Aircel Bankruptcy Crisis

Why in news?

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

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What is the crisis faced by Aircel?

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

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What is the need for this move?

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- 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.
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- Under the current circumstances, especially after RBI guidelines, the company believes resolution process under the Code is an appropriate recourse.
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- 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.
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What measures were taken by the company?

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- 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.
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- 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.
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- 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.
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Source: The Hindu

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