) The Government has amended the License Agreements to exclude non-telecom revenue from Adjusted Gross Revenue (AGR).
 - (ii) The Government has reduced the Financial Bank Guarantee (FBG) requirement against License Fee (LF) and other dues not otherwise securitized, as well as Performance Bank Guarantees (PBGs), to 20% of current stipulated requirement.
 - (iii) The Government has rationalized the interest rate on delayed payments by TSPs. Any delayed payments of License Fee (LF) and Spectrum Usage Charge (SUC) will attract interest at the rate of State Bank of India (SBI) Marginal Cost of Lending Rate (MCLR) plus 2%, instead of hitherto MCLR plus 4%. Further, the penalty for shortfall in payment of LF and SUC dues by TSPs has been removed.
 - (iv) Spectrum auctions will be held normally in the last quarter of every financial year. Whenever necessary, auctions can be held at shorter intervals also.
 - (v) For spectrum auctions held henceforth, TSPs will not be required to submit Bank Guarantees (BGs) to securitize spectrum auction instalment payments.
 - (vi) There will be no Spectrum Usage Charge (SUC) for spectrum acquired in future spectrum auctions.
 - (vii) The Government has given moratorium of four years for annual payments of dues arising out of the Hon'ble Supreme Court (SC) AGR judgement. However, the Net Present Value (NPV) of the due amounts has been protected.
 - (viii) The Government has given moratorium on payments of instalments in respect of spectrum purchased in past auctions (excluding the auction of 2021) for upto four years, with NPV protected at the interest rate stipulated in the respective auctions.
 - (ix) Option has been given to the TSPs to pay the interest amount arising due to the deferment of payment of AGR dues and spectrum auction instalments, by way of equity.
 - (x) To encourage investment, 100% Foreign Direct Investment (FDI) under automatic route has been permitted in the Telecom Sector.
- (h) The above decisions will create an enabling environment for further investment to boost 4G proliferation in the country.
