

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:4882

ANSWERED ON:27.04.2005

REDUCTION IN THE PENALTY FOR DELAYED PAYMENTS

Adhalrao Patil Shri Shivaji

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the Government has reduced that rate of interest and penalty for delayed payments for all new unified access licensees including basic companies migrating to UASL, NLD and ILD players;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the Quantum of revenue loss suffered as a result thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) Yes, Sir.

(b) The existing licenses had provided for interest to be levied at a rate five percent above the prime-lending rate (PLR) of State Bank of India (SBI) prevailing on the day a payment became due. The rate has now been fixed at two percent above the PLR of SBI existing at the beginning of the concerned financial year. The penalty has similarly been reduced from 150% of the amount of licenses fee short-paid for a financial year, to 50% thereof. The changes, which apply to dues becoming payable for periods from first April 2005 onwards, have made the provisions not only more acceptable but also easier to administer.

(c) The differential amount of interest and penalty cannot be termed as a revenue loss except in a hypothetical sense since, unlike license fee, interest and penalty are not regular source of revenue and the reduced rates will get attracted only if some of the licensees fail to pay their dues, that become payable for periods from 01.04.2005 onwards, as prescribed.