

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

**LOK SABHA
UNSTARRED QUESTION NO. 658
TO BE ANSWERED ON 1ST DECEMBER, 2021**

INVESTMENT IN 5G NETWORK

**658. DR. JAYANTA KUMAR ROY
SHRI: BHOLA SINGH
SHRI: RAJA AMARESHWARA NAIK**

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Government has created/proposes to create an enabling environment for investment in 5G network in the country and;
- (b) if so, the details thereof ?

ANSWER

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

(a) & (b) The Government has created an enabling environment for investment in 5G network in the country as follows:

- (i) The Government has approved a number of structural and process reforms to address the liquidity needs of Telecom Service Providers (TSPs) which will facilitate investments in 5G networks. The important decisions taken in this regard, inter-alia, are:
 - (a) The Government has amended the License Agreements to exclude non-telecom revenue from Adjusted Gross Revenue (AGR).
 - (b) 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.
 - (c) 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.

- (d) For spectrum auctions held henceforth, TSPs will not be required to submit Bank Guarantees (BGs) to securitize spectrum auction instalment payments.
- (e) There will be no Spectrum Usage Charge (SUC) for spectrum acquired in future spectrum auctions.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) To encourage investment, 100% Foreign Direct Investment (FDI) under automatic route has been permitted in the Telecom Sector.
- (ii) The Government has assigned 5G spectrum for experimental/ trial purposes.
- (iii) The Government has notified a Production Linked Incentive (PLI) Scheme with financial outlay of Rs. 12,195 cr. over five years, to promote manufacturing of telecom and networking products, including 5G products, in India.
