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Telcos need to up tariffs after spectrum buys: CareEdge

Synopsis

The last tariff revisions happened in late calendar 2021 and it has seen steady acceptance with all three telcos reporting consistent average revenue per user (ARPU) growth despite declining subscriber base in some quarters. This, the report added, indicated industry preparedness for consecutive tariff hikes.



Tariff hikes that result in ARPU elevation that eventually drives revenues will be critical.

Telcos will need to push for tariff hikes and retain market shares to ensure sector health, in light of the purchases made in the recently concluded **5G** spectrum auctions, said **CareEdge** Outlook.

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"The TSPs may thus be prompted to revisit the tariff plan in the next 9-12 months, which could further aid the improvement of their ARPU levels by around 25%," according to the CareEdge Outlook.



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With a total of Rs 1.5 lakh crore committed towards spectrum buys, the operators are expected to see an increase in their leverage levels with a significant capex outlay.

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