

अखिल भारतीय ट्रेड यूनियन कांग्रेस All India Trade Union Congress

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Press Statement

The following press statement was released by National Secretariat of AITUC on 13.01.2022.

Central Government's Vi settlement is criminal

Reports appearing in the newspapers (IE, 12.01.2022) regarding the Central Government converting Rs.16000 Cr interest dues from Vi (Vodafone Idea) into equity shares are shocking.

It was known that Vi owed the Government Rs.58254 Cr as Adjusted Gross Revenue (AGR) alone, plus penal interest for late payment. The operators (Vodafone Idea, Bharti Airtel and Reliance Communications) had gone to Supreme Court challenging the definition of AGR. The Government's position was "revenue" included ALL revenue, whether telecom service related or otherwise. Supreme Court had upheld Government's position on 1.09.2020.

Then came the "big bang" reforms announcement by the Government on 1.09.2021, allowing a moratorium on payment of AGR dues by the culprit telecom service providers (TSP) of four years, prospective change in the definition of AGR in line with what TSPs wanted and allowing 100% FDI through automatic route! And also an option was given to TSPs to convert the interest on AGR dues during the four years of moratorium into equity! All the TSPs hailed the bold reforms (one reluctantly, saying more should have been done!).

Now comes the news of the Central Government already buying equity shares of Vi worth Rs 16000 Cr, at par, i.e. for Rs.10/- each when its price was below par on 14.08.2021, the cut-off date fixed by the Supreme Court! That leaves the Central Government with 35.8% shares of Vi, Vodafone Idea holding 28.5% (down from 45%) and Aditya Birla Group holding 17.8% (down from about 28%). Now the Government also owns the liability of Vi debt, that is more than Rs.2 lac Cr. To top it all, the news item reports that the current promoters "also agreed to amend the shareholder agreement and have brought down the minimum qualifying shareholding threshold from 21% to 13%, thus both, Vodafone and Aditya Birla Groups will continue to hold rights to take important decisions about the company, while it is not clear if the Government will have the right to appoint executives to the Vi board.

Why this largesse to these TSPs, when the Government's own BSNL and MTNL are starved to death? Why buy shares of a bankrupt company when the Government swears by the philosophy "the government has no business to be in business"? Why give up what is due to the Government by way of taxes and then float the insidious scheme like the National Monetization Pipeline (NMP) allegedly to raise funds for new infrastructure? What if the corporates lapping up Government assets coming out of the NMP turn around saying we cannot pay the agreed lease rent? Will the government then shamelessly announce mother of all reforms?

AITUC condemns this deal as a criminal act on the part of the Government. The Government has no right to go about waiving off taxes like this when multitude of our people are reeling under pathetic living conditions. We demand that the Government simply withdraw this anti-people step.

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