

Adjusted Gross Revenue (AGR)

June 2, 2020

- The Telecom Service Providers/ Operators pay some part of their REVENUE (Income from sale of services) to the government as License Fee (8% of REVENUE) and Spectrum Usage Charge (SUC which is between 3 to 5% of the REVENUE).
- The whole issue is about what all sources of income should be included in REVENUE. This REVENUE is called Adjusted Gross Revenue (AGR).
- The Govt. says AGR should include all revenue earned by a service provider, including that emanating from non-core sources such as rent, profit on sale of fixed assets or sale of scrap, corporate deposits, real estate transactions, handset sales, dividend income and interest and miscellaneous income. But the telecom operators say AGR should include revenue arising out of only telecom services.
- This issue has been under litigation since 2003. Recently, the Supreme Court has said that AGR should include all the revenues even from non-core sources.
- It means the telecom operators will have to pay License Fee and SUC even on non-core sources of revenue which is coming to be a staggering amount plus penalty and interest accrued on that (total Rs. 1.4 lakh crore).
- Most of this will be borne by Airtel and Vodafone as JIO is a new entrant.