

The Cabinet has approved the proposal to defer the receipt of spectrum payment dues from telecom service providers. As per the government statement, the telecom service providers (TSPs) will be allowed to defer payment of the spectrum auction installments due for 2020-21 and 2021-22, either for one or both years. These deferred amounts will be spread equally in the remaining installments to be paid by TSPs. Interest as stipulated while auctioning of the concerned spectrum will however be charged so that net present value (NPV) is protected.

Finance Minister, while reading out the statement, had added that TSPs opting for deferment will have to provide bank guarantee for the revised payable amount.

The Cabinet believes that the deferment of spectrum auction installments will ease the cash outflow of the stressed TSPs and facilitate payment of statutory liabilities and interest on bank loans. Continued operation by TSPs will give a fillip to employment and economic growth. Improved financial health of TSPs will facilitate maintenance of quality of services to consumer.

The statement further reads that the decision for deferring spectrum payment installments for two years will be implemented within a fortnight.

Earlier a panel of secretaries was appointed to look into proposal for mitigating financial stress being faced by the telecom services sector. Recently, both Airtel and Vodafone Idea had posted adverse losses during July-September period, highlighting the industry's fragile financial health.

The telecom operators owe the government around Rs 1.47 trillion in license fee and spectrum usage charges.

Picture Source: PIB

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