



**COMPILATION OF LETTERS**

**ISSUED ON LICENSING**

**FINANCE RELATED ISSUES**

(ISSUED BETWEEN 30.01.2001 TO 22.08.2014)

COMPILED BY

LICENSING FINANCE-II BRANCH (ASSESSMENT) OF DoT

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DEPARTMENT OF TELECOM  
( SEA SECTION  
SANCHAR BHAWAN, NEW DELHI-110 001

No. 34-31/2000-SEA

Dated the 30<sup>th</sup> January, 2001

To

1. All IFAs of Telecom Circles.
2. IFAs of metro districts.
3. All IFAs of telecom factories.
4. IFA, Mumbai/Calcutta/New Delhi/ Chennai.
5. IFA Mumbai/Calcutta/New Delhi/Chennai.
6. IFA, Telecom Stores Calcutta.
7. IFA, Task Force, Guwahati.
8. IFA, Railway Electrification Project, Nagpur.
9. IFA, T&D Circle, Jabalpur, Q&A Bangalore.
10. IFA, RABMN Data Network, Noida.
11. IFA, NCES, New Delhi.
12. IFA, Telegraph Check Office, Calcutta.
13. IFA, BRBRAITT, Jabalpur / ALTTC Ghaziabad.
14. CAO, ITI (Bills), Bangalore.


OFFICE MEMORANDUM

Subject:- Functions of DOT cells.

Detailed functions to be performed by the DOT cells was issued vide OM No. 34-31/2000-SEAI dated 28/9/2000. The functions of DOT cells now stands revised . The revised function of the DOT cells are enclosed in Annexure 'A'.

This issues with the approval of Member (Finance).

Encl.: As above.

  
( ANURADHA JOSHI DURGAPAL )  
Director (SEA) DOT

Copy to:

1. Sr.PPS to Chairman Telecom Commission.
2. Sr. PPS to Member (Finance)
3. DDG (LF) - instructions regarding item No.8 will have to be issued by LF Section.
4. DDG(WPF) - instructions regarding item No.11 will have to be issued by WPF Section.
5. DDG (Accounts) - instructions regarding item No.13 will have to be issued by DDG (accounts).
6. DDG (TPF) / DDG (EAF).
7. Director (FA) / Director (LF) / Director (TA-I) DOT.

1. Pension and Retirement Benefits: The Pension cases and other retirement cases will be processed by the SSAs of the field units in the BSNL and sent directly to DOT cells. DOT cell unit will issue PPOs and the authorities for DCRG, commutation payment, family pension authority, authority for payment of accumulation in CGEGIS-1980, CGEGIS-1977, GPF final payment authority to those on deemed deputation to BSNL and also for those who opt to get absorbed in BSNL. The audit of the Pension vouchers will also be done by the DOT cell unit.

2. Pension Contribution: Under Rule 37 A of the CCS (Pension) Rules the Govt. will make arrangements for the collection of Pension Contribution from the BSNL for the period of service the employees render in the BSNL. This will apply not only to those officers who are working on deemed deputation basis in the Corporation but also to those employees who opt to get absorbed in the Corporation. DOT Cell will undertake collection and employee-wise scrutiny and monitoring of amounts received on this account from the corporation

3. GPF accounting- DOT cell unit will maintain employee-wise GPF broad-sheet in respect of employees working in BSNL. Amounts collected and amounts paid out of the GPF accounts in respect of the employees working in BSNL, will be settled and taken to the Govt. head of account through DOT cell.

4. Recovery and accounting for HBA and other long term advances like MCA, Scooter advance etc. taken by the employees while working in the Government. Recovery particulars in respect of such loans and advances already taken by the employees prior to corporatization will have to be intimated by the BSNL to the DOT cell and amounts adjusted through the DOT cell account.

5. All claims of the Govt. against the BSNL and those of the BSNL will be settled in cash. The BSNL Circle HQ will submit their claims giving full details to the DOT cell unit. All claims will then be scrutinized and settled by the DOT cell unit under the Government Rules.

6. LPCs. On transfer of an employee from one BSNL unit to another the DOT cell will be required to workout on the basis of the LPCs outstanding balances due from /to the employee to/from the Govt. and advise the respective BSNL unit appropriately. In effect the LPCs will be routed through DOT cell in the event of transfer from one BSNL unit to another BSNL unit, from DOT to BSNL, BSNL to DOT etc. to verify the correctness of entries therein.

7. Settlement of outstanding balances under remittance and suspense head before transfer of firm figures to the balance sheet of the corporation: This will have to be done by DOT Cells in collaboration with the BSNL. There are large adverse balances in the transitory heads as on the date of formation of BSNL. This will have to be settled through active pursual and monitoring by the accounts division of the DOT HQ and the DOT cell with the BSNL units. Similarly, accounting under other debt, deposit and remittance heads will also have to be handled by the DOT Cell in collaboration with the BSNL. In respect of debt and deposit heads, some of the transactions between BSNL, MTNL and DOT will continue for some time. As far as telephone revenue is concerned a huge amount of nearly Rs.3000 crores was outstanding as on date of creation of the BSNL. For clearance of this amount and taking to the final revenue head of BSNL, the DOT Cells will render assistance in pursual and collection.

8. Collection of license fee in the form of revenue sharing from various operators on behalf of the Government: This work will be done by the DOT Cells. Detailed instructions and modalities relating to this work will be issued by DDG (LF) DOT separately.

9. Telecom Service Tax Collection: To ensure collection of Government dues and crediting of the same in Government accounts through appropriate heads, the DOT Cell will also monitor/oversee the collection of service tax from the telecom service providers.

10. Wireless Monitoring Organization: The budget, finance and accounting functions of the WMO will be handled in the DOT Cells.

11. Spectrum Charges: Realization and accounting of revenue in the form of license fee and royalty for use of spectrum will also be handled by DOT Cell. Detailed instructions/modalities relating to this will be issued by DDG (WPF) DOT separately.

12. The DOT Cells will take over unused cheque book from the circle headquarters and keep them in safe custody.

13. Budgeting, accounting and DDO functions of DOT Cell: The DOT Cell will also submit a monthly Circle abstract to DOT headquarters in standard TACT package, within the 7<sup>th</sup> of each month. Detailed instructions on budgeting, accounting and DDO functions for the DOT Cell will be issued separately by DDG (Accounts) DOT.

14. Any other item assigned later on.



(4)

**GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS  
DEPARTMENT OF TELECOMMUNICATIONS  
SANCHAR BHAWAN, 20 ASHOKA ROAD, NEW DELHI-110 001.  
(Licensing Finance Cell)**

No. 1-6/2001-LF

Dated: 15<sup>th</sup> May, 2001

**OFFICE MEMORANDUM**

**Subject : Transfer of work relating to Licensing Finance functions to DOT Cells.**

**Ref : O.M. No. 34-31/2000-SEA dated 30.1.2001.**

Pursuant to the orders contained in the O.M. referred to above (Para 8 ), it has been decided that the work relating to collection of license fee in the form of revenue share from various Operators on behalf of the Government shall be transferred to the DOT Cells in a phased manner.

2. Accordingly, to begin with, the work of verification of revenue share to be recovered and its reconciliation with the annual audited accounts of the Licensee Company will be done by the DOT Cells in regard to the existing Cellular and Basic Service licensees, commencing from the accounts for the financial year 2000-2001.

3. Necessary amendments to the License Conditions to deal with collection of Revenue Share and its reconciliation with the annual audited accounts of the Licensee company are under issue and shall be endorsed by the concerned Licensing Branches of DOT.

  
(Kumar Sanjay Bariar)  
Director (LF)

To,

G.M./Director, DOT Cell of all Telecom Circles, for necessary action.

Copy for information to:

1. Sr. PPS to CH(TC)/ M(F)/M(P), Telecom Commission.
2. DDsG (VAS), (BS), (EAF)/ Director (SEA).
3. Director, P&T Audit, Old Secretariat, Sham Nath Marg, New Delhi-54.
4. Guard file.

ESTD  
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1-6/2001-LF  
MINISTRY OF COMMUNICATIONS  
DEPARTMENT OF TELECOMMUNICATIONS  
No.1300, SANCHAR BHAVAN, 20 ASHOKA ROAD, NEW DELHI 110 001  
(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.

Ref: O.M Dated 34-31/2000-SEA dated 30.01.2001

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 are due on 1.4.2002, 1.7.2002, 1.10.2002 and 1.1.2003. The licensees have been allowed a period of 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 upto 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 collections received by O/o CCA to the DOT HQZ is of utmost importance. It is, therefore, requested that as soon as the collections 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 of 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 respect of Circles in the category of "A", "B" and "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 receive 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

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maintenance of the Bank Guarantees are also enclosed. Since the Bank Guarantees are an integral part of the License Agreement, timely renewal and proper upkeep 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 Licence 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) Collections Register: This register is intended to record the collections from the licensees on day-today basis and format for the same is 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.

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(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 stage.

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 are 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: 372 5490 FAX 337 2044

Copy to,

1. Sr. 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

## DEPARTMENT OF TELECOMMUNICATIONS

FAX No. 011-337 2044

FAX No. 011-337 2059

Office of the Controller of Communication Accounts  
\_\_\_\_\_ (Name of the Circle)

Daily Report of License Fee received from Cellular/Basic Service operators on \_\_\_\_\_

In Rupees

Sl. No	Name of Licencee	Circle/City	Service	% of Revenue Share	Name of the Bank	DD/Pay order No.	DD/Pay order Date	LF Period	Date of Receipt	Gross Amt received	Amount (LF)	Amount (USO)
1												
2												
3												
4												
5												
6												

**DEPARTMENT OF TELECOMMUNICATIONS**  
**Office of the Controller of Communication Accounts**  
 \_\_\_\_\_ (Name of the Circle)

Monthly report on the collection of License Fee from Cellular/Basic Service Providers for the month of \_\_\_\_\_

Sl. No	Name of Licencee	Circle	Service	% of Revenue Share	Date of Receipt	In Rupees			Head of Account in which classified	
						DD/Pay order Amt	Amount (LF)	Amount (USO)		
									LF	USO
1										
2										
3										
4										
5										
6										

15/11/11

**CATEGORISATION 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	<b>1275 - 00 - 104 - 01</b>
Revenue Share of Basic Service	<b>1275 - 00 - 104 - 02</b>
Universal Service Levy irrespective of any Service	<b>1275 - RAT (USO)</b>
Telecom Deposits - Non Bearing interest - OTD	<b>8447001011205</b>



**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, Acting through Telegraph Authority'** to guard against any default in payment or deficiency in service of the licensee. Consequent on the decentralization of functioning of LF 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/upkeep 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 operators 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). This 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 licence agreement entered into with this Department for operation of Cellular/Basic Service.

S.No	Guarantee No & Date	Amount	Valid upto
------	---------------------	--------	------------

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 licence 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

Copy to,  
(Licensee)

## COLLECTIONS REGISTER

SERVICE :

Sl. No	Pay order / DD No.	Pay order / DD Date	Bank Name	Licensee from whom received	Service Area	Date of receipt	Amount received (Rs.)			Date of remittance to PAO	Date of Clearance	Remarks
							License Fee	USO	Total			
1												
2												
3												
4												
5												

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

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	01-05-03	
2	Central Bank of India	X242 Dt. 5.5.01	FBG	10000000	04-05-03	
3	Deutsche Bank	8/9/05 Dt.8.5.01	FBG	10000000	07-05-03	

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No.13-1/2003 BS-II Vol-IV  
Government of India  
Ministry of Communications and Information Technology  
Department of Telecommunications  
Sanchar Bhavan, 20 Ashok Road, New Delhi-110 001.

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

To  
All Basic/Universal Access Services Licensees

Subj: Amendment in the Licence Agreements 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*  
(SUKHBIR SINGH)  
Director(BS.II),DOT  
T.No. 20306387


Copy to:

1. The Secretary, TRAI, New Delhi.
2. ✓ DGS (LF), DOT, New Delhi.
3. AITO / COAI for information pl.

No-17-11/2002-LF Dated 20-1-2004

Endorse to :- All C.C.A. ✓ C.C.A.  
Telecom Dept. for information.

*(Signature)*  
(S.K. KANU)  
Asstt. Director Genl. (F-II)

18  


Department of Telecom  
Licensing Finance Branch  
1-6/2004/FBG/dated 16.2.2004

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 an 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 quarterly licence 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 29/1/2004. The same is enclosed for ready reference. The new rates are applicable from 1.4.2004 and revenue shares at these rates will be due for payment by 15.7.2004.

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 15.4.2004, provided the 4<sup>th</sup> quarter (03-04) revenue share has been paid.

For example if the present highest quarter L Fee is Rs 5 Cr the existing FBG is for an amount of Rs 11 crores. With effect from 15.4.2004 the FBG will be for

(19) ~~18~~

an amount of 8.8 crores., in case the rate has come down from 10% to 8% (i.e. Category B circle) .

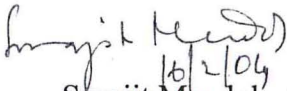
In addition to this reduction, for the first two circle cellular operators (licenses awarded before 1999), there is an additional relief of 2%. (Copy of relevant orders enclosed). The FBG amounts in their cases will be governed accordingly.

This 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 (licenses awarded in 2001). Therefore, the migrating BSOs have to submit FBGs in line with what is submitted by the 4<sup>th</sup> cellular licensees.

The above is for necessary action at your end. Please feel free to interact for any further clarifications.

Encl: 3 as above

  
16/2/04  
Surajit Mandol  
Director LF II  
Tel 23036266, 23036257  
Email: smandol@bsnl.in



1-6/2001-LF  
Department Of Telecommunication  
1300(B),Sanchar Bhawan,20 Ashoka Road, New Delhi-110001  
(Licensing Finance Cell)

Office Memorandum

Dated: 28-5-2004

To

The Controller of Communication Accounts/Jt Controller of Communication Accounts

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

Ref: (1) 1-6/2001-LF dated 8-10-2002  
(2) 1-6/2001-LF dated 8-12-2003  
(3) 1-6/2004/FBG dated 16-2-04

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 Unified Access Service Licensing Regime (except BSNL and MTNL). Several new Unified 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 Unified Access Services Licenses, in addition to existing Basic (now migrated to UASL) and Cellular licenses, will also be handled by the respective offices of the CCA or Jt CCA with immediate effect.*

*The FBG's in respect of new unified access service licenses (UASL) received in this office along with a copy of the concerned license agreement are being passed on to respective Communication Accounts Units in parallel.*

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 be augmented to include this 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 the license fee payments be refused. However, the licensee 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.*

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—The 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 demanded from the operator at the time of review.*

*The amount may be revised upwards in case the department considers it necessary to secure its interest. A regular review of FBG's may however*

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 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 licensees w.e.f. 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 up-to-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.**

Encl: a.a.

①  
/c

  
S K KAUL

Asst. Director General (LF-II)

Department of Telecom  
LF Branch  
15-7/2002/LF (BG)/Vol II dated 14.3.2005  
OFFICE ORDER

Sub: Review of Bank Guarantees—reg:-

This is regarding review of Financial Bank Guarantees and Performance Bank Guarantees maintained in LF Branch as of now. While FBGs maintained in DOT LF Branch are in respect of service categories other than Basic, Cellular (with the exception of MTNL) and UASL, the PBGs are maintained in respect of all service categories (as applicable under respective Licenses) and Cellular Licenses.

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, maintaining, appropriately renewing and reviewing of the Bank Guarantees (both Financial as well a Performance Guarantees) in DOT headquarters 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. Therefore each Accounts Officer handling service categories as allocated to them shall carry out a complete review for FBGs and PBGs respectively. The review shall cover the following three aspects--

- a. Whether valid Bank Guarantees are available in respect of each of the licensees and also indicating any instance of lapse/default and corrective action taken thereof. [**Both PBG and FBG**—In case of PBGs there would be some cases, where the BGs would have been released pursuant to roll out obligations being complete etc, the same shall be indicated together with the authority letter]
- 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 of deviation. (NB : The prescribed proforma are available in the License Agreement itself) [**Both FBG and PBG**]
- c. The adequacy of the amount of BG vis-à-vis the prescribed norms and extant instructions and indicating corrective action taken in the event of any default and/or deviation. [**Only FBGs**]

4. In respect of the FBGs the details shall be recorded in the format annexed as **Annexure I** to this office order. As regards the PBG, the details shall be prepared in a format as in **Annexure II**.

5. Apart from the above, the Accounts Officers with the assistance of their JAOs shall prepare a month-wise, License-wise list of all payments received by DOT LF Branch, since 1.4.2004 till date, from the various telecom service providers. This shall be

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prepared in the format enclosed as **Annexure III** to this office order. It may be ensured that the list of Licenses is exhaustive.

6. **The report regarding the Bank Guarantees shall be submitted by 18.3.2005 through respective ADGs to the Director concerned, for further consolidation and presentation to Member Finance, Telecom Commission.**

7. Besides, it may be recalled that the list of all existing PBGS with their period of validity was to be prepared and submitted for final orders as regards the handing over of these instruments to the concerned licensing branches. The list may be submitted together with the respective instruments serially numbered with appropriate comments indicating their status as regards the invocation etc. The same can be prepared in the format enclosed as **Annexure II** itself and submitted to the concerned Director before 17.3.2005. To recall, the first set of PBGS that may be handed over (after approvals) will be in respect of those service categories where PBGs are separately available. (These service categories are—Basic, UASL, Cellular, NLD, ILD, Commercial VSAT, Captive VSAT etc.).

8. All annexures shall be prepared **service-wise** and each of these reports shall be duly initialized indicating their date of preparation.

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

**Encl : as above**

**To :** 1. All Accounts Officers in LF Branch for necessary action.  
2. All ADGs of LF Branch for necessary action

**Copy To :** 1. Director LF I and II for necessary action  
2. DDG LF for kind information

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Annexure I

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AO LF Name		Designation			ADG LF Name :					
SI No.	Licensee Name	License No	Service Area	Category of Service	Fin. Bank Guarantee Details			Amount required to be obtained	Case of Default Lapse of Bank Guarantee	Remarks
					Amount	Bank	Period of Validity			

Note : One Licensee would have furnished more than one instrument totaling to the required amount, such cases should be indicated distinctly.

Annexure II

AO LF Name					ADG LF Name :					
SI No.	Licensee Name	License No	Service Area	Category of Service	Per. Bank Guarantee Details			Whether released / invoked	If invoked, whether proceeds received	Authority to release the PBG
					Amount	Bank	Period of Validity			

Note : One Licensee would have furnished more than one instrument totaling to the required amount, such cases should be indicated distinctly. In case the PBG stands invoked the letter of invocation (if proceeds not received) or the letter of receiving the proceeds and record indicating its date of sending to the P.A.O shall be indicated and also a copy of the same be duly enclosed.

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ANNEXURE III

AO LF Name		ADG LF Name											
Licensee Details	Months	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05
License Name (say XXX) / Service Area/Type of Service	Amount Paid												
	Date of Payment												
	Description of Payment												
License Name (say YYY) / Service Area/Type of Service	Amount Paid												
	Date of Payment												
	Description of Payment												
***													
***													
***													
TOTAL AMOUNT FOR THE MONTH													
AMOUNT AS IN THE CASH BOOK/MONTHLY CASH ACCOUNT CURRENT													
DIFFERENCE IF ANY													
REASONS FOR DIFFERENCE													

NOTE

Description of payment : Quarterly license fee or payment of dues as assessed by the Department (DOT H/q), indicating the year it pertains to and/or DOT Lr. No. if any > Thus for example one operator makes a payment for quarterly dues of Rs 1 Crore pertaining to Q3 of 04-05 it shall be written as "Q3/04-05", in the event it makes a payment for assessed dues for the year 2003-04, it can be mentioned as "Assd Dues/03-04/Dot Lr No", etc



17.4.25

F.No. 1-6/2001-LF (Vol.II)  
Government of India  
Ministry of Communications & IT  
Department of Telecom  
(LF Branch)

718, Sanchar Bhavan, 20, Ashoka Road, New Delhi.

Dated: 8.5.2005

To

(CCAs Madhya Pradesh, Chhatisgarh, Kolkata, West Bengal, Uttar Pradesh (West), Bihar, Jharkhand, Utaranchal.)


Subject: Re-organisation of work for collection of License Fee and Maintenance of Bank Guarantees in respect of Basic, Cellular and UASL Services

I am directed to state that it has been decided by the competent authority to re-organise license fee collection in respect of various access service (Basic, Cellular, UASL) providers in the following 4 service areas:

- i. West Bengal
- ii. U.P. (West) (including Uttaranchal)
- iii. Bihar (including Jharkhand)
- iv. Madhya Pradesh (including Chhatisgarh)

2. The scheme of re-organisation is enclosed as Annexure-I to this letter and would apply for the license fees accruing for the year 2005-06 onwards as well as for sums demanded by DOT headquarters and paid by the Operators after the issue of this letter. Sums of money received during the period required to transfer the Bank Guarantees and concerned License Agreements must not be refused under any circumstances. It must also be ensured that no FBG lapses during the period of transfer of various documents.

3. While transferring the various documents to the recipient CCAs complete details about existing status of BG (invoke, encashed, demand for additional amounts, demand issued, requirement to follow up) must also be furnished. In so far as the submission of various documents to the H/q and monthly returns are concerned, copy of various instructions issued by DOT headquarters from time to time shall also be handed over to the CCAs now designated. However, for ready reference some of the important instructions are enclosed as Annexure-II, III and IV to this letter. In the event of any difficulty, the newly designated CCAs may get in touch with the DOT Headquarter.

  
(GM Naitam)  
ADG (LFI)



CCA-Wise arrangement for various licenses

CCA in charge of collection of License Fee and maintenance of Bank Guarantees	List of Licensees in respect of which the work is carried out as per existing distribution	List of Licensees in respect of which work would be carried out pursuant to re-distribution of work
1	2	3
Madhya Pradesh CCA, Bhopal	<u>For Madhya Pradesh Service Area (including Chattisgrah)</u> i. Reliance Telecom Ltd. (CMTS) ii. Bharti Infotel Ltd (UASL) iii. Reliance Infocom Ltd (UASL) iv. BTA Cellular Ltd (CMTS) v. Tata Teleservices Ltd (UASL) vi. Bharti Cellular limited	<u>For Madhya Pradesh Service Area (including Chattisgrah)</u> i. BTA Cellular Ltd (CMTS) ii. Tata Teleservice Ltd (UASL)
Chattisgarh CCA, Raipur	NIL	<u>For Madhya Pradesh Service Area (including Chattisgrah)</u> i. Reliance Telecom Ltd. (CMTS) ii. Bharti Infotel Ltd (UASL) iii. Reliance Infocom Ltd (UASL) iv. Bharti Cellular limited
Kolkata CCA, Kolkata	<u>For Kolkata Service Area</u> i. Bharti Cellular Ltd. (UASL) ii. Reliance Infocom Ltd. (UASL) iii. Tata Teleservice Ltd (UASL) iv. Hutchison Telecom East Ltd. (CMTS) v. Reliable Internet Services Ltd. (CMTS)  <u>For West Bengal Service Area</u> i. Reliance Telecom Ltd. (CMTS) ii. Reliance Infocom Ltd. (UASL) iii. Tata Teleservices Ltd (UASL) iv. Bharti Cellular Ltd (UASL) v. Dishnet DSL Ltd (UASL) vi. Hutchison Essar Ltd (UASL)	<u>For Kolkata Service Area</u> i. Bharti Cellular Ltd. (UASL) ii. Reliance Infocom Ltd. (UASL) iii. Tata Teleservice Ltd (UASL) iv. Hutchison Telecom East Ltd. (CMTS) v. Reliable Internet Services Ltd. (CMTS)
West Bengal CCA, Kolkata	NIL	<u>For West Bengal Service Area</u> i. Reliance Telecom Ltd. (CMTS) ii. Reliance Infocom Ltd. (UASL) iii. Tata Teleservices Ltd (UASL) iv. Bharti Cellular Ltd (UASL) v. Dishnet DSL Ltd (UASL) vi. Hutchison Essar Ltd (UASL)

CCA in charge of collection of License Fee and maintenance of Bank Guarantees	List of Licensees in respect of which the work is carried out as per existing distribution	List of Licensees in respect of which work would be carried out pursuant to re-distribution of work
UP West CCA, Dehradun	<u>For UP West Service Area (including Uttaranchal)</u> i. Bharti Cellular Ltd. (UASL) ii. Escotel Mobile Communications Ltd (CMTS) iii. Reliance Infocom Ltd (UASL) iv. Tata Teleservices (UASL) v. Hutchison Essar South Ltd. (UASL)	<u>For UP West Service Area (including Uttaranchal)</u> i. Bharti Cellular Ltd. (UASL) ii. Escotel Mobile Communications Ltd (CMTS)
Uttaranchal CCA, Dehradun	NIL	<u>For UP West Service Area (including Uttaranchal)</u> i. Reliance Infocom Ltd (UASL) ii. Tata Teleservices (UASL) iii. Hutchison Essar South Ltd. (UASL)
Bihar CCA, Patna	<u>For Bihar Service Area (including Jharkhand)</u> i. Reliance Telecom Ltd (CMTS) ii. Reliance Infocom Ltd. (UASL) iii. Tata Teleservices Ltd (UASL) iv. Bharti Cellular Ltd (UASL) v. Dishnet DSL Ltd (UASL)	<u>For Bihar Service Area (including Jharkhand)</u> i. Reliance Telecom Ltd (CMTS) ii. Reliance Infocom Ltd. (UASL)
Jharkhand CCA, Ranchi	NIL	<u>For Bihar Service Area (including Jharkhand)</u> i. Tata Teleservices Ltd (UASL) ii. Bharti Cellular Ltd (UASL) iii. Dishnet DSL Ltd (UASL)

30  
20/11/05  
83/c

Registered / Urgent

No. 15-7/2003/LF (pt)/kw  
Government of India  
Ministry of Communications and IT  
Department of Telecom  
(Licensing Finance Branch)

20, Ashoka Raod, Sanchar Bhavan  
New Delhi-110001.

Date: 09.08.2005

To

1. Sr. Controller of Communication Accounts, Kolkata..
2. Controller of Communication Accounts, Karnataka.
3. Controller of Communications Accounts, Chennai.
4. Joint CCA, % Controller of Communication Accounts, Punjab, Chandigarh.

**Sub: Verification of Operator-wise pass-through charges claimed by a Licensee as deduction from its Gross Revenue**

Sir/Madam,

This is regarding verifying the correctness of the pass-through charges claimed by a licensee as deduction in the audited AGR statements submitted by it. In this regard your attention is drawn to the prescribed AGR statements annexed to the License Agreement copies, which are already available with you. The methodology as to how these AGR Statements are to be drawn up and presented are contained in the respective license agreements.

2. To elaborate further, it is stated that while on one hand the operators have to submit quarterly AGR statements and Affidavits while making the stipulated quarterly payments, on the other hand at the end of the financial year they also have to submit, together with other prescribed documents, duly Audited AGR statements for each quarter. The documents include a report from the Company's statutory Auditor in the proforma prescribed in the License Agreement.

3. DOT headquarters has been carrying out the annual assessment of license fees based on quarterly audited statements as also other disclosures like Annual Financial Accounts/Reports, Reconciliation statements, etc. This

involves verification/assessment of the gross revenue as well as deductions claimed to arrive at AGR. In most of the cases provisionally assessed thus far it has been found that the operators have not furnished operator-wise details of pass-through charges reduced by them from the gross revenue to arrive at the Adjusted Gross Revenue. While such deductions claimed, for which the gross value has been certified by their Auditor, have not been disallowed, the assessments continue to remain provisional for reasons, interalia, of what is stated above.

4. In this background it has now been decided to entrust the work of verifying the deductions claimed by the various operators, in respect of already assessed cases through CCAs. To begin with the verification is to be carried out in respect of those Access Services Providers (Basic, Cellular and Unified Access Services) for whom the above-referred CCA offices are engaged in collection of license fee and maintenance/review of FBGs.

5. A little background of how licenses are organized in a particular Service Area will be relevant at this stage. By and large in a Service Area there are about 4 to 5 Access Service Providers (ASP) and therefore one ASP will have interconnect arrangements of the same order. Besides, they may also have interconnected with NLD and ILD operators for carriage of long distance calls. Therefore, an ASP can legitimately claim deductions in respect of pass-through charges actually paid to other ASP within his Service Area and also to NLD & ILD operators. There may also be cases involving payments of roaming charges to operators even beyond the Service Area.

6. To begin with, the CCA Offices are to verify the deductions claimed in respect of an operator's pass-through charges paid to operators within the same Service Area and to Long Distance operators. In this regard kindly refer to the Audited AGR statements wherein against item "BB" the deductions have been claimed. The CCA Office would need to details showing party-wise breakup of the amounts of deductions claimed together with the relevant underlying commercial arrangements/agreements, obtain the same, verify whether the claimed amounts were actually paid in the first instance and assess whether these would qualify as deductions under the extant license definitions. It may be noted that charges other than "call charges" are not deductible from Gross Revenue.

7. For the purpose of verification, duly authenticated details must be obtained from the operator, preferably together with an Affidavit. After obtaining these details it may be checked up as to against which operators the maximum pass-through charges have been shown as paid for. These cases may thereafter be checked up with reference to the underlying vouchers/invoices. In this regard the operators may be addressed to furnish details of about 10% of such payments pertaining to each quarter and

32 8/2/05

summarized results of such verification be sent to DOT (Headquarters) for taking a final view.

8. In order to ensure that deductions claimed in respect of pass-through charges paid to all operators are verified during for the succeeding year, some of those cases which were not verified in the previous year must be taken up, and so on. It is mentioned that provisional assessments have already been carried out for most of the financial years starting from 1.8.99 when the revenue sharing structure took effect.

9. It is requested that a suitable officer, at least of the level of Joint CCA, be deputed to DOT (Headquarters) for a day or two so that he can be apprised of the exercise with further details and also handed over the Audited AGR statements and connected documents to proceed with the verification exercise. The time and date can be telephonically ascertained from the undersigned upon receipt of this letter by you.

10. Needless to mention, Member (Production) considers this verification drive as very important and therefore it may be assigned top priority so that the provisional assessments are finalized without delay.

11. Kindly acknowledge receipt.

*S Mandol*  
9/2/05 -  
(S Mandol)  
Director (LF I)  
011-23372193

Copy to file #1-6/2004/LF

**No.1-27/2005/LF**  
**Government of India**  
**Ministry of Communications**  
**Department of Telecommunications**  
**717, Sanchar Bhavan, 20, Ashoka Road, New Delhi – 110 001.**  
**(Licensing Finance Cell)**

Dated: 03.10.2005.

To

**All Telecom service providers**

**Sub: Submission of statement of accounts for the financial year 2004-05 in respect of all telecom service licenses (Basic/UASL/Cellular/ILD/VSAT/NLD/IP-II/PMRTS etc) held by you.**

This is regarding various documents, to be submitted by you, in connection with License Fees under the respective license agreements, as applicable. Accordingly, you are requested to submit the following documents for the year 2004-05 within a period of 15 days from the receipt of this letter, in respect of the above licenses held by you: -

- (a) Quarterly Audited AGR statement for the License along with Auditor's Report and appropriate disclosures/notes.
- (b) Reconciliation statement, duly reconciling the revenues in the Quarterly Audited AGR statements and the Annual audited accounts of the company including vis-à-vis the other constituent licenses held by the company.
- (c) The summarized accounts maintained for the License must also be submitted together with requisite reconciliation of the Gross Revenue as also the deductions claimed.
- (d) Operator-wise details of revenue and/or pass through charges claimed as a deduction (quarter-wise), wherever mandated under concerned License.
- (e) Amount of service tax included in Gross Revenue and deductions claimed, separately with a certificate towards amounts of service tax actually passed on to the Government during the year 2004-05.

While submitting the above documents, licensee must also submit a statement as in Annexure-I to this letter, appropriately filling up the entries. Furnishing of incorrect information shall be dealt in terms of the License Agreement.

2. A copy of the whole documentation must also be given to the respective CCAs, in the event where License Fees are deposited with the CCAs.
3. Together with the above-mentioned documents, you are also directed to furnish a License-wise statement of payments made towards License Fees of 2004-05 in the proforma enclosed as Annexure-II. This shall however be reviewed in DoT vis-à-vis the payments actually received and then taken into consideration for computation of interest and/or penalty and other dues as applicable.
4. Further it is clarified that in case of incomplete documentation, the Department shall be proceeding with the License Fee assessments suo-moto. It must also be ensured

that the AGR statement must be prepared in accordance with the definition of revenue in the respective License Agreements. Any deviation thereof must be quantified and clarified by the Licensee's auditor.

*sd/*

(S. Mandol)

Director (LF-I)

Phone – 011-2303 6115

Copy to: DDsG (VAS, LR, BS).

Copy for information to: Sr. PPS to Member (F), Member (P), Telecom Commission.

Copy to all CCAs: They must ensure that the above- mentioned documents are received from the Licensee, who are collecting depositing License Fee with you.

Annexure-IDetails of documents submitted for financial year 2004-05

Description	Submitted or not	Date of signing of Annual Accounts by the Licensee auditor
a) Quarterly Audited AGR statement for the License along with Auditor's Report and appropriate disclosures/notes.		
b) Reconciliation statement, duly reconciling the revenue in the Quarterly Audited AGR statements and the Annual audited accounts of the company vis-à-vis the other constituent licenses held by the company.		
c) The accounts maintained for the Licensee together with requisite reconciliation of the Gross Revenue as also the deductions claimed		
d) Operator-wise details of revenue and/or pass through charges claimed as a deduction (quarter-wise), wherever mandated under concerned License.		
e) Amount of service tax included in Gross Revenue and deductions, separately with a certificate towards amounts of service tax passed on to the Government during the year 2004-05.		

Space for Company seal

Signature of authorised representative:	
Name of the authorised representative:	
Date:	





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No.1-28/2005-Misc/LF  
Department of Telecom  
(LF Branch)

Dated : 05.10.2005

To

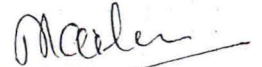
1. M/s Bharti Tele-ventures Ltd.
2. M/s Reliance Infocomm Ltd.
3. M/s Hutchison Essar South Ltd.
4. M/s HFCL Infotel Ltd.
5. M/s Spice Telecom Ltd.
6. M/s Tata Tele-services Ltd.

**Sub: Verification of deductions claimed in audited AGR statements submitted by you in respect of your UASL/CMTS/BASIC license in PB service area for the years 1999-2000 to 2003-2004 (years would be as applicable depending on the effective date of the license)**

This is to bring to your notice that the financial conditions under revenue sharing regime mandates that, operator-wise pass through charges, which has been claimed as a deduction from the Gross Revenues (in the Audited AGR statements so submitted), be disclosed/submitted to the Licensor. However, it is found that on most occasions, you have not submitted these details to the Department, even while you have been reminded in this regard on several occasions.

2. Accordingly, it has been decided by the competent authority that Joint CCA, Punjab, Department of Telecommunications, will be carrying out a verification of the deductions claimed by you in respect of financial years up to 2003-04. You are hereby directed to extend necessary cooperation and produce relevant records and operator-wise details, as may be called for by Joint CCA, Punjab in this regard.

3. These directions are issued in terms of the License Agreements and amendments signed by you, which mandates among other obligations and duties that the Licensor has the right to call for and licensee shall be obliged to supply and provide for examination of any books of accounts that the licensee may maintain in respect of the business carried on to provide services under the concerned license.



(G.M. Naitam)  
Asstt. Director General (LF-I)  
Phone – 2303 6117

Copy to: Shri Rakesh Gupta, Joint CCA, Punjab, DoT: May take note of the above directions to the concerned access service providers in Punjab service area. Audited AGR statements received thus far will be handed over separately.

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No. 1-6/2001-LF (Vol.II)  
Ministry of Communications & IT  
Department of Telecom  
(LF Branch)

MEMORANDUM OF INSTRUCTIONS CONCERNING L/FEES  
NO. 1 OF 2005

Dated: 2/11.2005

To

All Sr. Controllers of Communication Accounts  
All Controllers of Communication Accounts  
All Joint Controllers of Communication Accounts  
(Except for NE-II and A&N)

**Subject: Instructions regarding Collection and accounting of License fee**

During the inspections of CCA Offices, the Member (F), Telecom Commission has observed that physical as well as computer records (including subsidiary/related documents) concerning Bank Guarantees and License Fee payments are not maintained or authenticated properly. It has also been found that prescribed reports are not received from the CCAs in the manner and with periodicity as prescribed. Further, upon a review of the reports received, it is seen that there are various errors in bifurcating the amounts received towards USO and License Fee as also indicating the services category pertaining to the payments.

In view of the above, the following instructions are hereby issued. These are organized under the following heads:

- i) Maintenance of Bank Guarantees
- ii) Collection and accounting of license fee.

**MAINTENANCE OF BANK GUARANTEES:**

**(I) BANK GUARANTEE REGISTERS:**

The proforma in which the Bank Guarantee Register is to be maintained has already been circulated to all CCA offices. These are required to be duly authenticated by the officer concerned. As and when there is an invocation or renewal or release of a Bank Guarantee, appropriate entries must be recorded and duly authenticated in the register itself. The DCCA must carry out a periodical (monthly) check of the register and results of the review brought on record and submit to the head of the office (CCA/Jt. CCA) through relevant control files.

(II) REVIEW OF BANK GUARANTEES:

- a) **Review of proforma:** As and when a fresh Bank Guarantee (or an amendment due to change of amounts of extension of validity to an existing one) is received, it must be immediately verified word-for-word with reference to the format prescribed in the License Agreement (or in our letter demanding the enhancement/extension) and in the event of **any deviation** the new instrument should be immediately returned to the licensee and he should be directed to set the error right within a reasonable period or face the likely consequences, in terms of License Agreement, of his failure to do so. In the event of non-compliance the existing Bank Guarantee may be invoked with intimation to DOT Hqrs. Care should be taken to ensure that in no case shall DOT be without an effective Bank Guarantee or cash security. As no proforma has been prescribed for renewals/enhancement etc. to Bank Guarantees, the CCA Offices have to be extra careful when such amendments are received. At the stage of amendment, only those paras need to be amended which state the amounts and/or period of validity.
- b) **Monthly review for validity:** The Bank Guarantee available with the CCA must be reviewed each month for their validity and all such cases, where the Bank Guarantees have not been renewed in accordance with the License terms, a reminder must be issued giving clear 7 days time to set right the default, beyond which the Bank Guarantee may be invoked without any further notice and proceeds dealt with in accordance with instruction under Para IV below.
- c) **Review for amounts required:** Review for amounts required shall only be on a six monthly basis in terms of instructions already issued in this regard vide DOT letter of even number dated 28.5.04. Additional Bank Guarantees pursuant to the six monthly review will need to be obtained no matter what the increase in the requirement is.

(III) REPORTING TO HEADQUARTERS:

Earlier it has been directed that CCAs should furnish a certificate at the end of each month that the Bank Guarantees have been reviewed and there is no case of Bank Guarantee lapsing. From now onwards it is directed that while review has to be carried out as prescribed, the reports be furnished to Headquarters (LF Branch) only on a quarterly basis. These reports should contain the outcome of reviews for validity, amounts required and also the proforma of the Bank Guarantee submitted by various licensees during the quarter. The report in this regard shall accordingly be furnished in the proforma enclosed as Annexure-I to this letter.

While Annexure-I is self explanatory, it is hereby clarified that remarks column is for recording suitable narration about important events concerning Bank Guarantees and the action taken by the CCA Office in this regard, as the case may be. This report shall be furnished by the Head of the CCA offices. It is also clarified that review of amounts is to be based upon the amounts of License Fee payable as certified by the Licensee through

its quarterly AGR Statements and Affidavits and not merely the actual payments made. The first report shall follow immediately upon receipt of this letter and thereafter as on 31<sup>st</sup> of January, 30<sup>th</sup> April, 31<sup>st</sup> of July, 31<sup>st</sup> October and so on. In accordance with these instructions the second report shall become due on January 31, 2006.

**(IV) Invocation of Bank Guarantees:**

In addition to the above the instances/occasions when CCA Office can invoke the available Guarantee are summarized below:

- Proforma of Bank Guarantee not being in order and the licensee failing to rectify the fault within reasonable time.
- The amount of Bank Guarantee falls short of the amount required and licensee fails to submit additional Bank Guarantee.
- The licensee fails to make the requisite quarterly payments even while he has submitted an AGR Statement and Affidavit indicating the license fee payable on self-assessment and the amount remains unpaid upto 7 days from the prescribed date for making such payments.
- Bank Guarantees can also be invoked if the licensee have neither made payment nor submitted the prescribed documents like AGR Statements and Affidavits as also when the licensee have submitted AGR statements in a manner other than the prescribed proforma and fails to rectify the default after a notice period of 10 days.
- It is however clarified that in cases concerning non –payment of amounts demanded by DOT (HQ) upon annual assessment of License Fees, the invocation would be as per directions issued by DOT (Hqrs).

**(V) Treatment of Bank Guarantee Proceeds:**

In case a Bank Guarantee has been invoked for realizing the amounts due which relate to a quarterly unpaid sum or the demand issued by the Department pursuant to annual license fee assessment, the equivalent portion of the proceeds shall be credited to Revenue Head and the balance to Security Deposit. In such cases a direction has also to go to the Licensee stating the requirement of replenishment of Bank Guarantee to restore the level of security to the required level as per License terms and instant instructions. In all other cases the proceeds shall be credited to the Security Deposit head with appropriate entries in the payments register as also the BG Register. Subsequently when amounts lying in SD are adjusted to outstanding amounts, proper journal entries have to be passed apart from recording explanatory narration in the relevant records. These events must be adequately recorded in the quarterly reports as well.

**Collection of License Fees and their accounting:**

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*[Handwritten signature]*

The revenue shares payable are at prescribed rate applicable to AGR, wherein 5% of AGR is allocable to Universal Access Levy. The Account Codes in this regard have already been circulated. Subsidiary records like revenue share register as also collection register as already prescribed shall continue to be maintained and duly authenticated from time to time.

*if 15% is 75%*

**(I) Reporting of collection to DOT Hqrs.**

Proforma in this regard is hereby revised to include items to ensure that the report itself serves the purpose of check and monitoring. The report that must be submitted to DOT Headquarters is now as amended and placed at **Annexure-II**. No daily report is required any further and the report now prescribed shall only be monthly and shall contain all the payments of a particular license, be these quarterly or annual payments.

It must be ensured that the payments as and when received are immediately credited to the Govt. accounts and clearance of the instruments watched. This must be carried out by the concerned Communication Accounts Officer and must be reviewed periodically by the Head of CCA. It must also be ensured that necessary accounting entries are carried out in the monthly accounts. At the end of every 6 months it must be certified by the respective CCAs that the amounts received (making an express mention of the amount received) have been credited to the Government Account and that the same have been also reconciled with the monthly accounts. The total as also the License wise break up of amounts received should also be indicated in this report.

*is it added a practice*

In so far as the Heads of Accounts are concerned it is mentioned here that although the Department has been allotted detailed heads of account towards Basic, Cellular, NLD, ILD etc., there is no accounting head for recording receipts in respect of UASL Operators. It is hereby clarified that while the subsidiary ledgers and periodical reports be prepared indicating the appropriate service category, the receipt will continue to be classifiable appropriately under the relevant Basic, Cellular heads. In other words, for the new UASL service providers (i.e. Licenses granted after November 2003) the receipts may be recorded against the head of accounts of Basic Service. For the licensees who have migrated to UASL, the receipt would be recorded under the respective categories which they were, before their migration to UASL took effect. For the licensees which continue to remain in basic or cellular category, the amounts received shall be classifiable accordingly.

*is there any AHA UASL*

**Accounting of receipts under Universal Access Levy:** As per the extant orders the CCA offices are reporting their monthly collection indicating break-up of their receipts between pure License Fee and Universal Access Levy. While either of these components gets credited to the Consolidated Fund of India necessary account adjustments have to be carried out in the monthly cash account prepared by the CCA, to accurately reflect the amounts of Universal Access Levy so collected. While determining the component of Universal Access Levy vis-à-vis our quarterly payment received during the year is a straight-forward process, ambiguity may however exist when the CCA offices received payments from the Licenses pursuant to annual assessment demand raised from DoT HQ. These amounts will also include apart from balance revenue share elements of interest as

*→ whether interest & penalty also should contribute to UASL (Clarification from HQ)*

Q 9/5

also penalty. It is mentioned that such interest and penalty are linked to the License Fee structure under revenue sharing and would be classifiable under License Fee and Universal Access Levy. It is hereby clarified that such payments pertaining to earlier years be bifurcated on a pro-rata basis with reference to the applicable rates of revenue share for the financial year to which the payments otherwise pertains to.

With the decentralization of license fee collection for BSNL and MTNL, the CCA offices are also receiving license fees in respect of BSNL's VSAT and NLD services. The amounts received in this regard shall be classifiable in terms of the heads of accounts circulated by the Budget Branch and endorsed by LF Branch of DOT Hqrs.

It has been seen that the CCAs Offices are at times not reporting all payment details. This leads to computational error in DOT Hqrs and wastes valuable time in reconciliation. Care must be taken to ensure that such cases do not occur.

## **(II) Submission of documents to DOT Hqrs:**

Instructions already exist that the supporting affidavits and the AGR Statements received from the Licensees are to be forwarded to DOT Headquarters. However these are not received from all the CCAs on a regular basis. } *obsolete*

It must be ensured that beginning the first quarter of 2005-06, copies of all such documents (as applicable) must be sent to DOT Headquarters together with the monthly report on license fee collection for the concerned months. These documents must be organized license wise together with a summary sheet placed below. This applies for quarterly payments and also any other payments received from the Licensees. In respect of last quarter keeping in view the terms of the License, the documents be sent only after 15<sup>th</sup> of April following the financial year and must include affidavits received on 25/3 as also 15/4.

## **Authentication of Records maintained in CCA Office**

- Revenue Share/License Fee Collection Register to be maintained by Communication Accounts Officer must be countersigned by DDCA after verification of relevant documents to his/her satisfaction .
- Clearance particulars of instruments deposited be obtained from cash branch and recorded in file on a regular basis.
- Monthly collection and periodical reconciliation to be carried by the CCA office with the knowledge of the head of the CCA.
- Bank Guarantee Register to be maintained by Communication Accounts Officer and entries verified by DCCA.
- Monthly check for validity of existing Bank Guarantees, and proforma (for new/renewed Bank Guarantees) be done by Jt. CCA and suitable narration recorded.
- Periodical review for amounts of Bank Guarantee to be seen by head of the CCA and the results communicated to DOT HQ.

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9/1/6

Clarification:

The above set of instructions shall take immediate effect. These may be carefully gone through and in the case of any doubts, clarification may be sought from DOT HQ within a month from the date of issue of this letter.

*S. Mandol*  
(S. Mandol)

Director (LF-I)

Phone: 011 - 23372193

Copy to:

1. DDG (<sup>Mc</sup>~~Mc~~). It is requested to get UASL account head opened at the earliest.
2. Sr. PPS to Member (F)
3. PS to Advisor (F)



9/7

ANNEXURE-I

## DEPARTMENT OF TELECOM

## Quarterly Report on maintenance and review of Financial Bank Guarantees

Name of CCA office \_\_\_\_\_ Quarter ending \_\_\_\_\_ Year \_\_\_\_\_

S.No.	Name of Licensee	License Number	Bank Guarantee Details				Amount of Bank Guarantee required	Whether authentication done by the concerned officer in BG Register	Whether the Bank Guarantee is in order/proforma prescribed	Remarks
			Guarantee Number	Validity up to	Name of Bank	Amount of the Bank Guarantee				
<b>Total</b>										

91/8

ANNEXURE-I

DEPARTMENT OF TELECOM  
 Monthly Report on collection of License Fee

Name of CCA office \_\_\_\_\_ Month \_\_\_\_\_ Year \_\_\_\_\_

(In Rs. thousands)

S.No.	Name of Licensee	Service Category	Service Area	Percentage of Revenue Share	Type of Payment (Qtrly or annual assessment based)	Payment for the period (Qtr/Year)	Date of Receipt	Amount Received	AGR on Self Assessment (as applicable)	Amount towards License Fees	Amount towards USO	Head of Accounts in which classified		Remarks
												LF	USO	
<b>Total</b>														

**NB:** All payment must indicate whether it is a quarterly payment or a payment received upon demands raised by DOT. In the event of combined payments/unclassified payments requisite certificate be obtained.