



## Irrational demand

Licence-linked dues from non-telcos should be reviewed

**T**he Supreme Court order defining telecom revenue has landed a number of non-telecom companies in the soup because they are saddled with a demand of close to ₹3 trillion. These companies will have to pay licence-linked dues based on their overall revenues, which have very little to do with telecom, after the apex court, in an order in October last year, upheld the government's definition of adjusted gross revenues (AGR) for telecom licensees. AGR is the revenue amount used to calculate the licence fee and spectrum charges paid by telecom companies to the Department of Telecommunication (DoT). As a result of the order, non-telecom companies including GAIL, RailTel, and PowerGrid, need to together cough up ₹2.97 trillion, which is more than double what telcos will have to pay. The numbers are baffling — GAIL (India) has to pay ₹1.72 trillion, which is more than three times its net worth and several times the actual revenue earned. The company has claimed that it earned only ₹35 crore as revenue from its telecom business since 2001-02. PowerGrid will have to pay an astounding ₹22,168 crore, while Gujarat Narmada Valley Fertilisers and Chemicals needs to pay ₹15,019 crore and RailTel ₹290 crore.

While the court verdict has put telcos in the dock at a time when they are running deep losses with some on the verge of default, the others with internet service provider (ISP) licences or those having licences to meet their internal communication needs have been caught in the legal crossfire without any reason. Many of these companies, after taking communication-linked licences, never operated those businesses, and some others ran very minuscule telecom/internet operations while their primary business interests ranged from energy to power to broadcasting services. Instead of fighting on their behalf in the court, the DoT has sent out notices to non-telcos for paying up the dues by January 24. The DoT should have stepped in proactively in the case to argue the irrationality of bringing non-telcos under the ambit of the judgment. In the absence of the court order, making a distinction between telcos and non-telcos, the DoT, which has been the prime mover in the AGR case, should have been responsible enough to intervene when required.

For the government, the AGR payout by telcos and non-telcos adding up to ₹4.41 trillion would be a timely help in meeting the revenue target this financial year. But the government should avoid falling into this trap. Any irrational levy on businesses (non-telcos who are part of the SC order in this case) may boomerang and that's something that should have been avoided. The Supreme Court, which refused an open court hearing in the matter earlier this week, is expected to hear the petition moved by the industry ahead of the January 24 AGR payout deadline in a closed chamber. The expectation from the top court is that it will review its earlier order in the case of non-telcos so that they can put their focus back on their respective core businesses.



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