

AK Jana takes over as Managing Director of IGL

NEW DELHI: AK Jana on Tuesday has taken over as Managing Director of Indraprastha Gas Ltd. (IGL), the largest CNG distribution company of the country, operating City Gas Distribution (CGD) networks in Delhi, Noida, Greater Noida, Ghaziabad, Muzzafarnagar, Rewari, Gurugram and Karnal.

Jana, a Production (Mechanical) Engineer from Jadavpur University, brings to



IGL a rich experience of over 35 years in leading, managing and implementing large projects and business solutions in Oil and Gas sector in the fields of Marketing, Pipeline Pro-

jects, CGD and Operations & Maintenance. Before joining the current assignment, Jana was posted as Chief Executive Officer of GAIL Gas Limited, a wholly owned subsidiary of his parent organization GAIL (India) Ltd., India's youngest Maharatna. He has successfully led GAIL Gas in expanding its footprints in various geographies across the country, directly as well as through joint ventures. MPOST

Give telcos a break

The SC should be pragmatic on the AGR issue

S MURLIDHARAN

The Supreme Court, in an order dated October 24, 2019, directed telecom companies — 15 entities, to be precise — to cough up staggering dues of ₹1.47 lakh crore to the government within three months. This included ₹92,642 crore in unpaid licence fee and ₹55,054 crore in outstanding spectrum usage charges, penalty and interest. When the deadline passed, the Court read the riot act to the telcos, chastising them for not obeying its order and told them to pay up before the day ended. DoT officials, too, cracked the whip to and ordered the telcos to pay up before midnight on the day.

Telcos' refusal to pay the dues rose from their perception of what constituted adjusted gross revenue (AGR) — viz, only telecom revenues. In other words, they believed they were to pay the agreed sliver of telecom revenues, period. Interest, dividend, rent, etc, did not come under AGR.

Even if they are right, they have signed on the dotted lines, committing to share their non-operational revenues too. The apex court was in no mood to indulge their monumental folly.

Encouraged by the SC order of October 24, the DoT targeted the oil and gas revenues of PSUs like GAIL, Oil India and PowerGrid by demanding about ₹4 lakh crore as revenue share from their non-telecom operations. On June 11, 2020, the SC gave a dressing down to the DoT for misusing its order. It said the ruling on AGR applied to telcos alone. PSUs have largely strayed into telecom for their own internal communication needs, and not for commercial purposes. A very fine line has been drawn by the SC. But, then, shouldn't the same line have been drawn in favour of the beleaguered telcos also?

Let's say an Indian pharma company produces a blockbuster drug under licence from a foreign company holding the patent. And during the year, the Indian company sells ₹100 crore of this drug and another ₹100 crore of other drugs. The foreign licensor obviously cannot demand royalty on the other ₹100 crore. This simple rationale was lost on the DoT while granting the telecom licences in 1999.

Granted, telcos erred in not reading the agreement thoroughly. But while the DoT has tried to benefit from this mistake, the SC should have been the voice of reason. It should have invoked Article 142 of the Constitution to ensure complete justice to the parties concerned and ordered that the AGR dues be paid only on operational revenues.

The SC has relented to the extent that it has asked the telcos to submit its payment plans to the DoT to see if they were acceptable. In turn, the Covid-singed telcos are seeking a 20-year period to pay up. One wonders if the DoT will agree. In any case, the telcos would find it difficult to provide bank guarantees and other acceptable securities in earnest of staggered payments of such a monumental order. The telcos should hope that the sensitivity and pragmatism shown by the Court to the PSU oil companies is extended to them as well.

There is a lot at stake. Increasing telecom usage has implications on growing data usage over Internet as well as the funding banks' survival. Let's not kill the goose that lays golden eggs. Banks could be singed by the avarice of the DoT, as they would also be caught in the crossfire should telcos become sick. The Central government should, ideally, step forward to handle the situation.

The writer is a Chennai-based chartered accountant

