

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 missed, 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.

BANKRUPT TELECOMS

A new twist has been added to the dispute.

The Supreme Court observed on 10 Aug that the Government must draw up a plan to recover AGR related dues from bankrupt telecom operators. Spectrum is a government property, not private, and anyone using it is liable to pay the dues.

SC has sought the details of spectrum sharing pact between Reliance Communications (RCom) and Reliance Jio and said as to why the company using the spectrum of the other firm cannot be asked to pay the AGR related dues to the government and has also asked the DoT to place on record the details regarding the use of spectrum of other telecom companies, including Aircel, which are facing proceedings under Insolvency and Bankruptcy Code (IBC).

