AGR (ADJUSTED GROSS REVENUE)



HISTORY

• 1991

Initiation of Privatization of the Telecom sector

1994

The National Telecom Policy was formulated. The term of the license was fixed at 10 years which was revised to 15 years.
 The service providers had to pay an annual license fee which was agreed upon during the auction of the license. The annual license fee was based on the projection of revenue generation.

• 1999

- Financial breakdown of telecom service providers due to heavy capital investment, number of subscribers lower than projected and significant amount of the finances of the service provider were used to pay license fees.
- This led to the implementation of New Telecom Policy, 1999, which allowed the migration from a Fixed License Fee Regime
 to a Revenue Arrangement Scheme w.e.f 1 Aug 1999, wherein the mobile telephone operators were required to share a
 percentage of their AGR with the government as annual license fee and spectrum usage charges.

DISPUTE

The dispute between the DoT (Department of Telecommunications) and the mobile operators has been mainly on the definition of AGR. The DoT argued that AGR includes all revenues from both telecom as well as non-telecom services, the operators suggest that it should include only the revenue from core services.

Oct 2019

The Do issued bills to major telecom operators seeking payment of AGR dues.

Supreme Court approached for redressal of the matter.

24 Oct 2019

SC ruled that the statutory dues need to be calculated by including non-telecom revenues in the AGR of telecom companies, asking operators to clear their dues by Jan 2020.

18 Mar 2020

Deadlines were misses, hence SC rapped DoT and operators for ignoring court orders, and held that no further arguments against the dues owed would be heard, calling self-assessment fraud, but adds consideration of staggered payments.

Jun 2020

SC says 20 years to pay dues is not reasonable in any sense, asks them to come with new financial plan.

Directs operators to furnish financial statements and books of accounts of last 10 years to ascertain the firms' capability to clear AGR dues.

DUES

(In Rs crores) Self-Assessed 13,004 21,533 As per DoT 43,980 58,254 195 Paid 18,000 7,854