

Aircel Bankruptcy Crisis

Why in news?

\n\n

Aircel Cellular Ltd. has filed for bankruptcy under Insolvency and Bankruptcy Code, 2016.

\n\n

What is the crisis faced by Aircel?

\n\n

- \n
 - Aircel has more than 85 million subscribers across 17 telecom circles, in India.
- \n
 - Aircel services were disrupted after Telecoms like Idea Cellular and Vodafone stopped interconnect services for non-payment of dues.
- \n
 - While the operator had shut services in six circles, services in other regions were hit due to financial problems.
- \n
 - GTL Infrastructure had switched off nearly one-third of the total towers due to non-payment of dues.
- \n
 - Aircel is also facing an unsustainable debt rises, owing to intense competition following the disruptive entry of a new player.
- \n
 - This has caused significant negative business and reputational impact on the company.

\n\n

What is the need for this move?

\n\n

- \n
 - As per RBI guidelines, the company invoked a Strategic Debt

Restructuring (SDR) scheme in January 2018, but no agreement could be reached with the lenders on restructuring of debt and funding.

\n

- Under the current circumstances, especially after RBI guidelines, the company believes resolution process under the Code is an appropriate recourse.

\n

- To protect the interest of everyone (vendors, distributors, employees, etc.) and to preserve the value of the company and manage its operations it has taken this move.

\n

\n\n

What measures were taken by the company?

\n\n

\n

- The Telecom Regulatory Authority of India (TRAI) had directed Aircel to generate Unique Porting Codes (UPCs) in operational circles where a large number of its subscribers were facing difficulties in porting their mobile numbers.

\n

- Seeking cooperation from all stakeholders, including the vendor fraternity and channel partners during the IBC process, Aircel continued services from suppliers and partners for the ongoing business.

\n

- The company also plans to communicate to all customers that it would strive hard to provide uninterrupted service connectivity and appealed for their support during the current “difficult” period.

\n

\n\n

\n\n

Source: The Hindu

\n\n

\n\n

\n\n

\n



SHANKAR
IAS PARLIAMENT
Information is Empowering