

**1-6/2001-LF**  
**MINISTRY OF COMMUNICATIONS**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**No.- 1300, SANCHAR BHAVAN, 20 ASHOKA ROAD, NEW DELHI – 110001**  
**(Licensing Finance Cell )**

**OFFICE MEMORANDUM**

Dated 8<sup>th</sup> October'2002

To

The controller of Communication Accounts,  
Delhi, Tamil Nadu, Karnataka, Kerala  
Orissa, UP (East ), Andhra Pradesh and Rajasthan

Sub: Transfer of work relating to Licensing Finance functions in respect of Cellular and Basic Services to the office of Controller Communication Accounts (O/o CCA) – Reg.

Attention is invited to the orders contained in the office memorandum ( para 8 refers ) referred to above , whereby the work relating to **“Collection of License Fee in the form of Revenue Sharing from various operators on behalf of the Government:”** has been delegated to the O/o CCA.

2. It has been decided that the work relating to collection of License Fee in the form of Revenue Share in respect of Cellular and Basic Services would be handled by the O/o CCA in pursuance of the above mentioned order. In this connection the discussion held at the Workshop conducted on 25.09.2001 on the subject may kindly be recalled. A detailed schedule of activities that are proposed to be undertaken for the smooth transition of work from DOT HQ to O/o CCA is summarized below for strict compliance
- 3.1 The date of effect :-  
The actual date of effect of transition of work to O/o CCA is 01.01.2003. the license fee payments which are collected quarterly in advance for the financial year 2002-03. The licensees have been allowed a period of 15 1.10.2002 and 01.01.2003. the licensees have been allowed a period for 15 days from the commencement of quarter for payment of License Fee. Thus the last date for payment of license fee is 15<sup>th</sup> of the month of commencement of the quarter. The LF section at DOT HQZ has already collected the License Fee for the initial two quarters of the current Financial Year from some of the licensees and will continue to collect the payment up to 31.12.2002. However, from 01.01.2003, the O/o CCA would be collecting the License Fee pertaining to Quarter beginning 01.01.2003 in addition to any left over payments for the current financial year. All adjustments/ short payments pertaining to period prior to 01.04.2002 shall continue to be collected by DOT HQ.
- 3.2 Submission of returns on collection of License Fee : Since the collection of License Fee is being monitored at the highest level, instant communication of collection received by O/o CCA to the DOT HQZ is of utmost importance. It is therefore, requested that as soon as the collectins are received a report )Proforma at Annexure A ) is sent on the same day by Fax followed by a postal confirmation. In addition, a Monthly report on the collections received during the month is also required to be sent. If there are no payments received during a month, a NIL report is required to be sent invariably. It must be ensured that the amount mentioned in the monthly report tallies with the booked figure under relevant head in the CAC o the month. If there are any differences, the reasons for the same is to be furnished. The due date for receipt of Monthly Report ( Proforma at Annexure B ) is 5<sup>th</sup> of the following month,. All payments

should be in the form of DD / Pay order only

Being high value DD/ Pay order, it may be ensured that they are deposited on the same day and also the clearance of the same watched.

- 3.3 Classification of Payments :- the quantum of License Fee depends on the percentage of Adjusted Gross Revenue (AGR ) as defined in the License Agreement. The rate of License Fee are 12%, 10% and 8% in the respect of Circles in the category of 'A' , 'B' & 'C' respectively. The list of Circles / Metros classified under A, B and C are furnished in Annexure C. An apportionment of Revenue Share is to be made by classifying, 5% of the AGR under Universal Service Obligation (USO ) irrespective of any category of Circles and remaining to License Fee is to be effected. For example, in respect of Category A circle, 7% of AGR is classified under License Fee and 5% under USO. The detailed account head is also furnished in Annexure –C
- 3.4 Maintenance of FBG : At present Financial Bank Guarantees (FBG ) and Performance Bank Guarantees (PBG ) are maintained at DOT HQZ to guard against default of any payment or breach of any license conditions as per the provisions of the license agreement. All the original Financial Bank Guarantees along with the annexures etc will be handed over to the respective O/o CCA who shall be required to personally received the same. However, the PBGs will continue to be held at DOT HQs. A detailed instruction on the maintenance of the Bank Guarantees is placed at Annexure 'D'. the formats of the registers to be maintained for the maintenance of the Bank Guarantees are also enclosed. Since the Bank Guarantees are an integral part of the License Agreement, timely renewal and proper unkeep of the Guarantees is to be ensured.
- 3.5 Calculation of interest / Penalty on delayed payment:- According to the provisions of the amendments signed by the licensees, interest on delayed payment of License Fee at the rate of PLR + 5% is leviable. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purpose of calculation of interest. In addition , in case the amount paid on the self assessment falls short by more than 10% of the payable license fee, a penalty of 150% of the entire amount of short payment is leviable. However, if such short payment is made good within 60 days from the last day of the Financial year, no penalty shall be imposed.
4. Maintenance of records : The following registers are to be maintained at the O/o CCA in order to ensure timely submission of various returns as explained above.
  - (i) Collection Register : The register is intended to record the collections from the licensees on day to day basis and format for the same ie enclosed at Annexure –E
  - (ii) Revenue Share Register : This Register is intended to record the AGR as per affidavit and the Revenue Share payment for each quarter. This register is maintained servicewise / licensee wise. This register forms the basis for finalisation of revenue share at the year end. The format for the same is enclosed at Annexure –F
  - (iii) Bank Guarantee Register : The details of FBG of the licensees are recorded in a register for monitoring purposes. Any extension or replacement are recorded in the register. The format of this register is given at Annexure –G
- 5 List of documents to be handed over to O/o CCA :- The following documents will be handed over to the representative of O/o CCA who shall personally receive the same under acquittance.
  - (i) Details of Revenue Share collected pertaining to Financial Year 2002-03 Circle / Licensee – wise.
  - (ii) Affidavits / quarterly statements furnished by the licensees for the 1<sup>st</sup> three quarters of the current financial year.
  - (iii) Copies of license agreements / amendments signed by the licensee.
  - (iv) Original FBG alongwith extension letters, if any

6. Revenue Share from MTNL / BSNL/ VSNL :- All transactions relating to these organizations shall continue to be dealt at the Headquarters itself and it is not proposed to decentralize the work relating to these units at this state.
7. Time Schedule :- The collection of revenue share from the licensees at O/o CCA is to commence from 01.01.2003. hence all the Heads of O/o CCA are requested to arrange for collection of their above mentioned documents from DOT Headquarters, New Delhi, Doubts regarding the modalities shall also be clarified to the representative deputed here. A separate communication in this regard shall follow.
8. License agreement & Amendments thereof :- It must be ensured that the license agreement and the amendments thereof be thoroughly studied. Notwithstanding anything contained in this letter, the terms and conditions as stipulated in the License Agreement and amendment thereof with particular emphasis on the financial conditions may be adhered to scrupulously.
9. Powers to be exercised by O/o CCA vis-à-vis the Licensees :- No action shall be initiated by the O/o CCA in terms of the conditions of the License Agreement and its amendments thereof except for invocation of the Financial Bank Guarantees in case of its non renewal and non payment of License Fee. Such powers shall be exercised only with the approval of the Head of the O/o CCA. Intimation regarding initiation of such action shall invariably be reported to the DOT HQ.

**(R.N. SINGH)**  
**ASST. DIRECTOR GENERAL (LF-I)**  
**Tel : 371 5490 FAX 337 2044**

Copy to

1. Sri PPS to Chairman Telecom Commission.
2. Sr. PPS to Member (Finance) / Member (P)
3. Advisor (F)
4. DDGs FEB / SEA/ TPF / Accounts / VAS / BS
5. Director (LF ) / Director (TA -I ) DOT HQ

### Works Relating to Recovery of License Fee

**Points to be Discussed :**

- |    |                                 |   |   |
|----|---------------------------------|---|---|
| 1. | From whom to be recovered       | BSNL<br>Reliance Mobile   | Will be known after collection for agreement. Copies from DoT2. |
| 2. | Manpower arrangement            | New JAO being posted who will supervise this work along with GPF working. One Sr. Acct to be posted.  |   |
| 3. | Pre arrangement                 | Records to be maintained <ul style="list-style-type: none"> <li>• Collection Register</li> <li>• Revenue Share Register</li> <li>• Bank Guarantee Register</li> </ul>   |   |
| 4. | Records to be obtained from DoT | <ul style="list-style-type: none"> <li>• Details of Revenue Share</li> <li>• Affidavits</li> <li>• Quarterly Statements furnished by licensees for QE 30.06.2002, 30.09.02 &amp; 31.12.02.</li> <li>• Copies of agreements with Amendment, if any.</li> <li>• Original FBG alongwith Extension letters.</li> </ul>  |   |
| 5. | Submission of Returns           | <ul style="list-style-type: none"> <li>• Collection received immediately after the same is received in proforma Annexure –A</li> <li>• Monthly report of collection in form of Annexure B by 5<sup>th</sup> of following month</li> </ul>   |   |
| 6. | Maintenance of Bank Guarantee   | Financial Bank Guarantees is to be brought from DoT Hqr and maintained at Circle Office.  |   |
|    | Performance Bank Guarantee      | Is to be maintained at DoT CHqr.  |   |
|    | Validity of Bank Guarantee      | For 1 year, which should be renewed one month prior to expiry. Telephonic reminder to be given 15 days before. In case not renewed, a letter to concerned Bank as per specimen is to be sent to deposit the guarantee money with BSNL. The proceeds to be accounted for as per head of account given. A register to be maintained for the purpose as per prescribed format. |   |





**ATEGORISATION OF SERVICE AREAS IN CELLULAR MOBILE TELEPHONE  
 SERVICE  
 AND BASIC TELEPHONE SERVICE**

**ANNEXURE C**

Sl. No.	Service Area	Category	
		Basic	Cellular
1	Andhra Pradesh	A	A
2	Chennai	-	A
3	Delhi	A	A
4	Gujarat	A	A
5	Karnataka	A	A
6	Kolkata	-	A
7	Maharashtra	A	A
8	Mumbai	-	A
9	Tamil Nadu	A	A
10	Haryana	B	B
11	Kerala	B	B
12	Madhya Pradesh (including Chatisgarh	B	B
13	Punjab	B	B
14	Rajasthan	B	B
15	Uttar Pradesh (including Uttranchal)	B	B
16	West Bengal	B	B
17	Andaman & Nicobar	C	C
18	Assam	C	C
19	Bihar (including Jharkhand)	C	C
20	Himachal Pradesh	C	C
21	North East	C	C
22	Jammu Kashmir	C	-
23	Orissa	C	C

Note: In respect of Basic Service there are no separate Metro Circles. Hence, Chennai, Kolkatta and Mumbai are part of their respective territorial circles.

<b>CLASSIFICATION OF ACCOUNT HEADS</b>	
Classification	Account Head
Revenue Share of Cellular Mobile Service	1275-00-104-01
Revenue Share of Basic Service	1275-00-104-02
Universal Service Levy irrespective of any service	1275-RAT (USO)
Telecom Deposits - Non Bearing interest - OTD	

**MAINTENANCE OF BANK GUARANTEE**

The LF section is maintaining Performance Bank Guarantee (PBG ) and Financial Bank Guarantee (FBG ) issued by the Licensee's Bankers in favour of 'The President of India, Action through Telegraph Authority' to guard against any default in payment or deficiency in service of the licensee. Consequent on the decentralization of functioning of LG Branch at DOT Headquarters, Financial Bank Guarantees are being made over to the concerned O/o CCA. A brief summary of action to be taken for maintenance / unkeep of the Bank Guarantees is furnished below:-

1. The value of the FBG is prescribed in the amendments to the License Agreement signed consequent on the migration of old operator and in the financial conditions of the new agreement in the case of new operators.
2. The validity period of Bank Guarantee is ONE YEAR. It is the responsibility of the licensee for timely renewal of the Bank Guarantee. The licensee is expected to renew the Guarantee one month prior to the expiry of the Bank Guarantee. In case of any default in renewal of the same, a telephonic reminder may be given to the licensee at least 15 days before the expiry of the same which is not mandatory. In case the licensee fails to renew the Bank Guarantee, a written letter to the Bank is sent asking for the proceeds of the guarantee with a copy to the licensee. A model letter is enclosed herewith. Invocation letter should be signed by an officer not less than the rank of Chief Accounts Officer. No prior approval of DOT HQs is required for invocation of Bank Guarantee in case of default in renewal. However, if the licensee furnishes the renewal of the Bank Guarantee, then the invocation letter to Bank is withdrawn with due intimation to the licensee. The proceeds of the Bank Guarantee if received is to be credited under 'Major Head 8447001011205 (TACT Code 58 ) Telecom Deposits – Non Bearing Interest – Other Telephone Deposit' till it is disposed off.
3. In some cases, the licensee furnishes a fresh Bank Guarantee from a different Bank in lieu of extension . In such cases, the old Guarantee is returned to the issuing Bank with a covering letter copy to the Licensee after verifying that the new Bank Guarantee is found in order.
4. In case of default in payment of License Fee, a written reminder (time bound ) is to be sent to the licensee intimating the status of outstanding due with a polite warning of impending action against the default.
5. All Bank Guarantees of the licensees, Licensee –wise / Service wise, are entered in a Bank Guarantee Register, ( a model of the same is annexed). The register contains the details of BG No. & Date, Amount, Bank Name and Expiry date. Any amendments in the Bank Guarantee with regard to its period or the value are entered in the register. The Bank Guarantees are to be kept under lock and key with a responsible officer. In addition , a control register to watch the renewal of these Bank Guarantees ( a model of the same is enclosed ) are also required to be maintained to ensure timely renewal which should be gone through as frequently as possible to avoid any lapse.

(Letter No.)

GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS  
DEPARTMENT OF TELECOMMUNICATIONS  
OFFICE OF THE CONTROLLER OF COMMUNICATION ACCOUNTS  
\_\_\_\_\_ (CIRCLE)

Dated .02

To

(Bank )

Sirs ,

Sub : Guarantee given by you on behalf of M/s\_\_\_\_\_ (Licensee) reg.

We are in possession of the following guarantees given by your bank by way of security on behalf of the above mentioned company for their due observance and performance of their contractual obligations/ duties in accordance with license agreement entered into with this Department for operation of Cellular / basic Service.

Sl. No.	Guarantee No & Date	Amount	Valid upto
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2. It has been found that the above mentioned licensee has failed to discharge their contractual obligation by their failure to extend the validity of the above mentioned guarantee as per the terms and conditions of the license agreement. This has caused loss / damage to the licensor by reason of failure of the licensee in non complying with the terms and conditions of the licence agreement .

3. In view of the above, I have been directed to say by this communication that the ENTIRE value of the above mentioned guarantees be paid and sent. You are accordingly requested to remit the proceeds of the said guarantees forthwith through a **PAY ORDER / DEMAND DRAFT** payable at \_\_\_\_\_, drawn in favour of **“Communication Accounts Officer, O/o Controller of Communication Accounts, \_\_\_\_\_ Circle.”**

Yours faithfully,

Dy. Controller of Communication

Accounts.



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ANNEXURE -F

REVENUE SHARE REGISTER								
Name of Licensee							Circle	
Quarter Beginning	Gross Revenue	PSTN Charges	Roaming Revenue of other Service Providers	Service Tax	Net Revenue (AGR)	Provisional Revenue Share paid	Date of payment	Remarks

Note: The payment received for current quarter should not be less than the amount paid for the previous quarter

ANNEXURE - G						
BANK GUARANTEE REGISTER						
M/s. ABC LTD.					Name of the Circle	
S. No.	Name of the Bank	Guarantee No/ Date	FBG/ PBG	Amount	Valid upto	Remarks
1	State Bank of India	4/75 Dt. 2.5.01	FBG	1000000	1/5/2003	
2	Central Bank of India	X242 Dt. 5.5.01	FBG	10000000	4/5/2003	
3	Deutsche Bank	8/9/05 Dt. 8.5.01	FBG	10000000	7/5/2003	

**Government of India**  
**Ministry of Communications & Information Technology**  
**Department of Telecommunications**  
**(VAS Cell)**

**File No. 842-47/2002-VAS**

**Date: 11<sup>th</sup> October 2002**

**To**

**All Licensees of Cellular Mobile Telephone Service.**

**Subject:** Schedule of Payment of License fee and Review of Performance Bank Guarantee and financial bank Guarantee for Cellular Operators.

**The Schedule of Payment of License Fee and requirement of Performance Bank Guarantee and financial Bank Guarantee to be submitted by cellular operators has been reviewed by the government and I am directed in intimate as follows:**

- 1. Quarterly license fee shall be payable within 15 days on the completion of the relevant quarter. However, the amount of Financial Bank Guarantee (FBG) shall be equal to two quarters of license fee.**
- 2. After the first year of License, in case of 4<sup>th</sup> Cellular Operator, the amount of FBG shall be reduced to 10% of their initial value irrespective of whether the service has started or not. This shall remain valid for a period of one year subject such amount not being less than their estimated quarterly revenues in cases where the service has already started.**
- 3. The Performance Bank Guarantee on completion of roll-out obligations may be reduced to a level of 25% of their original value.**
- 4. A formal amendment to suitably modify the License Agreement in this regard shall follow.**

**(G.P.Srivastava)**  
**Director (VAS-II)**

**Copy to:**

- 1. DDG (I.F), DOT**
- 2. Secretary, TRAI, New Delhi.**
- 3. Shri T. Ramachandran, director General  
Cellular Operators Association of India (COAL)  
14, Thal Veen Singh Marg  
New Delhi – 110 001.**

**GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS & IT  
DEPARTMENT OF TELECOMMUNICATIONS  
(VAS CELL)**

**SANCHAR BHAWAN, 20, ASHOKA ROAD, NEW DELHI – 110 001.**

FINE No. 842-47/2002-VAS (Vol.V)

Dated: 20<sup>th</sup> Nove-2002

To

(All Licensees of Cellular Mobile Telephone Service).

Subject: Schedule of payment of License fee and Review of Performance Bank Guarantee and Financial Bank Guarantee for Cellular operators.

Instructions were issued under letter of even number dated 11.10.2002 on the subject revising the schedule of payment of license fee and the quantum of performance and financial bank guarantees to be submitted by the licensees of Cellular Mobile telephone Service.

2. In partial modification of the instructions earlier issued, it has been decided as follows:-

(i) License fee shall be payable in four quarterly installments during each Financial Year (FY). Quarterly installments of License Fee for the first three quarters of an FY shall be paid within 15 days of the completion of the relevant quarter. This fee shall be paid by the Licensee on the basis of actual revenues (on accrual basis) for the quarter duly certified with an affidavit by a representative of the Licensee, authorized by a Board Resolution coupled with General Power of Attorney. However, for the last quarter of FY, the licensee shall pay the license fee by 25<sup>th</sup> march on the basis of expected revenues for the quarter, subject to a minimum payment equal to the actual revenue share paid of the previous quarter.

(ii) The Licensee shall adjust and pay the difference between the payment made and actual amount duly payable (on accrual basis) for the last quarter of FY within 15 days of the end of the Quarter.

(iii) Effective date of implementation. The license fee in arrears, as per the scheme out-lined above, will be paid by the licensees for the quarter beginning 1<sup>st</sup> October, 2002 onwards.

(iv) The Performance Bank Guarantee on completion of roll-out obligation shall be reduced to a level of 25% of their original value only in respect of Circle Cellular Licensees.

3. Formal amendment to suitably modify the License Agreement in this regard shall follow.

Yours faithfully  
(G. P. Srivastava)  
Director (VAS-II)

Copy to:

- (1) DDG (LF), DOT.
- (2) Secretary, TRAI
- (3) COAI, New Delhi.

**1-6/2001-LF**  
**MINISTRY OF COMMUNICATIONS**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**No.- 1300, SANCHAR BHAVAN, 20 ASHOKA ROAD, NEW DELHI – 110001**  
**(Licensing Finance Cell )**

Dated 22<sup>nd</sup> November'2002

To

M/s. Reliance Telecom Ltd.,  
1<sup>st</sup> Floor, Gopal Dass Bhavan,  
28 Barakhamba Road, New Delhi – 110 001

Sub; Collection of license fee from licensee of Telecom Services by O/o Controller of Communication Accounts (O/o CCA) – Delegating of function and Issue of Instructions regarding – reg.

The license agreement signed by you for providing **Cellular Service** in **Orissa and West Bengal** Service area requires inter-alia furnishing of Financial Bank Guarantees and payment of license fee by Pay order / Bankers Cheque / Demand Draft drawn in favour of P & AO (HQs), DOT payable at New Delhi or any other authority so designated by the Licensor.

It has now been decided to decentralize the function of collection of license fee as revenue share and other License Fee dues to the O/o CCA in the Telecom Circles. The financial Bank Guarantees also will be maintained by the said officers who shall monitor its validity and carry out periodical review of the amount for which the FBG is to be maintained / enhanced . License Fee as Revenue Share effect from 01.01.2003 including any other L.F related payments pertaining to the Financial year 2002-03 shall now be required to be paid as instructed below. **However, any payments / adjustments pertaining to the period prior to 01.04.2002 shall continue to be dealt at DOT HQ, New Delhi as earlier. Reconciliation of accounts shall also continue to be done by DOT HQ.**

You are accordingly advised to make the payment of license fee and other dues by Pay order / Bankers Cheque / Demand Draft drawn in favour of “Sr. Accounts Officer DOT Cell, Bhubaneswar,” Payable at Bhubaneswar and “Sr. Communication Accounts Officer, O/o CCA, Calcutta” payable at Kolkata respectively alongwith the documents required and manner prescribed in the license agreement. The Financial Bank guarantee submitted by you has been transferred accordingly to the concerned CCA.

(P. K. SINHA)  
DIRECTOR –LF  
Tel 371 7111 Fax 337 2044

Copy to :

1. PPS to Ch (TC)/M(F/M(P)/M(S)/M(T), Telecom Commission
2. CCAs/ JT. CCA PMG Square, III Floor, Bhubaneswar, Orissa
3. CCAs/ Jt. CCA 1. R.N Mukharjee Road, Martin Burn Bldg, Kolkata – 700001
4. Sr. DDG (VAS) / DDG (BS) / DDG (LR)
5. Guard File.

**17-11/2002-LF**  
**MINISTRY OF COMMUNICATIONS**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**No.- 1418, SANCHAR BHAVAN, 20 ASHOKA ROAD, NEW DELHI – 110001**  
**(Licensing Finance Cell )**

Dated 22<sup>nd</sup> November'2002

To

M/s. Reliance Infocomm Limited,  
Pritam Nagar,  
1<sup>st</sup> Stope, Ellisbridge,  
Ahmedabad – 380 006

Sub: Collection of license fee from licensees of Telecom Services by O/o Controller of Communication Accounts (O/o CCA)- Delegation of function and Issue of Instructions regarding – reg.

The license agreement signed by you for providing **Basic Service in Andhar Pradesh, Rajasthan, Orissa, UP (E), Kerala, Karnataka, West Bengal, Delhi and Tamil Nadu** Service area requires inter-alia furnishing of Financial Bank Guarantees and payment of license fee by Pay order / bankers Cheque / Demand Draft drawn in favour of P & AO (HQs) DOT payable at New Delhi or any other authority so designated by the Licensor.

It has now been decided to decentralize the function of collection licensee fee as revenue share and other License Fee dues to the O/o CCA in the Telecom Circles. The Financial Bank Guarantees also will be maintained by the said officers who shall monitor its validity carry out periodical review of the amount for which the FBG is to be maintained / enhanced . License Fee as Revenue Share with effect from 01.01.2003 including any other L.F related payments pertaining to the Financial Year 2002-03 shall now be required to be paid as instructed below. **However, any payments / adjustments pertaining to the period prior to 01.01.2002 shall continue to be dealt at DOT HQ, New Delhi as earlier. Reconciliation of accounts shall also continue to be done by DOT HQ.**

You are accordingly advised to make the payment of license fee and other dues by Pay order / Bankers Cheque / Demand Draft drawn in favour of

1. Communication Accounts Officer O/O CCA Hyderabad, payable at **Hyderabad**,
2. Communication Accounts Officer O/O CCA Jaipur, payable at **Jaipur**.
3. Sr. Accounts Officer DOT Cell Bhubaneswar, payable at **Bhubaneswar**.
4. Chief Accounts Officer DOT Cell, Lucknow, payable at **Lucknow**,
5. Communication Accounts Officer, O/O CCA Trivendrum, payable at **Trivendrum**
6. Accounts Officer DOT Cell Bangalore, payable at **Bangalore**,
7. Sr. Communications Accounts Officer, O/O CCA Calcutta, payable at **Calcutta**,
8. Accounts Officer DOT Cell New Delhi, payable at **New Delhi** and
9. Accounts Officer DOT Cell, Chennai, payable at **Chennai** respectively alongwith the documents required and manner prescribed in the license agreement. The Financial Bank Guarantee submitted by you has been transferred accordingly to the concerned CCA.

(P.K. SINHA)  
DIRECTOR-LF

Copy to :

1. PPS to Ch (TC)/M(F/M(P)/M(S)/M(T), Telecom Commission
2. CCAs/ JT. CCA /O/o CCA of CGMT, Door Sanchar Bhavan, Hyderabad, Andhrapradesh – 500 001.
3. CCAs/ JT. CCA, H-14, Chitranjan Marg Cscheme, Jaipur, Rajasthan 302 009
4. CCAs/ JT. CCA, O/o CGM Orissa Circle, III Floor, PMG Square, Bhubaneswar – 751 001
5. CCAs/ JT. CCA, O/o JI CCA UP (E) Circle, Bhopal House, Ial Bagh, Lucknow – 226 001
6. CCAs/ JT. CCA, O/o Jt. CCA, DOT, Door Sanchar Bhavan, Trivendrum 695 033
7. CCAs/ JT. CCA, O/o CCA, Karnataka Circle, Amenity Block, 2<sup>nd</sup> Floor, Palace Road, Bangalore – 560 001.
8. CCAs/ JT. CCA, O/o CCA, No.1 RN Mukharjee Road, Martin Burn Building, II Floor, Kolkata – 700 001.
9. CCAs/ JT. CCA, O/O CCA, DTO Building, Prasad Nagar, New Delhi – 110 005
10. CCAs/ JT. CCA, O/o CCA, Tamil Nadu Telecom Circle, Anna Salai, Chennai – 600 002
11. Sr. DDG(VAS)/ DDG (BS) / DDG (LB)
12. Guard File

**1-6/2001-LF**  
**MINISTRY OF COMMUNICATIONS**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**No.- 1300, SANCHAR BHAVAN, 20 ASHOKA ROAD, NEW DELHI – 110001**  
**(Licensing Finance Cell)**

Dated : 25<sup>th</sup> November'2002

To

The CCA / Jt. CCA,  
Orissa Circle

Sub: Handing over of documents in connection with Transfer of work relating to Licensing Finance functions – Reg.

Ref: This office letter No. 1-6/2001-L.F dated 08.10.2002

You are hereby requested to collection the documents specified in para 5 of the above mentioned letter from this office on the date and time mentioned below. Since the documents are of very important nature, it may please be ensured that a senior level officer is deputed for this purpose.

Date \_\_\_\_\_ time Between 10.30 AM to 12.30 AM

(P.K. SINHA)  
DIRECTOR (LF )

**Ministry of Communicatin & IT  
O/o Jt. Controller of Communication Account  
Orissa, Circle, Bhubaneswar**

No. OR / JCCA/LT/2002-03

November 28,2002

To

Shri P.K. Sinha  
Director (LF)  
Department of Telecom  
Sanchar Bhawan  
New Delhi – 110 001

Sub: **Handing over of documents relating to Licensing Finance Functins.**

Ref: Your No. 1-6/2-1-LF d / 25<sup>th</sup> Nov'2002

With reference to above, Shri Bhimsen Sahoo, Dy. Controller of Communication Accounts of this office is hereby deputed to collect the require documents from your office.

You are requested to hand over the documents to the above officer.

**(K. Panda)  
Jt Controller of Communication Accounts**

**Ministry of Communication & I. T.  
Department of Telecommunications  
No: 1300(B), Sanchar Bhawan, 20 Ashoka Road  
New Delhi – 110001  
(Licensing finance Cell)**

**No: 1 – 6/2001 – LF**

**Dated 28.01.2003**

**To**

The CCA/Jt.CCA (DOT Cell),  
Orissa Circle.  
Bhubaneswar.

**Subject: Encashment of FBG's**

As per terms and condition of the License Agreements, the revenue share as license fee have to be paid within a stipulated time. It is however intimated that any action for encashment of FBG's for non payment of License fee may be taken after due approval of this office.

**(S.K.KAUL)  
ASSTT. DIRECTOR GENERAL (LF-II)**

**No. 15-2/2001-LF (Pt)**  
**MINISTRY OF COMMUNICATIONS**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**No.- 1300, SANCHAR BHAVAN, 20 ASHOKA ROAD, NEW DELHI – 110001**  
**(Licensing Finance Cell )**

Dated: 7<sup>th</sup> May'2003

To

M/s Reliance Telecom Ltd.

Sub: Judgment of the Supreme Court of India dated 4<sup>th</sup> March'2003 in Civil Appeal No. 5050 of 2002

Dear Sir,

A The excess amounts have resulted in terms of the above mentioned judgment which is liable to adjusted against the outstanding / future dues of your License Agreement No. 842-55(B) / 95 –VAS (Cellular Service in **Orissa** service area ) is as follows :

1. Excess amounts with DOT as on 04.03.2003 (As per Annexure –I Rs. 56203299
2. License fee outstanding amounts as on 04.03.2003 (As per Annexure –II) Rs. 12709571
3. Net Excess amount as on 04.03.2003 (1-2) available for adjustment against future license fee dues (dues arising after 04.03.2003) Rs. 43493728

B Further, the adjustment of future license fee dues (dues arising after 4<sup>th</sup> March'2003) against the excess amounts in respect of the said license shall be made only to the extent of the amounts as mentioned in the affidavits/ Quarterly AGR Statements which are required to be submitted in terms of the license agreement. With effect from the quarter ending 30<sup>th</sup> June'2003 the date of adjustment, if any, of the quarterly license fee shall be reckoned as the date on which the quarterly AGR statement / Affidavits are submitted to DOT. Any shortfall in payments of license fee by way of adjustments, or otherwise, of license fee dues based on the aforementioned affidavits/ quarterly AGR statements shall attract interest and penalty in terms of the license agreement (para 3.2, 3.3, 3.5 and 3.8 of the financial conditions issued vide amendment dated 25.09.2001 as amended from time to time ). The date of payment of any short payment, if any, (refer para 3.8 of the financial conditions issued vide amendment dated 25<sup>th</sup> September'2001 as amended from time to time ) shall be reckoned as the date on which a request for adjustment if, any is submitted to DOT.

C Accordingly, the following adjustments of license fee dues against the excess amounts have been carried out :

1. Net Excess amounts with DOT as on 04.03.2003 Rs. 43493728
2. License Fee dues for the quarter Jan 03 to Mar 03 as per affidavit /AGR Statement N.A
3. Net Excess amount as on 15.04.2003 available for adjustment against future license fee dues in respect of the above mentioned license Rs.43493728

Any further clarifications, if any , regarding the above can be obtained from the undersigned Correspondence regarding adjustment of spectrum charges dues, if any, shall be issued by the WPC branch of DOT.

Receipt of the letter may kindly be acknowledged.

Yours faithfully,

Encl : As above

**E & O.E**

(S.K. KAUL )  
Asst. Director General (LF-II)

Copy to :

1. Wireless Advisor, DOT
2. Sr. DDG, (VAS), DOT

**No. 1-6/2001-LF**  
**MINISTRY OF COMMUNICATIONS**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**No.- 1300, SANCHAR BHAVAN, 20 ASHOKA ROAD, NEW DELHI – 110001**  
**(Licensing Finance Cell )**

Dated: 9<sup>th</sup> June,2003

To

Dy. Controller of Communication Accounts  
Department of Telecom,  
Rajasthan Circle, Jaipur

Sub: Collection of license fee and levy interest on delayed Payment – reg.

Ref: Your letter No. RDOT/4-9/LF/Gen/2003-04/28 dated 05.05.2003

With reference to your letter cited above, I am directed to inform you that levy of interest / penalty on the delayed payment of license fee as per the terms and conditions of the license agreement is to be made on the finalisation of License Fee based on their annual accounts and not on the provisional payment received. Since the work of finalisation of AGR/ License fee of the licensee has not been decentralized, no action at your end may be taken to raise any demand of interest / penalty at your end.

**(S.K. KAUL)**  
**ASST. DIRECTOR GENERAL-LF-II**  
**Tel 23036117 FAX 337 2044**

Copy to  
CCA / Jt. CCA  
Tamil Nadu/ AP/ Karnataka/ West Bengal / Kolkata/ Orissa/ Kerala/ UP (East) / Dlehi

For information and necessary action please.

**No. 1-5/2003-LF**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF COMMUNICATIONS**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**1300, SANCHAR BHAVAN, 20, ASHOKA ROAD, NEW DELHI-110 001.**  
**(LICENSING FINANCE CELL)**

Dated 29<sup>th</sup> August 03

To,

Jt, CCA, Orissa Telecom Circle,  
4<sup>th</sup> Floor CPMG Building,  
Bhubanesar, Orissa 751001

**Subject: Review of financial Bank Guarantee**

The Financial Bank Guarantee to be maintained by the licensee should be subjected to periodic review so that a proper watch is kept on the data of expiry of the Bank Guarantees.

Doubts have been expressed by various Offices of Controller of Communications Accounts regarding the amount of financial Bank Guarantees to be maintained by the Licensees. The License Agreement and amendments thereof provides that the Financial Bank Guarantee shall be equivalent to an estimated sum payable for two quarters of license fee. The Offices of Communication Controller of Accounts are advised to carefully go through the conditions regarding Financial Bank Guarantees contained in the License Agreement and amendments thereof.

As a guideline, the amount of financial Bank Guarantees should computed as follows:

(Highest quarter license fees paid during the last 4 quarters x 2) + 10% thereof.

It is suggested that the amount of Financial Bank Guarantees to be maintained by the licensees should be reviewed in such a time frame that the FBG of revised amount is received at least one month prior to the expiry of the same.

(S.K.KAUL)  
Asst. Director General (LF-II)  
Tel: 2303611, Fax: 23372044

**Government of India**  
**Ministry of Communications and Information Technology**  
**Department of Telecommunication**  
**Sanchar Bhavan, 20 Ashok Road, New Delhi – 110 001**

No. 842-47/2002-VAS ( Part ) / 14/13

Dated January 28,2004

To

Aircel Digilink India Ltd.  
X-7, Okhala Industrial Area, Phase –II,  
New Delhi – 110 020

Sub: Amendment in the License Agreement No. 842-62(A)/95-VAS, dt. 28.12.1995 for Cellular Mobile Telephone Service (CMTS) License for UP (East ) Telecom Circle Service Area with respect to License Fee.

In continuation of letter No. 842-47-2002-VAS (Part) / 14/10 dated 27<sup>th</sup> January'2004 regarding reduction in License Fee with effect from 01.04.2004, the undersigned is directed to convey the approval of competent authority for amendment in the licence agreements relating to licence fee with effect from 01.04.2004 that license fee shall be further reduced by 2% of Adjusted Gross Revenue (AGR ) for a period of 4 years with effect from 01.04.2004 subject to a minimum of equivalent to a contribution for Universal Service Obligation Fund which is 5% of AGR at present. Accordingly, the license fee shall be charged at a rate of 6% of Adjusted Gross Revenue for a period of four years with effect from 01.04.2004.

(M.L. Sankhwar)  
Asst. Director General (VAS-II )  
Tel . 23036954

Copy to :

1. The Secretary, TRAI, New Delhi,
2. DDG (LF), DOT, New Delhi.

**Department of Telecom  
Licensing Finance Branch  
No 1-6/2004 – LF dated 30.01.2004**

Sub: Workshop with the CCAs on the 6<sup>th</sup> February 2004

A few important issues are stated below or enclosed

1. The program schedule is as enclosed.
2. Accommodation, transit/ travel can be organized between 5/2/04 and 7/2/04
3. A draft of important issues and queries and suggested course of action is also enclosed.
4. Officers may also indicate their main-id during the workshop.
5. Further queries may be directed at the following main-ids so that the same can be taken up during the workshop.
  - a. [smandol@bsnl.in](mailto:smandol@bsnl.in)
  - b. [surajit1971@rediffmail.com](mailto:surajit1971@rediffmail.com)

The officers are accordingly requested to attend the workshop.

Surajit Mandol  
Director LF II

To All CCAs

**Tentative Programme Schedule**

<b>Programme Details</b>	<b>From</b>	<b>To</b>
Inauguration by Member (F)	10.00 am	10.15 am
Address by Administrator USO	10.15 am	10.30 am
Address by Member (P)	10.30 am	10.45 am
Address by Member (T)	10.45 am	11.00 am
Address by Advisor Finance	11.00 am	11.15 am
Tea	11.15 am	11.30 am
Address by Licensing Finance Branch and Interactive discussion on decentralized functions of LG	11.30 am	1.00 pm
Lunch	1.00 pm	1.45 pm
Session by Jt. Administrator USF/F	1.45 pm	3.15 pm
Tea	3.15 pm	3.30 pm
Session by WPF branch	3.30 pm	4.45 pm
Session by Advisor Finance, DDG FEB and Accounts , TPF	5.00 pm	5.45 pm

## DRAFT

### Brief for the workshop with the CCAs

#### **A. Collection of licensee fee – salient features**

- Quarterly in Arrears by the 15<sup>th</sup> of the following month of the particular quarter
- Last quarter payment has to be made on self-estimation basis in advance by the 25<sup>th</sup> of March, with the outer time limit of 15<sup>th</sup> April following the year for balance if any. However the amount payable on 25<sup>th</sup> of March shall not be less than the amount paid in the preceding quarter.
- Affidavit shall be submitted by the operators while making L fee payments in all quarters.
- Submission of returns as prescribed indicating Rate of licensee fee, category of circle and category of operators and date of payment.
  - (i) Daily statement in case nay payment is received
  - (ii) Monthly statement even if it is NIL
- That reported collections through these returns should also tally with the monthly accounts. Differences if any shall be necessarily explained.

#### **B. Maintenance of FBGs**

- Procedure is now uniform for all cellular and BSO who have migrated to UASL.
- Double of highest quarter L fee + 10%
- Renewal of BG one month prior to the expiry.
- Registers have to be maintained with adequate details
  - (i) Revenue share register
  - (ii) Collection register
  - (iii) Bank Guarantee Register.

#### **C. Introduction of UASL – a brief**

- Option given to existing Basic operators either to continue under existing conditions or to migrate to UASL.
- Entry fee paid by the BSOs migrating, no entry fee for cellular operators.
- Any technology can be deployed for providing limited mobility / full mobility services.
- The Service area for UASL will be as per existing 4<sup>th</sup> cellular licenses. This means that in case of an operator migrating from BSO to UASL in Tamil Nadu, Maharastra and West Bengal will have to take 2 UASL licenses.
- Defined within the same service area and with existing / allocated spectrum.
- Roll out; licensee fee and PBGs under UASL will be same as in 4<sup>th</sup> cellular.
- The financial conditions are as per fourth cellular.
- That means the FBGs, PBGs LD etc will be as per 4<sup>th</sup> cellular.
- The definitions of AGR or method of arriving at the correct value of FBG based on the quarterly license fees.
- Henceforth new access service license will be in the category of UASL.

#### **D. Credits available with DoT due to Supreme Court Judgment**

- Some credits were available as on 03.03.2003 with respect to various operators, which were duly intimated to the concerned CCAs, where decentralization has already been done from 01.01.2003 . As on date no further credits are available.

#### **E. Future Plans for decentralization**

- Decentralisation of same set of functions with respect to ISP, PMRTS and Commercial VSAT.
- The method of levy and procedure for Captive VSAT have to be firmed up

- Decentralisation of PBGs
- Finalisation of accouts.

**F. Rates of licensee Fees**

Category		Rates of revenue share	
		Up to 31.03.2004	From 01.04.2004
A	Cellular	12	10
A	Basic	12	10
B	Cellular	10	8
B	Basic	10	8
C	Cellular	8	6
C	Basic	8	6

### G. Issues raised by the CCAs

Queries have been received from the CCA offices regarding various aspects of license fee collection and maintenance of FBGs. The same are tabulated below along with suggested course of action to be followed.

Query	Proposed Course of action
<p>In view of UASL migration, several BSOs including Reliance have submitted Bank Guarantees, which are of much less amount than what was maintained earlier</p> <p>Query received from UP, Delhi, Hyderabad, Chennai</p>	<p>Under UASL the conditions of FBGs also is as per 4<sup>th</sup> Cellular. In case of 4<sup>th</sup> cellular the initial FBG is for an amount of Rs. 50/25/5 crore (for category A,B,C respectively ) for the first year and thereafter is to be reduced to 10% of the original value. On a regular basis the amount of FBG shall be equal to an amount equivalent to 2 quarters license fee +10%. For two- quarter estimate we have to take double the highest quarter license fee of past one year.</p> <p>In all these cases of migration the licensee have already crossed one year as all the licenses were allotted during July / August 2001. the FBGs therefore will need to be examined based on the above clarification. However, in case where BSO have not migrated the conditions in the BSO license agreements will prevail.</p>
<p>Some units have asked for DoT HQ to certify or authenticate the AGR, such that they can determine the correct amount of FBG.</p> <p>Issued raised by Hyderabad</p>	<p>Under the license conditions, the operators are to submit quarterly AGR with an affidavit . Thus quarterly payments are received only with operator certification. There is no further certification done on part of DOT during the course of the year. While the accounts are finalized at the end of the year, once all necessary documents are received then only DoT can take a stand on the AGR disclosed by the company for the year.</p> <p>Only at this stage the operator submits a statement of AGR for the whole year alongwith reconciliation statement for the year, duly certified by the company's auditor.</p>
<p>After receipt of an FBG for a particular amount and valid for next one year, it is found that the AGR of the immediate following quarter is higher than what has been the basis for the FBG. Under what circumstances and additional FBG is to be obtained from the operator.</p> <p>Query received from Hyderabad</p>	<p>We shall ask for additional FBG in case there is a quantum jump in the License Fee in a particular quarter. In order to have uniformity DoT will define what is to be deemed as quantum jump. Say 25% can be considered for quantum jump.</p>
<p>Whether penal interest is to be levied by the CCAs from the operators in case the</p>	<p>While the CCAs are receiving the quarterly payments, it is not known</p>

<p>quarterly licensee fees have been paid beyond the stipulated dates</p> <p>Query received from Hyderabad</p>	<p>whether any earlier credit is available with the department with respect to the particular operator. Only after knowing the factual position of dues and settlement of such dues a view can be taken on the issue of penal interest . At the same time the present work delegated to the CCAs in only relating to the collection of license fee.</p> <p>The issue of penal interest is settled at DoT HQ. If however the operator pays the penal interest proper accounting has to be done by the CCAs. CCAs need not issue any demand for penal interest proper accounting has to be done by the CCAs. CCAs need not issue any demand for penal interest.</p>
<p>Operator has disputed the amount of FBG for an amount twice of highest quarter license fee +10%.</p> <p>Refereed from Chennai office</p>	<p>The licensor have sole right (within the license agreements ) to decide on the amount of FBG to securities the dues to the Government. Thus the decision of DoT to have an FBG as described is within the license conditions and the operator has to abide by the same.</p> <p>Thus the claim of CCA for an appropriate License Fee is in order.</p>
<p>Whether there can be a reduction in the quantum of FBG in view of the reduction in the rates of revenue share.</p> <p>Raised by operator</p>	<p>Normally a Bank Guarantee is maintained and reviewed on a yearly basis. As such the quantum of Bank Guarantee is not linked to the rates of revenue share but the actual revenue share (i.e the quarterly license fee paid )</p> <p>However, since the licensee fee rates will be going down by 20% on an average, the FBG can be revised accordingly, but after watching the 1<sup>st</sup> quarter Revenue share of next financial year (Proposed )</p>
<p>Credits available with respect to various operators in view of SC judgment.</p> <p>Raised by some CCAs, where decentralization was done earlier.</p>	<p>The credits available were intimated to concerned CCAs . As on date however, no credits are available . So operator has to make regular payments and no adjustments are envisaged further in any circle.</p>
<p>Audit has raised queries on various inclusions and exclusions in AGR and revenue share.</p> <p>Raised by Karnataka</p>	<p>The finalisation of AGR and revenue share is done at DoT. Therefore, CCAs are to take no action and the same can be intimated to Audit.</p>
<p>Credits due to refund of Liquidated damages</p> <p>Raised by Andhra</p>	<p>In case of some Basic operators some additional credit has become available due to decision to refund LD levied earlier . This is to be adjusted against the LF dues, the adjustment is in order and accounting will be completed by DOT. The position as</p>

	explained by the operator (TATA) is acceptable .
Some queries have been received regarding claims to be raised on Cptive VSAT and for OFC / microwave links.	The same is handled so far by either LR branch and earlier by CGMs in BSNL. Clarifications may have to be obtained from LT directly .

The above is not exhaustive . The CCAs may forward further queries by the 4<sup>th</sup> of February so that the same can be discussed and sorted out on the CCAs.

**Department of Telecom  
Licensing Finance Branch  
1-6/2004/FBG/ dated 16.02.2004**

To

All CCAs  
Department of Telecom

Sub: Maintenance of Financial Bank Guarantee

Presently the FBGs for various Basic / UASL and cellular operators (except MTNL ) are being maintained by the CCAs. The following decisions have been taken with respect to maintenance of FBGs.

1. Review – Review of FBGs from now onwards shall be carried out on a quarterly basis to decide on the appropriate quantum of Financial bank Guarantee .
2. Encashment of FBG \_ The FBG can be encashed by the CCAs, under intimation to DoT HQ in case, in the following cases
  - a. FBGs are not renewed in time (as already specified one month in advance before expiry)
  - b. Operators have not submitted in FBG for an appropriate amount as directed by CCAs.
3. Additional Bank Guarantee – In some cases it is found that there is a substantial jump in the licensee fee, requiring a revision in the FBG amount. It is now decided that fresh BG or additional BG shall be asked from the operators, in case there is a 25% jump in the in the quarterly license fee.
4. The revised percentage rates of revenue share to be collected from Basic and cellular Service operators have already been conveyed vide endorsement no. 17-11/2002- LF dated 29.01.2004. the same is enclosed for ready reference. The new rates are applicable from 01.04.2004 and revenue shares at these rates will be due for payment by 15.07.2004. In view of this reduction it has been decided that the operators can be permitted to offer revised FBG for a proportionately lower amount, only after 15.04.2004, provided the 4<sup>th</sup> quarter (03-04) share has been paid. For example if the present highest quarter Fee is Rs. 5 Cr the existing FBG is for an amount of Rs. 11 crores. With effect from 15.04.2004 the FBG will be for an amount of 8.8 crores, in case the rate has come down from 10% to 8% (i.e) Category B circle ) In additional to this reduction, for the first two circle cellular operators ( licenses awarded before 1999), there is an additional relief of 20% ( copy of relevant orders enclosed ) The FBG amounts in their cases will be governed accordingly. The revision in FBG will be allowed even if the Bank Guarantees are due for expiry at a later date. In any case the review will be again due in the next quarter.
5. Reduction in FBG of BSOs on account of migration to UASL – After migration all BSOs have to follow the same set of financial conditions including FBGs, as in the 4<sup>th</sup> cellular license agreements ( license awarded in 2001 ) Therefore, the migrating BSOs have to submit FBGs in line with what is submitted by the 4<sup>th</sup> cellular licenses. The above is for necessary action at your end. Please feel free to interact for any further clarifications.

Encl : 3 as above

Surajit Mandol  
Director LF II  
Tel 23036266, 23036257  
Email : [smandol@bsnl.in](mailto:smandol@bsnl.in)

**No.13-1/2003 Vol. IV**  
**GOVERNMENT OF INDIA**  
**Ministry of Communications & IT**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**Sanchar Bhawan, 20-Ashoka Road, New Delhi – 110 001.**

Dated, the 19<sup>th</sup> January, 2004

To

All Basic/Universal Access Services Licensees

Sub: - Amendment in the Licence Agreement for Basic/Unified Access Services Licences with respect to Licence Fee.

The undersigned is directed to convey the approval of competent authority for amendment in the licence agreement in respect of licence fee and with effect from 01.04.2004, the licence fee shall be payable at a revised rate given below:-

Service Area	Present Rate of Licence Fee	Revised Rate of Licence Fee
Delhi, Mumbai, Chennai, Kolkata, Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Tamil Nadu	12% of Adjusted Gross Revenue	10% of Adjusted Gross Revenue.
Haryana, Kerala, Madhya Pradesh including Chhattisgarh), Punjab, Rajasthan, UP (West) including Uttaranchal), UP (East), West Bengal	10% of Adjusted Gross Revenue	8% of Adjusted Gross Revenue
Andaman Nicobar, Assam, Bihar, (including Jharkhand), Himachal Pradesh, Jammu & Kashmir, North East, Orissa	8% of Adjusted Gross Revenue	6% of Adjusted Gross Revenue

Note: In respect of Basic Services, Mumbai is included in Maharashtra service area, Chennai is included in Tamil Nadu Service area and Calcutta is included in West Bengal Service area. Further, in respect of Cellular and Unified Access services Licence, Andaman & Nicobar is a part of West Bengal Service area.

2. Other terms and conditions of the licence agreement remain unchanged.

(SUKBIR SINGH)  
Director(BS.II), DOT  
T.No. 20306387

Copy to:

The Secretary, TRAI, New Delhi  
ODG (LF), DOT, New Delhi  
ABTO/COAI for information pl.

**1-6/2001-LF**  
Department of Telecommunication  
**1300 (B), Sanchar Bhawan, 20 ashoka Road, New Delhi – 110001**  
**(Licensing Finance Cell )**

**Office Memorandum**

Dated : 28.05.2004

To

The Controller of Communication Accounts / JT Controller of  
Communication Accounts,  
Kerala

Sub: Transfer of work relating to licensing finance functions in respect NEW UASL to the Office  
of Controller communication accounts (% CCA ) and review of earlier instructions – Reg

Ref: (1) 1-6/2001-LF dated 08.10.2002  
(2) 1-6/2001-LF dated 08.12.2003  
(3) 1-6/2004-FBG dated 16.02.04

1. Attention is invited to the Office Memorandum referred to at (1) and (2) above, whereby the work relating to collection of license fee in the form of revenue share and maintenance of Financial bank Guarantees in respect of various Basic and Cellular licenses was decentralized to the respective offices of Controllers of Communication Accounts (CCA)

Subsequently, all the Basic Service licenses have migrated to Unifield Access Service Licensing Regime (except BSNL and MTNL) Several new Unifield Access Services licenses have also been issued.

It has therefore been decided that, the collection of license fee and maintenance of FBG's in respect of new Unifield Access Service Licenses. In addition to existing Basic (now migrated to UAS) and Cellular license, will also be handled by the respective offices of the CCA or Jt. CCA with immediate effect.

2. Para 3.2 of this OM dated 8<sup>th</sup> Dec'2003 (reference 2 above) may be seen .The licensees have to make License Fee payments by Demand Draft or Pay Order. These payments being of high value must be deposited promptly in the concerned Bank (preferably on the same day ) and the credits personally monitored by the head of the unit.

From June 2004 onwards, information about the date of receipt of license fee, date of deposit to the Bank and affording of credit by the Bank in respect of each receipt of the past month should be sent to DoT HQ. The existing proforma for the monthly statement of augmented to include the information .

3. Instances have come to the notice of this office where quarterly payments from licensees have been refused on the plea that these were not supported by Affidavit and AGR statement, it is clarified that under no circumstances should be license fee payments be refused . However, the license shall be immediately handed over a letter informing him of his lapse and asking him to submit he required prescribed documents within a week. A sample format is enclosed herewith.

4. Your attention is further invited to this office letter under reference at (3) above . In addition to the instructions therein you are required, for more effective control over Financial Bank Guarantees, to ensure that the Bank Guarantee Register is reviewed periodically by yourself and other officers with at least a monthly review by you as the head of the Unit. A monthly report should be sent to DOT HQ in the form of certificate from the head of the CCA unit, stating that Bank guarantees have been reviewed during the month and there have been no lapses in this regard. This report should invariably be sent in the first week of following month.
5. Computation of the FBG amount- Practice presently followed to compute the amount of FBG is that the highest amount of Quarterly license fee paid by a licensee in the previous four quarters is multiplied by two and this resultant amount is enhanced by 10% to provide for expected growth in gross revenue of Licensee Company in future. It has been decided by the competent authority that henceforth an arithmetic mean, of the quarterly amounts of license fee paid by the operator during the last four quarters, be taken as the base, (instead of the highest quarterly license fee ), multiplied by two and the resultant enhanced as usual by 10% to arrive at the quantum of FBG to be demand from the operator at the time of review.  
The amount may be issued upwards in case the department be carried out on a half yearly basis,. This will be applicable to all licensees under the revenue- sharing regime.  
With regard to reduction of FBG amounts followings the reduction of license fee percentages announced by the Government (ranging from 2% to 4% of the AGR ) for the Cellular, UASL and Basic service licenses with effect from 1<sup>st</sup> April'2004, the amounts of FBGs of these licensees are to be reviewed on the lines suggested above immediately. The outcome of such review in view of the reduction in the rates of license fee may however be implemented for a licensee only after ensuring that licensee has paid his dues upto date.
6. The heads of the Communications Accounts Units are also required to reconcile the license fee collected as stated out in the monthly report with that recorded in the accounts of the Unit. You are also requested to prepare a statement of such reconciliation for the year 2003-04 and forward the same to HQ within a fortnight.
7. The quarterly Affidavits and the AGR statements submitted by the licensees may be sent to HQ within a fortnight after retaining the original in your office. The copy sent here may be duly authenticated.
8. **All other past instructions remain unchanged except for those as stated above.**

**Asst. Director General (LF –II )**

Encl : As above.

Enclosure as referred in para 3 –

Department of Telecommunications  
O/o the CCA

Sub: Submission of accounting documents –

We have received an amount of Rs..... towards the license fee for the period -----  
-----in respect of the license no..... dated .....

It is noted that, the affidavits and / or AGR statement as required under condition the license agreement has not been submitted.

You are directed to submit the documents within a week, failing which the department will take suitable action as deemed fit under the license conditions.

**Department of Telecom**  
**LF Branch**  
**15-7/22/LF (BG)/Vol II dated 14.3.2005**

To

All Controller / Jt Controller of Communication Accounts.  
Department of Telecom, Orissa Telecom Circle.

**Sub: Review of payments and Bank Guarantee---reg:-**

This is regarding review of Financial Bank Guarantees and License fee collections in respect of Basic, UASL (Unified Access Service License) and Cellular Licenses. In this regard, you are requested to refer to the list of these license as in Annexure I and Annexure II to this letter. At present the license fees collection in respect of these licenses (except BSNL and MTNA) as also the maintenance of the Financial Bank Guarantees are handled by the respective CCAs.

2. Member (Finance), Telecom Commission, in a review meeting taken in February 2005 have expressed his concern about the mechanism of and control over the work of obtaining, appropriately reviewing and reviewing of the Bank Guarantees (both Financial as well a performance Guarantees) in DOT headquarters as also as also in the CCA units of DoT. While he has been informed that clear instructions exist in respect of each of these activities in terms of the instructions issued from DOT H/q and the terms and conditions of the licenses, he has directed to carry out a complete review of the Bank Guarantees.

3. The CCA offices (which are collecting the license fees and maintaining the Financial Bank Guarantees) shall therefore carry out a complete review, which shall cover the following three aspects--.

a. Whether valid financial Bank Guarantees are available in respect of each of the licensees in a particular service area, for which the CCAs are entrusted with the work of collection of license fees and also indicating any instance of lapse/default and corrective action taken thereof.

b. Whether the bank Guarantees furnished are in the prescribed format and Whether these have been furnished from Scheduled Banks, indicating corrective action taken in case deviation. (NB : The prescribed proforma are available in the License Agreement itself)

c. The adequacy of the amount of BG vis-a vis the prescribed norms and extant instruction and indicating corrective action taken in the event of any default and/or deviation.

4. Apart from the above, you are also directed to carry out a compilation ---Month-wise and license-wise, of amounts of fee received from the operators since the beginning of 2004-05 and the amount as available in your monthly cash Account Current.

5. As regards the review of FBGs maintained by your office, the report shall be furnished in the proforma as annexed to this letter as annexure III, together with suitable comments and explanatory statements wherever required. The report with regard to license fee collection shall be prepared as per the proforma annexed to this letter as Annexure IV. The first report (i.e. regarding FBGs) shall be furnished without fail by submitted by 31<sup>st</sup> of March 2005. In the event of any (Finance). The other report can be requested to contact this office at 011-23372193/23717111.

**(S Mandol)**  
**Director LF**

Encl : as above

A. BASIC SERVICE LICENCES MIGRATED TO UASL			
M/S Tata Teleservices Ltd.	Tamil Nadu	10-17/2004-BSLL/TTSL/T.N	A
	karnataka	10-9/2004-BSLL/TTSL/KTK	A
	andhra pradesh	10-2/2004-BBSL/TTSL/A.P.	A
	Gujarat	10-5/2004-BSLL/TTSL/Delhi	A
	Delhi	10-21/2004-BSLL/TTSL/Chennai	Metro
	Chennai (New)	10-20/2004-BSLL/TTSL/Chennai	Metro
Bharti Infitel Ltd.	Madhya pradesh (UASL)	10-11/2003-BSLL/BITL/MP	B
M/S Shyam Telelink Ltd.	Rajasthan	10-16/2004-BSLL/STL/Raj.	B
M/s Tata Teleservices (Maharashtra) Ltd.	Maharashtra	10.12/2004-BSLL/TTSL/MHA	A
	Mumbai (New)	10.23/2004-BSLL/TTSL/Mumbai	Metro
M/s HFCL Infotel Ltd.	Punjab	10.15/2004-BSLL/HFCL/Punjab	B
M/s Reliance Infocomm Ltd.	Gujarat	10.5/2004-BSII/RIL/Gujarat	A
	Andhra Pradesh	10-2 / 2004-BSII / RIL / a.P.	A
	Karnataka	10-9 / 2004-BSII / RIL / KTK	A
	Maharashtra	10-12 / 2004-BSII / RIL / MHA	A
	Mumbai	10-23 / 2004-BSII / RIL / Mumbai	Metro
	Punjab	10-15 / 2004-BSII / RIL / Punjab	B
	Rajasthan	10-16/1004-BSII/RIL/RAJ	B
	Orissa	10-14/2004-BSII/RIL/Orissa	C
	Madhya pradesh	10-11/2004-BSII/RIL/MP	B
	Tamil Nadu	10-17/2004-BSII/RIL/TN	A
	Chennai (New)	10-20/2004-BSII/RIL/Chennai	Metro
	Bihar	10-4/2004-BSII/RIL/Bihar	C
	West Bengal	10-1/2004-BSII/RIL/WB	B
	Kolkata (New)	10-22/2004-BSII/RIL/Kolkata	Metro
	Kerala	10-10/2004/BSII/RIL/Kerala	B
	UP (East)	10-20/2004-BSII/RIL/UP(E)	B
	H.P.	10-7/2004-BSII/RIL/HP	C
UP (West)	10-19/2004-BSII/RIL/IP(W)	B	
Haryana	10-6/2004-BSII/RIL/Haryana	B	
Delhi	10-21/2004/BSII/RIL/Delhi	Metro	
B. Ne UASL Licences			
M/s. Tata Teleservices Ltd.	West Bengal	20-201/2003-TATA/BSIII	B
	Kolkata (New)	20-222/2003-TATA/BSIII	Metro
	Bihar	20-204/2003-TATA/BSIII	C
	Haryana	20-206/2003-TATA/BSIII	B
	Himachal Pradesh	20-207/2003-TATA/BSIII	C
	Kerala	20-210/2003-TATA/BSIII	B
	Madhya Pradesh	20-211/2003-TATA/BSIII	B
	Orissa	20-214/2003/2003-TATA/BSIII	B
	Punjab	20-215/2003-TATA/BSIII	B
	Rajasthan	20-216/2003-TATA/BSIII	B
	UP (East)	20-219/2003-TATA/BSIII	B
	UP (West)	20-218/2003-TATA/BSIII	B
m/S Bharati Cellular Ltd.	West Bengal	20-201/2003-BHARATI/BSIII	B
	bihar	20-204/2003-BHARATI/BSIII	C
	Jammu & Kashmir	20-208/2003-BHARATI/BSIII	C
	UP (East)	20-219/2003-TATA/BSIII	B

	Orissa	20-214/2003-BHARATI/BSIII	B
M/s Bharati Televentures Ltd.	Assam	20-203/2004-BHARATI/BSIII	C
M/s Reliance infocomm ltd.	Jammu & Kashmir	20-208/2004-RELIANCE/BSIII	C
M/s Dishnet DCL Ltd.	West Bengal	20-201/2004-Dishnet/BSIII	B
	Assam	20-203/2004-Dishnet/BSIII	C
	Bihar	20-204/2004-Dishnet/BSIII	C
	Himachal pradesh	20-207/2004-DISHNET/BSIII	C
	Jammu & Kashmir	20-208/2004-DISHNET/BSIII	C
	North East	20-213/2004-DISHNET/BSIII	C
	Orissa	20-214/2004-DISHNET/BSIII	C
M/s Hutchison Essar South Ltd.	West Bengal	20-201/2003-HUTCH/BSIII	B
	Up (West)	20-218/2003-HUTCH/BSIII	B

- 26 Existing Basic service Licences migrated to Unified Access Service Licence regime. Basic Licence of A&N Service area is being treated as a part of West Bengal Licence. Mumbai, Chennai & Kolkata is treated as separate licence from Maharashtra, Tamil Nadu & Chennai respectively under the new UASL licence regime. All UASL licences are effective from 21<sup>st</sup> Nov. 2003.
- 4 old basic service licences (Haryana, Delhi, Karnataka and Tamil Nadu) of M/s Bharati Infotel ltd. Have not been narrated to UASL and the same have been surrendered by the company.
- For all the above licences, the licence fee 10%, 8% and 6% of AGR for Metro & Category A, Category B & Category C of Service Areas respectively.

A List of Licence fee payable by different licensees for their CMTS Licence Agreement

Sl. No.	Name of licensee	Service Area (Mero City/Telecom Circle)	LICENCE AGREEMENT NO.	Date of signing of Licence Agreement	Category	Revenue Share
1	Aircel Digilink India Ltd.	Haryana	842-64(A)/95-VAS	dt. 28.12.1995	B	6%
2	Aircel Digilink India Ltd.	Rajasthan	842-63(A)/95-VAS	dt. 1.8.1996	B	6%
3	Aircel Digilink India Ltd.	UP(E)	842-62(A)/95-VAS	dt. 28.12.1995	B	6%
4	Aircel Ltd.	Tamilnadu	842-92/97VAS	dt. 22.5.1998	A	8%
5	Bharat Sanchar Nigam Ltd.	andhra Pradesh	842-304/2001-VAS/AP	dt. 21.3.2003	A	10%
6	Bharat Sanchar Nigam Ltd.	A.N. & West Bengal	842-304/2001-VAS/AN &WB	dt. 21.3.2003	B	8%
7	Bharat Sanchar Nigam Ltd.	Assam	842-304/2001-VAS/AS	dt. 21.3.2003	C	6%
8	Bharat Sanchar Nigam Ltd.	Bihar	842-304/2001-VAS/BR	dt. 21.3.2003	C	6%
9	Bharat Sanchar Nigam Ltd.	Chennai	842-304/2001-VAS/CH	dt. 21.3.2003	A	10%
10	Bharat Sanchar Nigam Ltd.	Gujarat	842-304/2001-VAS/GJ	dt. 21.3.2003	A	10%
11	Bharat Sanchar Nigam Ltd.	Haryana	842-304/2001-VAS/HR	dt. 21.3.2003	B	8%
12	Bharat Sanchar Nigam Ltd.	Himachal pradesh	842-304/2001-VAS/HP	dt. 21.3.2003	C	6%
13	Bharat Sanchar Nigam Ltd.	J & K	842-304/2001-VAS/J&K	dt. 21.3.2003	C	6%
14	Bharat Sanchar Nigam Ltd.	Karnataka	842-304/2001-VAS/KL	dt. 21.3.2003	A	10%
15	Bharat Sanchar Nigam Ltd.	Kerala	842-304/2001-VAS/KTK	dt. 21.3.2003	B	8%
16	Bharat Sanchar Nigam Ltd.	Kolkata	842-304/2001-VAS/KOL	dt. 21.3.2003	A	10%
17	Bharat Sanchar Nigam Ltd.	Madhya pradesh	842-304/2001-VAS/MP	dt. 21.3.2003	B	8%
18	Bharat Sanchar Nigam Ltd.	Maharashtra	842-304/2001-VAS/MH	dt. 21.3.2003	A	10%
19	Bharat Sanchar Nigam Ltd.	North East	842-304/2001-VAS/NE	dt. 21.3.2003	C	6%
20	Bharat Sanchar Nigam Ltd.	Orissa	842-304/2001-VAS/OR	dt. 21.3.2003	C	6%
21	Bharat Sanchar Nigam Ltd.	Punjab	842-304/2001-VAS/PB	dt. 21.3.2003	B	8%
22	Bharat Sanchar Nigam Ltd.	Rajasthan	842-304/2001-VAS/RJ	dt. 21.3.2003	B	8%
23	Bharat Sanchar Nigam Ltd.	Tamilnadu	842-304/2001-VAS/TN	dt. 21.3.2003	A	10%
24	Bharat Sanchar Nigam Ltd.	UP(E)	842-304/2001-VAS/UP(E)	dt. 21.3.2003	B	8%
25	Bharat Sanchar Nigam Ltd.	UP (W)	842-304/2001-VAS/UP (W)	dt. 21.3.2003	B	8%
26	**Bharati Cellular Ltd.	Chennai	842-19/93-TM	dt. 30.11.1994	A	10%
27	**Bharati Cellular Ltd.	Gujarat	842-381/2001-VAS/Gujarat	dt. 28.9.2001	A	10%
28	**Bharati Cellular Ltd.	Haryana	842-381/2001-VAS/Haryana	dt. 28.9.2001	B	8%
29	**Bharati Cellular Ltd.	Himachal Pradesh	842-66/95-VAS/66-B	dt. 12.12.1995	C	5%
30	**Bharati Cellular Ltd.	Kerala	842-381/2001-VAS/Kerala	dt. 28.09.2001	B	8%
31	**Bharati Cellular Ltd.	Kolkata	842-20/93-TM	dt. 30.11.1994	A	10%
32	**Bharati Cellular Ltd.	Madhya Pradesh	842-381/2001-VAS/MP	dt. 28.09.2001	B	8%
33	**Bharati Cellular Ltd.	Maharashtra	842-381/2001-VAS/Maharashtra	dt. 28.09.2001	A	10%
34	**Bharati Cellular Ltd.	Mumbai	842-381/2001-VAS/Mumbai	dt. 28.09.2001	A	10%
35	**Bharati Cellular Ltd.	Tamilnadu	842-381/2001-VAS/Tamilnadu	dt. 28.09.2001	A	10%
36	**Bharati Cellular Ltd.	UP (W)	842-381/2001-VAS/UP(West)	dt. 28.09.2001	B	8%
37	**Bharati Cellular Ltd.	Delhi	842-18/93-TM	dt. 29.11.1994	A	10%
38	Bharati Mobile Ltd.	andhra Pradesh	842-52(A)/95-VAS	22.12.1995	A	8%
39	Bharati Mobile Ltd.	Karnataka	842-53(B)/96-VAS	18.10.1996	A	8%
40	Bharati Mobile Ltd.	Punjab	842-65(A)/95-VAS	26.12.1995	B	6%
41	BPL Mobile Cellular Ltd.	Kerala	842-54/95-VAS/(A)	19.12.1995	B	6%
42	BPL Mobile Cellular Ltd.	Maharashtra	842-57/95-VAS/(B)	19.12.1995	A	8%
43	BPL Mobile Cellular Ltd.	Tamilnadu	842-51(A)/95-VAS	19.12.1995	A	8%
44	BPL Mobile Cellular Ltd.	Mumbai	842-17/93-TM	30.11.1994	A	10%
45	BTA Cellcom Ltd.	Madhya pradesh	842-56/95-VAS/(A)	15.12.1995	B	6%
46	Escorts Telecommunications Ltd.	Himachal pradesh	842-382/2001-VAS/HP	20.10.2001	C	8%
47	Escorts Telecommunications Ltd.	Rajasthan	842-382/2001-VAS/Rajasthan	20.10.2001	B	8%
48	Escorts Telecommunications Ltd.	UP(E)	842-382/2001-VAS/UP(East)	20.10.2001	B	6%

49	Escotel Mobile Communications Ltd.	Haryana	842-64(B)/95-VAS	12.12.1995	B	6%
50	Escotel Mobile Communications Ltd.	Kerala	842-54(B)/95-VAS	12.12.1995	B	6%
51	Escotel Mobile Communications Ltd.	UP(W)	842-61(A)/95-VAS	12.12.1995	B	8%
52	Fascel Ltd.	Gujarat	842-58(B)/95-VAS	11.1.1996	A	5%
53	Hexacom India Ltd.	North East	842-68(B)/95-VAS	1.1.1996	C	6%
54	Hexacom India Ltd.	Rajasthan	842-63(B)/95-VAS	16.9.1996	B	10%
55	Hutchinson Telecom East Ltd.	Kolkata	842-23/93-TM	30.11.1994	A	10%
56	Hutchison Essar South Ltd.	andhra Pradesh	842-383/2001-VAS/A.P.	26.09.2001	A	10%
57	Hutchison Essar South Ltd.	Chennai	842-383/2001-VAS/Chennai	26.09.2001	A	10%
58	Hutchison Esar South Ltd.	Karnataka	842-385/2001-VAS/Karnataka	26.09.2001	A	8%
59	Hutchison Essar Telecom Ltd.	Punjab	842-382/2001-VAS/Panjab	20.10.2001	B	10%
60	Hutchison Essar Telecom Ltd.	Delhi	842-22/93-TM	30.11.1994	A	10%
61	hutchison Max Telecom Pvt. Ltd.	Mumbai	842-24/93-TM	29.11.1994	A	8%
62	Idea Cellular Ltd.	andhra Pradesh	842-52/95-VAS/(b)	19.12.1995	A	10%
63	Idea Cellular Ltd.	Delhi	842-384/2001-VAS/Delhi	5.10.2001	A	8%
64	Idea Cellular Ltd.	Gujarat	842-58/95-VAS/58-A	12.12.1995	A	8%
65	Idea Cellular Ltd.	Maharashtra	842-57/95-VAS/A	12.12.1995	A	10%
66	Mahanagar Telephone Nigam Ltd.	Delhi	842-338/2001-VAS/2	11.12.2002	A	10%
67	Mahanagar Telephone Nigam Ltd.	Mumbai	842-338/2001-VAS/2	11.12.2003	A	10%
68	Reliance Telecom (P) Ltd.	Kolkata	842-338/2001-VAS/Kolkata	27.09.2001	A	5%
69	Reliance Telecom (P) Ltd.	A.N. & West Bengal	842-60/95-VAS	12.12.1995	C	5%
70	Reliance Telecom (P) Ltd.	Bihar	842-59/95-VAS	12.12.1995	C	5%
71	Reliance Telecom (P) Ltd.	Himachal pradesh	842-66(A)/95-VAS	12.12.1995	C	6%
72	Reliance Telecom (P) Ltd.	Madhya pradesh	842-56(B)/95-VAS	12.12.1995	B	5%
73	Reliance Telecom (P) Ltd.	North East	842-68(A)/95-VAS	12.12.1995	C	5%
74	Reliance Telecom (P) Ltd.	Orissa	842-55(B)/95-VAS	12.12.1995	C	5%
75	Reliance Telecom (P) Ltd.	Assam	842-67/95-VAS	12.12.1995	C	10%
76	RPG Cellular Services Ltd.	Chennai	842-21/93-TM	30.11.1994	A	8%
77	Spice Communications Ltd.	Karnataka	842-53(A)/95-VAS	09.09.1996	A	6%
78	**Spice Communications Ltd.	Punjab	842-65(B)/95-VAS	09.09.1996	B	





**DEPARTMENT OF TELECOMMUNICATIONS  
(LICENSING FINANCE BRANCH)  
Room No. 718, Bhawan, 20-Ashoka, New Delhi-110001**

No. 1-6/ 2001/LF (Vol PT II)

Dated: 05-05-2005.

To,

JT.Controller Of Communicatin Accounts  
Bhubaneswar (ORISSA)

This is regarding the decentralized functions of license fee collection and maintenance and review of bank Gaaantees. In this regard, while detailed instructions stand issued, an one page summary of the key activities to be performed in the CCA offices is enclosed herewith for easy reference.

Deviation by service previders with reference to the prescribed condition ( as contained in the LA or instructions issued by D.O.T Headquarters) must be brought to the notice of the Headquarter office promptly.

Encl: One

G.M.Naitam  
Asstt. Director General (LF-I)

## Check list for CCA's

### **1. Receipt of (Quarterly) license fees from service providers**

- Payments are received with complete documents ( AGR statement Affidavit) as prescribed in the license Agreements.
- Comparison of supporting documents with the amount paid, and follow up with the Service provider in case of any discrepancy, in respect of stipulated payment
- Only Bank of Drafts/ Bankers' Cheques are accepted.
- The Bank drafts received are remitted to the Bank without any delay.
- Bank reconciliation carried out every month to ensure that all the payments remitted to the banks are duly accounted for.
- The Reconciliation of service-wise payments received is carried out with the figures appearing in the Cash/Account Current.

### **2. Bank Guarantee**

- Bank guarantee and their amendments tendered by the licensees are reviewed in file vis-a vis the prescribed formats / license conditions and promptly recorded in appropriate registers in strict chronological order.
- Bank guarantees are invoked either on failure of a service provider to renew them as per schedule furnishing BGs for amounts lower than required or to recover outstanding dues (as may be intimate by DoT (HQ), as the case may be, strictly in accordance with extant instructions on the matter.
- Monthly review of Bank Guarantee Register to ensure that all BGs remain valid and enforceable, and where necessary take remedial action in the matter.
- Half-yearly reviews of Bank Guarantees for ensures that their amounts are in tune with those required as per extent instructions.

### **3. Maintenance of Records**

- Prescribed records (like Bank Guarantee register, Collection register and license-wise Revenue Share Register are maintained up-to-date with proper authentication, with dated signatures, by the concerned officer(s).
- Prescribed returns are seen by the head of the CCA.
- Returns are sent to HQ in time as prescribed.

**1-6/2001-LF**  
Department of Telecommunication  
**1300 (B), Sanchar Bhawan, 20 ashoka Road, New Delhi – 110001**  
**(Licensing Finance Cell )**

**Office Memorandum**

Dated : 28.05.2004

To

The

Controller of Communication Accounts / JT Controller of  
Communication Accounts,  
Kerala

Sub: Transfer of  
work relating to licensing finance functions in respect NEW UASL to the Office of Controller  
communication accounts (% CCA ) and review of earlier instructions – Reg

Ref:(1) 1-6/2001-LF dated 08.10.2002

(2) 1-

6/2001-LF dated 08.12.2003

(3) 1-

6/2004-FBG dated 16.02.04

Attention is invited to the Office Memorandum referred to at (1) and (2) above, whereby the work relating to collection of license fee in the form of revenue share and maintenance of financial bank Guarantees in respect of various Basic and Cellular licenses was centralized to the respective offices of Controllers of Communication Accounts (CCA)

Subsequently, all the Basic Service licenses have migrated to Unifield Access Service Licensing Regime (except BSNL and MTNL) Several new Unifield Access Services licenses have also been issued.

It has therefore been decided that, the collection of license fee and maintenance of FBG's in respect of new Unifield Access Service Licenses. In addition to existing Basic (now migrated UAS) and Cellular license, will also be handled by the respective offices of the CCA or Jt. CCA with immediate effect.

Para 3.2 of this OM dated 8<sup>th</sup> Dec'2003 (reference 2 above) may be seen. The licensees have to make License Fee payments by Demand Draft or Pay Order. These payments being of high value must be deposited promptly in the concerned Bank (preferably on the same day) and the credits personally monitored by the head of the unit.

From June 2004 onwards, information about the date of receipt of license fee, date of deposit in the Bank and affording of credit by the Bank in respect of each receipt of the past month should be sent to DoT HQ. The existing proforma for the monthly statement of augmented to

include the information .

Instances have come to the notice of this office where quarterly payments from licensees have been refused on the plea that these were not supported by Affidavit and AGR statement, it is clarified that under no circumstances should license fee payments be refused . However, the license shall be immediately handed over a letter informing him of his lapse and asking him to submit the required prescribed documents within a week. A sample format is enclosed herewith.

Your attention is further invited to this office letter under reference at (3) above . In addition to the instructions therein you are required, for more effective control over Financial Bank Guarantees, to ensure that the Bank Guarantee Register is reviewed periodically by yourself and other officers with at least a monthly review by you as the head of the Unit. A monthly report should be sent to DOT HQ in the form of certificate from the head of the CCA unit, stating that Bank guarantees have been reviewed during the month and there have been no issues in this regard. This report should invariably be sent in the first week of following month.

Computation of the FBG amount- Practice presently followed to compute the amount of FBG that the highest amount of Quarterly license fee paid by a licensee in the previous four quarters is multiplied by two and this resultant amount is enhanced by 10% to provide for expected growth in gross revenue of Licensee Company in future.

It has been decided by the competent authority that henceforth an arithmetic mean, of the quarterly amounts of license fee paid by the operator during the last four quarters, be taken as the base, (instead of the highest quarterly license fee ), multiplied by two and the resultant amount enhanced as usual by 10% to arrive at the quantum of FBG to be demanded from the operator at the time of review.

The amount may be issued upwards in case the department be carried out on a half yearly basis,. This will be applicable to all licensees under the revenue- sharing regime.

In regard to reduction of FBG amounts following the reduction of license fee percentages announced by the Government (ranging from 2% to 4% of the AGR ) for the Cellular, UASL and Basic service licenses with effect from 1<sup>st</sup> April'2004, the amounts of FBGs of these licensees are to be reviewed on the lines suggested above immediately. The outcome of each review in view of the reduction in the rates of license fee may however be implemented for a licensee only after ensuring that licensee has paid his dues upto date.

The heads of the Communications Accounts Units are also required to reconcile the license fee collected as stated out in the monthly report with that recorded in the accounts of the Unit. You are also requested to prepare a statement of such reconciliation for the year 2003-04 and forward the same to HQ within a fortnight.

The quarterly Affidavits and the AGR statements submitted by the licensees may be sent to DOT within a fortnight after retaining the original in your office. The copy sent here may be duly authenticated.

8. **All other past instructions remain unchanged except for those as stated above.**

**Asst. Director General (LF –II )**

Encl : As above.

Enclosure as referred in para 3 –

Department of Telecommunications  
O/o the CCA

Sub: Submission of accounting documents –

We have received an amount of Rs..... towards the license fee for the period -----  
--in respect of the license no..... dated .....

It is noted that, the affidavits and / or AGR statement as required under condition the license agreement has not been submitted.

You are directed to submit the documents within a week, failing which the department will take suitable action as deemed fit under the license conditions.

**Department of Telecom  
Licensing Finance Branch  
1-6/2004/FBG/ dated 16.02.2004**

To

All CCAs  
Department of Telecom

Sub: Maintenance of Financial Bank Guarantee

Presently the FBGs for various Basic / UASL and cellular operators (except MTNL ) are being maintained by the CCAs. The following decisions have been taken with respect to maintenance of FBGs.

1. Review – Review of FBGs from now onwards shall be carried out on a quarterly basis to decide on the appropriate quantum of Financial bank Guarantee .
2. Encashment of FBG \_ The FBG can be encashed by the CCAs, under intimation to DoT HQ in case, in the following cases
  6. FBGs are not renewed in time ( as already specified one month in advance before expiry)
  7. Operators have not submitted in FBG for an appropriate amount as directed by CCAs.
3. Additional Bank Guarantee – In some cases it is found that there is a substantial jump in the licensee fee, requiring a revision in the FBG amount. It is now decided that fresh BG or additional BG shall be asked from the operators, in case there is a 25% jump in the in the quarterly license fee.
4. The revised percentage rates of revenue share to be collected from Basic and cellular Service operators have already been conveyed vide endorsement no. 17-11/2002- LF dated 29.01.2004. the same is enclosed for ready reference. The new rates are applicable from 01.04.2004 and revenue shares at these rates will be due for payment by 15.07.2004.

In view of this reduction it has been decided that the operators can be permitted to offer revised FBG for a proportionately lower amount, only after 15.04.2004, provided the 4<sup>th</sup> quarter (03-04) share has been paid.

For example if the present highest quarter Fee is Rs. 5 Cr the existing FBG is for an amount of Rs. 11 crores. With effect from 15.04.2004 the FBG will be for an amount of 8.8 crores, in case the rate has come down from 10% to 8% (i.e) Category B circle )

In addition to this reduction, for the first two circle cellular operators ( licenses awarded before 1999), there is an additional relief of 20% ( copy of relevant orders enclosed ) The FBG amounts in their cases will be governed accordingly.

The revision in FBG will be allowed even if the Bank Guarantees are due for expiry at a later date. In any case the review will be again due in the next

- quarter.
5. Reduction in FBG of BSOs on account of migration to UASL – After migration all BSOs have to follow the same set of financial conditions including FBGs, as in the 4<sup>th</sup> cellular license agreements ( license awarded in 2001 ) Therefore, the migrating BSOs have to submit FBGs in line with what is submitted by the 4<sup>th</sup> cellular licenses.  
The above is for necessary action at your end. Please feel free to interact for any further clarifications.

Encl : 3 as above

Surajit Mandol  
Director LF II  
Tel 23036266, 23036257  
Email : [smandol@bsnl.in](mailto:smandol@bsnl.in)

DEPARTMENT OF TELECOMMUNICATIONS  
(LICENSING FINANCE BRANCH)  
**Room No. 718, Sanchar Bhawan, 20-Ashoka Road, New Delhi – 110 001.**

No. 1-6/2001/LF(Vol PT II)

Dated: 05.05.2005

To

Jt. Controller of Communication Account,  
Bhubaneswar (Orissa)

This is regarding the decentralized functions of license fee collection and maintenance and review of Bank Guarantees. In this regard, while detailed instructions stand issued, an one page summary of the key activities to be performed in the CCA offices is enclosed herewith for easy reference.

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G.M. Naitam  
Asst. Director General (LF-I)

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- ◆ Half-yearly reviews of Bank Guarantees for ensuring that their amounts are in tune with those required as per extant instructions.

### 3. Maintenance of Records

- ◆ Prescribed records (like Bank Guarantee register, Collection register and license-wise Revenue Share Register are maintained up-to-date with proper authentication, with dated signatures, by the concerned officer(s).
- ◆ Prescribed returns are seen by the head of the CCA.
- ◆ Returns are sent to HQ in time as prescribed.

**GOVERNMENT OF INDIA**  
**Ministry of Communications & IT**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**(LICENSING FINANCE BRANCH)**

**Room No. 718, Sanchar Bhawan, 20-Ashoka Road, New Delhi – 110 001.**

No. 17-20/2003/LF

Dated: 9-3-2005

To  
The Chairman & Managing Director,  
BSNL, Corporate office, Statesman House,  
New Delhi – 110 001.

Sub:- Payment of License fees for the 4<sup>th</sup> quarter of financial year 2004-2005.

Ref: DoT letters of even number dated 29.12.2004 and 28.02.2005

Sir,

I am directed to reiterate that all future payments of License Fee, including the payment for 4<sup>th</sup> quarter of financial year 2004-05, be made only through Demand Draft/Pay order, as per licence conditions, to concerned CCAs (as per list attached). This decision already stands communicated vide Secretary, DoT's DO No. 17-20/2003-LF (BSNL)(Pt.I) dated 29.12.2004.

As regards the revenues generated by units other than those corresponding to Service Areas (for example, project circles, maintenance circles, corporate office, etc.) and which revenues form part of the AGR of the access services as per the Licence Agreements, you may designate the Service Area (Territorial Circles) who shall be responsible to incorporate the same in their AGR statements and pay Licence fee accordingly. A copy of your circle in this regard may also be endorsed to the CCAs as well as this office for information. The basis of calculation of AGR and licence fee shall be distinctively furnished in respect of each Licence (Service Area).

For services other than Basic and Cellular (for example, NLD, ILD, VSAT, etc.) for which the Service Area is all-India, the payment of Licence Fee shall be made in the office of CCA (Delhi) at prescribed rates, together with the prescribed statements.

A consolidated statement of payments (with Service Area/Licence wise break-up) indicating the CCA where payment is being made/has been made may also be furnished by the end of the month, in which the quarterly licence fees fall due.

(D. Maho)  
Director (LF-II)  
Phone: 23717111  
Fax: 2337244

Copy to: -

1. DDG (Accounts) BSNL, Corporate Office, New Delhi
2. All Controllers of Communication Accounts for information and necessary action.

Designated CCA Offices to receive Licence Fees from various units of BSNL  
(In respect of Basic and Cellular Licences)

Sl. No.	Service Area as per License	CCA Office	Rate of Revenue share w.e.f. 01.04.2004 (for a period of four years)#
1	Andhra Pradesh	Andhra Pradesh	10%
	Assam	Assam	6%
	Bihar (including Jharkhand)	Bihar	6%
			6%
	Gujarat	Gujarat	10%
	Haryana	Haryana	8%
	Himachal Pradesh	Himachal Pradesh	6%
	Jammu & Kashmir	Jammu & Kashmir	6%
	Karnataka	Karnataka	10%
	Kerala	Kerala	8%
	Kolkata Phones	Kolkata	10%
	Madhaya Pradesh (including Chhatisgarh)	Madhaya Pradesh	8%
	Maharashtra	Maharashtra	8%
	North East-I	North East-I	10%
	North East-II	North East-I	6%
	Orissa	Orissa	6%
	Pubjab	Punjab	6%
	Rajasthan	Rajasthan	8%
	Chennai Phones	Tamil Nadu	8%
	Tamil Nadu	Tamil Nadu	10%
	U.P (East)	U.P. (East)	10%
	U.P. (West) (including Uttranchal)	U.P. (West)	8%
			8%
	West Bengal	West Bengal	8%
	Andman & Nicobar	West Bengal	6%

# Rates applicable for Basic and Cellular Services on the basis of AGR.

**GOVERNMENT OF INDIA**  
**Ministry of Communications & IT**  
**DEPARTMENT OF TELECOMMUNICATIONS**  
**Sanchar Bhawan New Delhi – 110 001.**  
**(Licensing Finance Cell)**

**No.: 17-20/2003/BSNL/L F**

**Dated: 10.1.2005**

To

All Controller of Communication Accounts

Sub: - Licence fee of BSNL – regarding

Sir,

Kindly find enclosed copy of Secretary, Department of Telecom D.O. no of even Dated 29.12.2004 for your information and necessary action.

The Licence Fees/ Revenue Share received may be accounted for as per extent instructions.

**(Brij Raj)**  
**Assistant Director General (LF II)**

Copy to: -

**Director (Accounts – I), DOT for kind information**

**(Brij Raj)**  
**Assistant Director General (LF II)**

**GOVERNMENT OF INDIA**  
**Ministry of Communications & IT**  
DEPARTMENT OF TELECOMMUNICATIONS  
**Sanchar Bhawan, 20-Ashoka Road, New Delhi – 110 001.**

D.O. No. 17-20/2003-LF(BSNL)(Pt.I)

December 29, 2004

Dear Sri Sinha,

This is in continuation of our letter dated June 17, 2004 (copy enclosed) regarding the non-submission of AGR statements along with quarterly licence fee payments by BSNL which amounted to violation of the financial conditions contained in various telecom service licences held by it.

2. Kindly ensure that from the 3<sup>rd</sup> quarter of 2004-05, service-wise and service area-wise AGR statements are positively submitted (along with the quarterly licence fee payments) as per the schedule incorporated in licence agreement. The payments in respect of basic and cellular licences may be got deposited with the respective CCA offices, while those in respect of other services may be paid in the office of the CCA, New Delhi.

With regards,

Yours sincerely,

(Nripendra Misra)

Encl: As above

Shri A.K. Sinha,  
CMD,  
BSNL,  
NEW DELHI.

**BHARAT SANCHAR NIGAM LIMITED  
CORPORATE ACCOUNTS SECTION  
11<sup>TH</sup> FLOOR STATESMAN HOUSE  
B-148, BARAKHAMBA ROAD, NEW DELHI – 110 001**

No. 500-87/2004-05/CA-IV

Dated 05.01.2005

To

The Chief General Manager,  
All BSNL Circles

Sub: Submission of audited Quarterly AGR Statement and payment of Licence fee to DoT –  
reg.

Kindly refer this office letter of even no. Dated 27<sup>th</sup> December 2004 vide which the work of payment of License Fee and spectrum fee has been decentralized to the respective circles.

2. In compliance to the directives of Secretary, Deptt. Of Telecom, (Copy enclosed) it is conveyed herewith that the payment of License Fee for Basic and Cellular Services Licenses should be done to the respective Controller of Communication Accounts located in the circles. However, the payment of License Fee for the other Licensed Services such as NLD, ILD, VSAT, Radio paying etc. should be done to Senior Controller of Communication Accounts, New Delhi. The AGR statement duly audited may kindly be submitted accordingly. The last date of payment of License Fee for the 3<sup>rd</sup> Quarter and advance payment of Spectrum Fee for the 4<sup>th</sup> Quarter is 15-01-2005, which should be adhered strictly.

3. Regarding Spectrum Fee the estimated AGR along with details of payment Spectrum fee up to THIRD quarter are furnished in enclosed Annexure. The excess/shortfall, if any in the Spectrum Fee payment shall be adjusted after computation of actual figures for the three quarters at the time of making the payment for the FOURTH quarter to Senior Controller of Communication Accounts, New Delhi.

Kindly acknowledge the receipt of this letter to ADG (CA IV), BSNL Corporate office, Statesman, House, New Delhi 110 001.n

Encl: as above

(A.S. Ray)  
DDG (CA)

Copy to:

1. DDG (LF)/DDG (WPF) Dept. of Telecom, Sanchar Bhawan, New Delhi for information.
2. Jt. DDG(R), BSNL Corporate Office, New Delhi for information

**Bharat Sanchar Nigam Limited  
(A. Govt. of India Enterprise)**

**Corporate Accounts Section  
Statesman House 11<sup>th</sup> floor  
B-148 Barakhamba Road, New Delhi – 110001**

No. 500-87/2004-04/AGR/CA IV/BSNL Dated at New Delhi 27<sup>th</sup> December 2004

To

The Chief General Manager  
All BSNL Circles

Sub: Quarterly AGR Statements and related Affidavits

1. As per terms and conditions of license granted by DOT to BSNL for providing various telecom services, Quarterly AGR Statements are to be prepared service-wise and License Area wise on the basis of actual revenue data. The said Quarterly AGR statements along with an affidavit are to be submitted to DOT within 15 days from the date of ending of the each quarter. The quarterly license fee as worked out on the basis of quarterly AGR statements is also to be paid to DOT within the dates mentioned above.

2. Corporate Accounts Section of BSNL HQ has paid the quarterly license fee for the first two quarters of the financial year 2004-05. The license fee so paid, has been calculated on estimated revenue and not on actual basis since Trial balances are not received in time from the Circles. The affidavits in this regard for the 1<sup>st</sup> two quarters of 2004-05 have also not been submitted to DOT by Corporate office on the ground mentioned above. Payment of license fee on estimated basis and non-submission of affidavit have been viewed seriously by DOT.

3. Henceforth each Circle will be preparing the Service-wise and license-Area wise quarterly AGR Statement on the basis of actual revenue data for the concerned quarter and submitting the same along with related Affidavit to the respective Controller of Communication Accounts.

4. All the Circles will take immediate action for preparing AGR statement and submission of the same from the 3<sup>rd</sup> quarter of the financial year 2004-05 onwards to the respective Controller of Communication Accounts located in the Circles. A copy of the quarterly AGR statements shall also be sent to the License Fee Branch of DOT and to the Corporate Accounts Section of BSNL HQ. At the same time quarterly license fee shall be worked out from the quarterly AGR statement by each Circle duly audited by lead Internal Auditor on payment of Rs. 5000/- and paid to the respective Controller of Communication Accounts within the due date mentioned above. The due date for submission of AGR and payment of license fee for the 3<sup>rd</sup> quarter of 2004-05 is 15.1.2005. The bifurcation of NLD revenue from the Basic and CMTS revenue shall be done provisionally as per order issued by R&C section under to. 39-2/2004-R&C dt. 8.3.2004 till a fresh rate/percentage is fixed by R&C Section for the financial year 2004-05. The classification of Circles and the rate of license Fee as decided by DOT is enclosed as Annexure I & II.

5. The Circles will also prepare the AGR statement and calculate the license fee for the 1<sup>st</sup> two quarters of the financial year 2004-05. The details of license fee already paid by the Corporate Office for the first two quarters of the financial year 2004-05 on estimated basis for each Circle is enclosed as Annexure III. The license fee already paid by the Corporate Office for the first two quarters on the

basis of estimated AGR shall be reconciled with license fee now calculated by the Circles on the basis of actual revenue data for 1<sup>st</sup> two quarters. If there is any short or excess payment for the 1<sup>st</sup> two quarters, the same shall be adjusted/paid along with the payment of license fee for the 3<sup>rd</sup> quarter of 2004-05 which is due on 15.1.2005. The ATD for the license fee already paid by the Corporate Office will be issued for acceptance by the respective Circle.

6. The spectrum fee on CMTS revenue and WLL revenue are payable in advance. Action has to be taken for payment of spectrum fee for the 4<sup>th</sup> quarter of the financial year 2004-2005 at the rate of 3% & 2% of the AGR of CMTS & WLL respectively. The due date of advance payment of spectrum fee for the fourth quarter of 2004-05 is 15.1.2005. The payment of spectrum fee already made by Corporate Office on the basis of estimated revenue will be intimated to the Circles shortly and ATD for the same will be sent to Circles for acceptance.

7. The details of AGR of CMTS revenue and WLL revenue and spectrum fee may also be submitted to the Wireless Branch of DOT. The quarterly license fee and spectrum fee paid by the circles along with AGR details shall be communicated to the Corporate Accounts Section (ADV CA IV) with 7 days from the due date of submission of AGR and related payment to the respective CCA.

This may be treated as most urgent and receipt of this letter shall be acknowledged to the ADG (CA IV) of Corporate Accounts Section.

Encl: As above.

(A.S. Ray)  
DDG (Corporate Accounts Section)

Copy to:

1. DDG (LF), DOT, Sanchar Bhawan, New Delhi – 110001 for information.
2. DDG (Accounts), DOT, Sanchar Bhawan, New Delhi – 110001 for information.
3. GM (Finance/IFA of all BSNL Circles for necessary action
4. CPAO (ITI Bills), ITI Bangalore/CAO TCO Kolkata/ADG (R&P), Corporate Office, New Delhi for necessary action
5. RAO BSNL HQ Statesman House, New Delhi for information.

ESTIMATED AGR FOR FIRST TWO QUARTERS OF 2004-05AN				
Sl. No.	Circles Name	Basic (AGR)	NLD (AGR)	CMTS (AGR)

1	Category A(10%)			
2	CHENNAI PHONES	620.40	35.92	38.96
3	ANDHRA	1231.86	60.17	121.22
4	GUJARAT	1074.02	52.37	83.24
5	KARNATAKA	12147.10	68.74	116.03
6	MAHARASHTRA	1668.06	80.75	140.08
7	TAMILNADU	1020.62	48.94	87.03
8	T.F MUMBAI	0.69	0.03	0.00
9	G.M.P. DELHI	0.14	0.01	0.00
10	G.M.P BOMBAY	1.20	0.05	0.00
11	G.M.P. Madras	0.89	0.04	0.00
12	GMM N. DELHI	451.97	27.95	0.00
13	GMM BOMBAY	2.19	0.09	0.00
14	GMM CHENNAI	0.75	0.03	0.00
15	REP NAGPUR	0.17	0.01	0.00
16	DATA NET WORKS	0.02	0.00	0.00
17	NCES	0.01	0.00	0.00
18	NATFM	0.07	0.00	0.00
19	ITI BANGLORE	4.44	0.18	0.00
20	Q.A BANGLORE	0.99	0.04	0.00
21	DDG IBF	144.00	6.00	0.00
22	AO(CASH)BSNL	0.76	0.03	0.00
	<b>TOTAL OF A</b>	<b>7437.37</b>	<b>381.37</b>	<b>586.56</b>
1	CALCUTTA PHONES	627.28	32.55	6.95
2	KERALA	975.81	46.49	95091
3	M.P.	423.12	21.68	51.21
4	PUBJAB	778.67	36.46	67.59
5	RAJASTHAN	594.91	30.53	75.63
6	U.P. (EAST)	614.62	32.59	110.29
7	U.P. (WEST)	475.67	24.13	69.60
8	WEST BANGAL	293.97	14.48	43.47
9	HARYANA	441.64	21.46	42.08
10	T.S CALCUTTA	4.10	0.19	0.00
11	T.F CALCUTTA	1.31	0.05	0.00
12	T.F JABALPUR	2.06	0.09	0.00
13	G.M.P CALCUTTA	0.14	0.01	0.00
14	GMM CALCUTTA	0.24	0.01	0.00
15	T&D JABALPUR	0.04	0.00	0.00
16	TCO CALCUTTA	2.96	0.12	0.00
17	TCC JABALPUR	0.13	0.01	0.00
18	ALTTC	0.42	0.02	0.00
19	CHTTISHGARH	105.14	0.45	0.00
20	UTTARNCHAL	132.88	5094	0.00
	Total of B		271.26	562.72
	Category c(6%)			
1	ASSAM	182.25	7.86	1.29
2	BIHAR	284.69	14.28	42.14
3	J&K	144.50	7.07	6.95

4	N.E-I	60.82	2.97	0.36
5	ORISSA	230.00	12.70	45.96
6	HIMACHAL PRADESH	107.86	5.25	15.85
7	TASK FORCE	0.02	0.00	0.00
8	A&N	12.06	0.69	2.25
9	JHARKHAND	157.10	7.96	26.79
10	NE-II	51.77	2.21	0.15
	Total of C	1231.07	61.01	141.75
	Total (A+B+C)	14143.54	713.64	1291.03

Note: Annexure I & II were already forwarded to field units norm.

Annexure III

ID LICENCE FEE PAID THERE OF TO DOT.
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BASIC LF	NLD LF	CMTS LF	Total LF
<b>Rs in Crore</b>			
55.09	5.39	3.38	63.86
109.39	9.03	10.52	128.94
95.37	7.86	7.23	110.46
107.81	10.31	10.07	128.19
148.12	12.11	12.16	172.39
90.63	7.34	7.55	105.52
0.06	0.00	0.00	0.06
0.01	0.00	0.00	0.01
0.11	0.01	0.00	0.12
0.08	0.01	0.00	0.09
40.14	4.19	0.00	44.33
0.19	0.01	0.00	0.20
0.07	0.00	0.00	0.07
0.02	0.00	0.00	0.02
0	0.00	0.00	0.00
0	0.00	0.00	0.00
0.01	0.00	0.00	0.01
0.39	0.03	0.00	0.42
0.09	0.01	0.00	0.10
12.79	0.90	0.00	13.69
0.07	0.00	0.00	0.07
<b>660.44</b>	<b>57.21</b>	<b>50.91</b>	<b>768.55</b>
55.70	4.88	0.60	61.18
86.65	6.97	8.32	101.94
37.57	3.25	4.44	45.26
69.15	5.47	5.87	80.49
52.83	4.58	6.56	63.97
54.58	4.89	9.57	69.04
42.24	3.62	6.04	51.90
26.10	2.17	3.77	32.04
39.22	3.22	3.65	46.09
0.36	0.03	0.00	0.39
0.12	0.01	0.00	0.13
0.18	0.01	0.00	0.19
0.01	0.00	0.00	0.01
0.02	0.00	0.00	0.02

0.00	0.00	0.00	0.00
0.26	0.02	0.00	0.28
0.01	0.00	0.00	0.01
0.04	0.00	0.00	0.04
9.34	0.67	0.00	10.01
11.80	0.89	0.00	12.69
<b>486.18</b>	<b>40.68</b>	<b>48.82</b>	<b>575.68</b>
16.18	1.18	0.11	17.48
25.28	2.14	3.66	31.08
12.83	1.06	0.60	14.50
5.40	0.45	0.03	5.88
20.42	1.91	3.99	26.32
9.58	0.79	1.38	11.74
0.00	0.00	0.00	0.00
1.07	0.10	0.20	1.37
13.95	1.19	2.33	17.47
4.60	0.33	0.01	4.94
<b>109.32</b>	<b>9.15</b>	<b>12.30</b>	<b>130.78</b>
<b>1255.95</b>	<b>107.05</b>	<b>112.06</b>	<b>1475.00</b>

**Department of Telecom.  
20, Ashok Road, New Delhi.**

**No. 1-6/2002/LF (PL) (Vol,II)**

**Date : 16.11.2004**

To

The controller of Accounts,

Kindly find enclosed a copy of DOT's budget branch U.O.No. 5-1/2001-b dated 2.9.04, along with all enclosures.

Accordingly, revenue share received from various operators may be properly bifurcated between license fee and Universal Access Levy and corresponding accounting entries passed. This may be implemented in respect of all receipts received from 1.4.04 onwards (It may be noted that Universal Access Levy is uniform @ 5% of the Adjusted Gross Revenue)

The process of appropriately classifying the license fee & universal access Levy with respect to receipts till November 2004, be completed in the accounts of November, 2004 itself and a confirmation to this effect sent to this office by 15.12.04.

**(H.R. ARORA)**  
**Accounts Officer (LF -IV)**

Copy to:

1. DDG (FEB) : other necessary instructions may kindly be
2. DDG (Accounts) : issued separately.

GOVERNMENT OF INDIA  
DEPARTMENT OF TELECOMMUNICATIONS  
(LICENSING FINANCE CELL)

subject: Opening of new head of account for accounting receipts of universal Access levy from the telecom service providers.

Reference; No. 1-14/2000 B dated 15.1.2001 from ADG ( B-Coordn) and our reply vide U.O. 1-6/98-LF-I dated 22.01.2001.

The New Telecom Policy – 1999 vide para 6 seeks to achieve certain Universal service objectives the resources for which would be raised through “ Universal Access Levy”. The said levy would be a percentage of the revenue earned by all the operators under various licenses. Implementation of the USO obligation would be undertaken by all fixed service providers who shall be reimbursed from the funds from the Universal Access Levy.

The Government fhas accordingly sought recommendation of the TRAI on various structural and functional issues of the USO fund. It would be appreciated that the accountal of USO fund and its operation is inextricably linked with the said structural and functional issues on which TRAI recommendations are awaited. Attention is invited to para 9&10 of the enclosure of Lr. No. 1-14/2003-B dated 15.1.2001, which stipulates separate accountal of USO receipts under Major Head 1275, by opening a new Monor llcad for accounting receipts of USO, separately for Basic and Cellular service providers.

It is pointed out that this advice presupposes that the UAL receipts would form part of the Consolidated Funds of India and accordingly re-imburements would be put up for budgetary approval. At present, the LF cell is not in a position to comment anything on this issue because only after processing the final recommendation of TRAI on administration of USO and mode re-imburement we would be able to say whether it would form part of CFI or Public Accounts.

Meanwhile, TRAI has recommended a provisional UAL to be collected from the licensees of various services, which need to be to a separate Head of Account. It would be evident from above that till a finality is reached on theissue, we would need a transient llead of Account to account for UAL receipts.

DDG (BLI), DoT is therefore requested to kindly advise on this issue and intimate the Head of Account into which UAL receipts of the following services be separately:

- i) CMTS; ii) Radio Paging; iv) VSAT; v) Mail, vi) E mail, vii) PMRTS, viii) GMPCS, ix) NLDO, x) ISP, xi) IP-II andxii) others.

This issues with the approval of DDG(LF)

Department of Telecommunications  
(Budget Section)

Sub: Accounting procedure for accounting of transactions relating to Universal Service Obligation Fund.

Kindly refer to LF Branch's U.O. No. 1-6/98-LF dated 5.3.2001 on the above subject wherein the draft Accounting procedure was sent for obtaining the approval of the competent authority. The matter was taken up with the concerned authorities.

Please find enclosed a copy of the CGA's U.O. No. 9(13)/2002/TA/465 dated 17.8.2004 where in approval for the accounting procedure for accounting of transactions relating to Universal Service Obligation Fund has been communicated.

A copy of Ministry of Finance letter No. F.1(9)-B(AC)/2002 dated 9.3.2004 is also enclosed wherein Ministry of Finance has agreed to the accounting procedure for accounting of transactions relating to USO Fund drawn up by Controller General of Accounts subject to the condition that the rate at which the LF will be bifurcated into License Fee and Universal Access Levy at specific percentage of Adjusted Gross Revenue of Telecom Service providers will be decided by the Department of Telecommunications in consultation with the Ministry of Finance as directed by the Cabinet Secretariat in their letter No. 20/CM/2003 dated 23.7.2003 (copy enclosed).

In this connection, it is mentioned that as per the approved accounting procedure, the total amount of Licence Fee will be bifurcated between Telecom Licence Fee and Universal Access Levy and will be classified under the Head 1275- Other Communication Service – 104 Telecommunication Licence Fee and 1275- Other Communication Service – 105 Universal Access Levy respectively.

The existing head of account "04-Compensation to Service Providers under USO" below the Minor head 800 under the Major Head 3275 will cease to operate and the expenditure will be booked under the new minor head " 103-Compensation to Service providers for Universal Service Obligation" as approved in the accounting procedure.

CGA also accorded their concurrence for opening of Minor Head 900- Deduct-Refunds below the Major Head 1275- Other communication Services to account for the refund of revenue of Telecom Licence fee etc. vide CGA's U.O. No. 9(13)/2002/TA/297 dated 31.5.2004 (copy enclosed)

It is requested to kindly notify the accounting procedure for accounting of transactions relating to USO Fund after incorporating the above changes.

Encl: As stated above.

(G. Muthuswamy)  
Director (Budget)

Director(LF), DOT, Sanchar Bhavan, New Delhi-110 001.  
U.O. No. 5-1/2001 B dated 2.9.2004.  
Copy to

- (1) Jt. Administrator (Finance)m, USO Fund, DOT, Sanchar Bhavan, New Delhi –1.
- (2) Director (Accounts), DOT

**No. F.1(9)-B(AC)/2002**  
**Ministry of Finance**

(Budget Division)

New Delhi  
09.03.2004

Subject: Accounting Procedure for accounting of transactions relating to Universal Service Obligation Fund.

Reference Department of Telecommunications Letter No. 5-1/2001 B dated 19.2.2004 on the subject cited above.

3. The accounting procedure for accountal of transactions relating to Universal Service Obligation Fund drawn up by the Office of the Controller General of Accounts and sent to this Division for comments vide their letter no. 9 (13) 2002/TA355-56 dated 26.7.2002(Copy enclosed) is agreed to subject to the condition that the rate, at which the Licence fee will be bifurcated into Licence fee and Universal Access Levy at specific percentage of Adjusted Gross Revenue of Telecom Service providers, will be decided by the Department of Telecommunications in consultation with the Ministry of Finance as directed by the Cabinet Secretariat in its letter No. 20/CM/2003 dated 23.7.2003 addressed to Secretary, Department of Telecommunications (copy enclosed). This may be brought out in the accounting procedure clearly.

(P.R. Das)  
Under Secretary (Budget)

Shri G. Muthuswamy,  
Director (Budget),  
Department of Telecommunications,  
Sanchar Bhawan, New Delhi.

Ministry of Finance  
Department of Expenditure

Controller General of Accounts  
Lok Nayak Bhawan, Khan Market New Delhi.

Subject: Accounting procedure for transactions related to Universal Service Obligation (USO) Fund in the Department of Telecommunication.

Budget Division may please refer to their letter No. F.1(9)-B(AC)/2002 dated 16.54.2002 addressed to Shri V. Ganesan, Asst. D.G. (Budget), Department of Telecommunications on the subject mentioned above.

The draft accounting procedure related to Universal Service Obligation Fund dully vetted by this office is sent herewith. Budget Division may please examine the same and offer their views/comments to this office.

(Sanjai Singh)  
Asst. Controller General of Accounts

Shri P.R. Das, Under Secretary (Budget), MoF, DEA (Budget Division), North Block, New Delhi.

CGA's U O No. 9(13)2002/TA/ dated

Sub:- Draft accounting procedure for accounting of trasations relating to Universal service obligation (USO)

Universal service support policy has come into effect with effect from 1.04.2002 in consultation with the T.R.A.I for implementation of the Universal service Obligation as envisaged in the New Telecom policy 1999. A fund with the nomenclature "Universal service Obligation fund" is to be created for the purpose of accounting of receipts of Universal service levy (USL), which will be drawn from out of the licence fee collected. This would however, be within the present cap of licence fee plus USL together. Therefore, the following accounting procedure has been proposed for adoption.

Adjusted gross revenue (AGR) is arrived at excluding the following from the Total Gross Revenue.

- (i) Access charges paid and any other revenue on to other telecom service provider.
- (ii) Service Tax on provision of service, if Gross Revenue is inclusive of service tax.
- (iii) Sales Tax actually paid to the Government.

4. Licence branch of the DoT, on receipt of the quarterly licence fee in advance through Demand draft, Bank Order and Banker's cheque, will bifurcate the total amount between Telecom licence fee and Universal Access Levy and give the classification as under:

- |  |  |
|--|--|
| 1275 – other Communication service – 104 –Telecommunication<br>Licence fee; and                              | } sub heads will be<br>opened<br>According to the<br>Service.(as given<br>in annexure) |
| 1275 –other Communication service – 105 –Universal Access<br>Levy (this Minor head is proposed to be opened) |  |

After classification, the details of licence fee along with instrument are to be sent to PAO (HQ) DoT for incorporation in the account according to classification above. The quaterly licence fee received will be on estimation and the final adjustment is to be made on finalisation of account of service provider.

The "Universal service Obligation fund" will be opened under a new minor head below the major head 8235 – General and other reserve fund" in the section "Reserve funds not bearing interest".

3. At the last working day of the month, total Universal Access Levy collected during the minth equal amount of this will be trasferred to USO Fund by debiting the Head

- 3275- Other Communication Services
- 797 – Transfer to Reserve Fund by contra credit to the head
- 8235 – General and other Reserve Fund
- 118 – Universal Service obligation Fund (Minor head to be opened)

subject to the Budget Provision.

4. As and when the payment is made to the eligible service provider after due verification of the fulfillment of the obligation the amount so paid will be debited to the

3275 – Other Communication Services

103 – Compensation to Service provider for Universal Service

Obligation (this minor head to be opened) by drawing a cheque under head

8670 – Cheque and Bills - TAO Cheque and Bills.

5. After payment is made, corresponding amounts will also be booked as dedut entry below the major head.

3275 – Other Communication Services

902 – Deduct Amount met from USO Fund by debiting the head

8235 – General and Others Reserve Fund

118 – Universal Service Obligation Fund

In order to understand the transaction easily step by step action to be taken in this regard a separate annexure is attached.

I. On receipt of Licence fee and Universe Access Levy					
Major Head	Sub Major Head	Minor Head		Sub Head	Remarks
1275	other Communication Services	104-Telecommunication Licence fee	1	Basic Services	
			2	Cellular	
			3	Radio paying	
			4	V-mail	
			5	E-mail	
			6	PMRTS	Sub Heads to
			7	ISP	be opened
			8	CUG-VSAT	
			9	GM PCS	
			10	N.L.D.O. (National Long Distance operation)	
			11	IP-I	
			12	IP-II	
			13	I.L.D (International Long Distance Operation)	
		105-Universal Access levy	1	Basic Services	
			2	Cellular	
			3	Radio paying	
			4	V-mail	
			5	E-mail	Minor Head
			6	PMRTS	and Sub Heads
			7	ISP	to be opened
			8	CUG-VSAT	
			9	GM PCS	

				10	N.L.D.O. (National Long Distance operation)	
				11	IP-I	
				12	IP-II	
				13	I.L.D (International Long Distance Operation)	

II. At the last working of pthe month the total Universal Access levy collected furing the month will be transferred to USO Fund T.E entries will be as under by Debit from MH 3275 & Credit to MH 8235. (TE will be prepared by L.F. Branch).

	Major Bead	Sub Major Head	Minor Head	Sub Head	Remark
Debit	3275	other Communication Services	797-Transfer to Reserve Fund	U.S.O. Fund	This Minor Head & Sub Head to be opened
Credit	8235	General and other	18-U.S.O. Fund	Universal Access levy	-do-

III. On issue of Sanction of payment to Service providers by the LF branch or administrator of U.S.O. Fund the payment will be made by PAO (HQ)/DDO and entries will be as under:

Debit	3275	other Communication Services	103-Compensation to Service providers for U.S.O.		This Minor Head & Sub Head to be opened
Credit	8670	Cheques and Bills	TAO Cheques and Bills		Heads already opened

IV. Transfer Entry

Credit	3275	other Communication Services	902-amount met from USO Fund for compensation to Service Providers	This will be shown in recovery below the line of Gross budget is Demand for Grant.	
Credit	8235	General and other Reserve Fund	18-U.S.O. Fund	This Minor Head to be opened.	

D.O. No. 20/CM/2003  
23.2003.

July

Dear Shri Vaish,

The Cabinet in its meeting held on the 10<sup>th</sup> July, 2003, while considering the note dated 24.06.2003 from the Department of Telecommunications regarding 'Amendment of the Indian Telegraph ACT, 1885 for Constitution of Universal Service Obligation Fund (USO fund)', inter-alia, directed the Department of Telecommunications to consult the Ministry of finance while finalizing the amount to be transferred to the USO fund.

2. You may kindly take further necessary action accordingly.

With regards,

Yours Sincerely,

Sd/-

(R. Poornalingam)

Shri Vinod Vaish,  
Secretary,  
Department of Telecommunications,  
New Delhi.

Copy forwarded to Shri D.C. Gu[ta, Finance Secretary.

(R. Poornalingam)  
Additional Secretary

OFFICE OF CONTROLLER GENERAL OF ACCOUNTS  
Department of Expenditure  
Ministry of Finance  
7<sup>th</sup> Floor, Lok Nayak Bhawan  
Khan Market, New Delhi

**Sub: Accounting Procedure for accounting of transaction relating to Universal Service Obligation Fund.**

Department of Telecommunications may please refer to their UO No, 5-1/2001 B dated 23-7-2004 on the subject cited above. Office of the Comptroller & Auditor General of india has agreed to the accounting procedure cited above.

**(Rokhum Lalremruata)**  
**Asstt. Controller General of Accounts.**

Director (Budget), Deptt. Of Telecommunications, Sanchar Bhawan, New Delhi.

CGA's UO No. 9(13)/2002/TA

Dated: 17-8-2004

