

Telcos to fork out more than Rs 20,000 cr as one-time fee

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GSM telcos are set to fork out more than Rs 20,000 crore as one-time fee for holding spectrum beyond 4.4 MHz.

In an order issued on December 28, the Department of Telecommunication (DoT) has said that the one-time fee would be effective from January 1, 2013, and operators who do not wish to pay the change should surrender spectrum beyond 4.4 MHz.

However, almost half of the total one-time fee is supposed to come from the state-run operators Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL), which the government might have to adjust against other payments.

The government has calculated the one-time fee based on the November auction. But one-time fee calculated for Delhi, Mumbai, Rajasthan and Karnataka are provisional as these four circles did not receive any bidders in the November auction.

The government will finalise the one-time fee for the four telecom zones once prices for these circles are determined through auction. The government will conduct a fresh round of auction for the four circles by March at a revised base price which is 30 per cent lower than the base price set during the November auction.

One-time fee for the 900 MHz spectrum will also be adjusted once auctions are conducted and prices are discovered. Incumbent operators will have to pay a one-time fee for spectrum beyond 4.4 MHz in the GSM band and 2.5 MHz for CDMA prospectively. But for spectrum beyond 6.2 MHz, they would have to pay retrospectively from July 2008.

The government, however, has given an option for the telcos to pay the fee in equal installments for the balance period of their licences with an interest rate of 9.75 per cent, or they can pay upfront.