



## Decisions taken by the Union Cabinet

- **Cabinet approves major Reforms in Telecom Sector**

The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, has approved a number of structural and process reforms in the Telecom sector. These are expected to protect and generate employment opportunities, promote healthy competition, protect interests of consumers, infuse liquidity, encourage investment and reduce regulatory burden on Telecom Service Providers (TSPs).

In the backdrop of the outstanding performance of the Telecom Sector in meeting COVID-19 challenges, with huge surge in data consumption, online education, work from home, interpersonal connect through social media, virtual meetings etc., the Reform measures will further boost the proliferation and penetration of broadband and telecom connectivity. The Cabinet decision reinforces the Prime Minister's vision of a robust Telecom Sector. With competition and customer choice, antyodaya for inclusive development and bringing the marginalized areas into the mainstream and universal broadband access to connect the unconnected. The package is also expected to boost 4G proliferation, infuse liquidity and create an enabling environment for investment in 5G networks.

Nine structural reforms and Five procedural reforms plus relief measures for the Telecom Service Providers are as below:

### **Structural Reforms**

1. Rationalization of Adjusted Gross Revenue: Non-telecom revenue will be excluded on prospective basis from the definition of AGR.
2. Bank Guarantees (BGs) rationalized: Huge reduction in BG requirements (80%) against License Fee (LF) and other similar Levies. No requirements for multiple BGs in different Licenced Service Areas (LSAs) regions in the country. Instead, One BG will be enough.
3. Interest rates rationalized/ Penalties removed: From 1st October, 2021, Delayed payments of License Fee (LF)/Spectrum Usage Charge (SUC) will attract interest rate of SBI's MCLR plus 2% instead of MCLR plus 4%; interest compounded annually instead of monthly; penalty and interest on penalty removed.
4. For Auctions held henceforth, no BGs will be required to secure instalment payments. Industry has matured and the past practice of BG is no longer required.
5. Spectrum Tenure: In future Auctions, tenure of spectrum increased from 20 to 30 years.
6. Surrender of spectrum will be permitted after 10 years for spectrum acquired in the future auctions.
7. No Spectrum Usage Charge (SUC) for spectrum acquired in future spectrum auctions.
8. Spectrum sharing encouraged- additional SUC of 0.5% for spectrum sharing

removed.

9. To encourage investment, 100% Foreign Direct Investment (FDI) under automatic route permitted in Telecom Sector. All safeguards will apply.

### **Procedural Reforms**

1. Auction calendar fixed - Spectrum auctions to be normally held in the last quarter of every financial year.
2. Ease of doing business promoted - cumbersome requirement of licenses under 1953 Customs Notification for wireless equipment removed. Replaced with self-declaration.
3. Know Your Customers (KYC) reforms: Self-KYC (App based) permitted. E-KYC rate revised to only One Rupee. Shifting from Prepaid to Post-paid and vice-versa will not require fresh KYC.
4. Paper Customer Acquisition Forms (CAF) will be replaced by digital storage of data. Nearly 300-400 crore paper CAFs lying in various warehouses of TSPs will not be required. Warehouse audit of CAF will not be required.
5. SACFA clearance for telecom towers eased. DOT will accept data on a portal based on self-declaration basis. Portals of other Agencies (such as Civil Aviation) will be linked with DOT Portal.

### **Addressing Liquidity requirements of Telecom Service Providers**

The Cabinet approved the following for all the Telecom Service Providers (TSPs):

1. Moratorium/Deferment of upto four years in annual payments of dues arising out of the AGR judgement, with however, by protecting the Net Present Value (NPV) of the due amounts being protected.
2. Moratorium/Deferment on due payments of spectrum purchased in past auctions (excluding the auction of 2021) for upto four years with NPV protected at the interest rate stipulated in the respective auctions.
3. Option to the TSPs to pay the interest amount arising due to the said deferment of payment by way of equity.
4. At the option of the Government, to convert the due amount pertaining to the said deferred payment by way of equity at the end of the Moratorium/Deferment period, guidelines for which will be finalized by the Ministry of Finance.

The above will be applicable for all TSPs and will provide relief by easing liquidity and cash flow. This will also help various banks having substantial exposure to the Telecom sector.

- **Cabinet approves Memorandum of Understanding (MoU) between India and Italian Republic on Cooperation in the field of Disaster Risk Reduction and Management**

The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, was apprised about the Memorandum of Understanding (MoU) between the National Disaster Management Authority (NDMA) of the Republic of India and the Department of Civil Protection of the Presidency of the Council of Ministers of the Italian Republic on Cooperation in the field of Disaster Risk Reduction and Management.

### **Benefits:**

The MoU on Cooperation in the Field of Disaster Risk Reduction and Management which was signed between the NDMA of the Republic of India and the Department of Civil Protection of the Presidency of the Council Ministers of the Italian Republic.

The MoU seeks to put in place a system, whereby both India and Italy will benefit from the Disaster Management mechanisms of each other and it will help in strengthening the areas of preparedness, response and capacity building in the field of Disaster Management.

The MoU on cooperation in the Field of Disaster Risk Reduction and management between the NDMA of the Republic of India and the Department of Civil Protection of the Presidency of the Council of Ministers of the Italian Republic was signed in June, 2021.

- **Government has approved Production Linked Incentive (PLI) Scheme for Auto Industry and Drone Industry to enhance India's manufacturing capabilities**

Taking steps forward towards the vision of an 'Aatmanirbhar Bharat', Government led by Hon'ble Prime Minister, Shri Narendra Modi, has approved the PLI Scheme for Automobile Industry and Drone Industry with a budgetary outlay of ₹ 26,058 crore. The PLI scheme for the auto sector will incentivize high value Advanced Automotive Technology vehicles and products. It will herald a new age in higher technology, more efficient and green automotive manufacturing.

PLI Scheme for Automobile Industry and Drone Industry is part of the overall announcement of PLI Schemes for 13 sectors made earlier during the Union Budget 2021-22, with an outlay of ₹ 1.97 lakh crore. With the announcement of PLI Schemes for 13 sectors, minimum additional production in India is expected to be around ₹ 37.5 lakh crore over 5 years and minimum expected additional employment over 5 years is nearly 1 crore.

The PLI Scheme for the auto sector envisages to overcome the cost disabilities to the industry for manufacture of Advanced Automotive Technology products in India. The incentive structure will encourage industry to make fresh investments for indigenous global supply chain of Advanced Automotive Technology products. It is estimated that over a period of five years, the PLI Scheme for Automobile and Auto Components Industry will lead to fresh investment of over ₹42,500 crore, incremental production of over ₹2.3 lakh crore and will create additional employment opportunities of over 7.5 lakh jobs. Further this will increase India's share in global automotive trade.

The PLI Scheme for auto sector is open to existing automotive companies as well as new investors who are currently not in automobile or auto component manufacturing business. The scheme has two components viz Champion OEM Incentive Scheme and Component Champion Incentive Scheme. The Champion OEM Incentive scheme is a 'sales value linked' scheme, applicable on Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments. The Component Champion Incentive scheme is a 'sales value linked' scheme, applicable on Advanced Automotive Technology components of vehicles, Completely Knocked Down (CKD)/Semi Knocked Down (SKD) kits, Vehicle aggregates of 2-Wheelers, 3-Wheelers, passenger vehicles, commercial vehicles and tractors etc.

This PLI Scheme for automotive sector along with the already launched PLI scheme

for Advanced Chemistry Cell (ACC) (₹18,100 crore) and Faster Adaption of Manufacturing of Electric Vehicles (FAME) (₹10,000 crore) will enable India to leapfrog from traditional fossil fuel based automobile transportation system to environmentally cleaner, sustainable, advanced and more efficient Electric Vehicles (EV) based system.

The PLI Scheme for the Drones and Drone components industry addresses the strategic, tactical and operational uses of this revolutionary technology. A product specific PLI scheme for drones with clear revenue targets and focus on domestic value addition is key to building capacity and making these key drivers of India's growth strategy. The PLI for Drones and Drone components industry, will over a period of three years, lead to investments worth ₹ 5,000 Crore, increase in eligible sales of ₹ 1500 crore and create additional employment of about 10,000 jobs.

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Warm Regards,

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