

COAI Welcomes Government's Decision on Bold Telecom Sector Reforms



New Delhi, 15 September 2021: COAI, the representative body for the Indian telecommunications industry, today lauded the bold and forward-looking reforms approved by the Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi. The much-needed structural and procedural reforms announced by the Hon'ble Minister of Communications, Ashwini Vaishnaw will spur the industry's growth, infuse liquidity, encourage competition, and protect the common man's interests. The much-needed liquidity relief has been a recurring ask of the telecom service providers.

"We thank the Hon'ble Prime Minister Shri Narendra Modi for recognizing the telecom industry as a critical infrastructure, which has played a vital role for the growth of the economy during this pandemic. The decision announced by the Hon'ble Minister of Communications Ashwini Vaishnaw is an indication of the Government's intent for the much-needed structural reforms in the telecommunications sector, in scripting the success of Digital India and in accelerating the journey to meet Digital India goals which will ultimately deliver ample benefit to the individual consumers," said **Lt. Gen. Dr. SP Kochhar, Director General, COAI.**

These steps would go a long way in relieving the financial stress the sector is facing, boosting investments, and encouraging healthy competition and in offering choice to customers. The announcement is aligned with the telecom industry's long-standing asks. It would bring in a new era for the Indian telecommunications industry, which has been a catalyst in the growth of the Indian economy over the past many decades. The industry stood united and played a critical role in ensuring that India's telecom infrastructure remained robust and provided the much need connectivity during the pandemic.

The structural reforms announced by the Union Cabinet are a step in the right direction. They would bring about the much-needed relief that the telecom industry needs urgently. Of special note are the rationalization of adjusted gross revenue, rationalization of bank guarantees and removal of penalties, increase of spectrum tenure from 20 to 30 years, removal of Spectrum Usage Charges (SUC) in future spectrum auctions, 100% FDI under automatic route.

Under the five procedural reforms of special note are the fixed spectrum auction calendar, E-KYC rate revised to only One Rupee, digital data storage replacing Paper Customer Acquisition Forms (CAF). The Union Cabinet has addressed the liquidity requirements of Telecom Service Providers by deferring upto four years in annual payments of dues arising out of the AGR judgement and option to the TSPs to pay the interest amount arising due to the said deferment of payment by way of equity.

The measures announced today will further lead to a much more robust and healthy telecom sector which in turn will spur innovation and investments in allied industries like network equipment, smartphones, data centers, etc. and contribute to India's AtmaNirbhar vision.