

News monitored for: COAI

Telcos seek relaxation in Q4 licence fee payout

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CITING “abysmal” financial health of the sector, cellular operators have asked the government not to benchmark the current quarter’s licence fee to the previous three months and allow them to pay as per the estimated revenue.

It has sought relaxation of the clause of Unified Licence that states: “For the last quarter of the financial year, the licensees shall pay the licence fee by March 25 on the basis of expected revenue for the quarter, subject to a minimum payment equal to the revenue share paid for the previous quarter”.

COAIDG Rajan Mathews said: “If we continue to pay according to the prior quarter’s Adjusted Gross Revenue, it will lead to the industry overpaying. We have asked the government to allow us to



pay on the actuals, independent of the previous quarter’s benchmark given the deteriorating health of the industry.”

The Cellular Operators Association of India (COAI) has written to the telecom department in this regard, he said.

It has said that the industry’s current financial situation is “abysmal” and

that the financial health of most of the industry players deteriorated significantly in the third quarter of the current fiscal, with most of them reporting a substantial drop in the profits and revenues.

The revenue and other financial indicators of the final quarter of 2016-17 are expected to spiral further downwards.

Therefore, the licence fee outgo on the basis of minimum payment being equal to the revenue share paid for the previous quarter, “would not be justifiable” and will “further strain the cash flows”.

“DoT is requested to relax the said licence condition (clause 20.4) for the payment of licence fee. We humbly request that the operators be allowed to pay licence fee on the basis of the estimated revenue for Q4 instead of an amount equal to the pay-outs for Q3,” COAI added.

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