

9/8

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	
Total														

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.

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY,
DEPARTMENT OF TELECOMMUNICATIONS,
(LICENSING FINANCE BRANCH)
Room No.717 Sanchar Bhawan, 20-Ashoka Road, New Delhi – 110 001.

No. 17-11/2003-LF

Dated:07.12.2005

M/s Reliance Infocomm Limited,
15th Floor, Vijaya Building,
17, Barakhamba road,
New Delhi-110 001.

**Subject: Provisional Finalisation of Licence Fee for the year 2001-02, 2002-03 for
17 Basic Licenses, NLD and ILD Licenses.**


Reference: This office letter No.17-11/2003/LF dated 01.06.2005 and
Your office letter Nos. NIL dated 06.06.2005 and 09.06.2005

Sir,

This is with reference to your office letters mentioned above regarding payment of Licence Fee dues on notional interest on the interest free loans given to M/s Reliance Industries Ltd during the years 2001-02 and 2002-03.

In this regard, I am directed to state that the competent authority has decided **not to levy Licence Fee on notional interest on interest free loans.**

In view of the decision, the demand for the years 2001-02 and 2002-03 raised against 17 Basic Licences, NLD and ILD licences vide this office letter No.17-11/2003/LF dated 01.06.2005 may be treated as withdrawn.


(Rakesh Kumar)
Accounts Officer (LF-II)
Phone: 23036257
Fax: 23372044

Copy to respective CCAs for information and necessary action.
ADG (LF-I) for information.

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No. 15-10/2006/LF
Government of India
Ministry of Communications & IT
Department of Telecommunications
717, Sanchar Bhavan, 20 Ashoka Road, New Delhi – 110 001.
(Licensing Finance Division)

Dated:- 20.03.2006

**OFFICE MEMORANDUM FOR INTRODUCTION OF CHALLAN SYSTEM
FOR RECEIVING LICENSE FEES AND SPECTRUM CHARGES**

Sub: System for receipt of License Fee and Spectrum Charges in the Department of Telecom Head Quarters and the Controller of Communication Accounts offices.

1. License Fee and Spectrum Charges from commercial Telecom Service Providers licensed under Section 4 of Indian Telegraph Act 1885 were being received directly by the Department of Telecom, Head Quarters. Subsequently, the collection of these statutory levies was decentralized in respect of Access Service Providers to the Controller of Communication Accounts. Following decentralization of collection of License Fee/Spectrum charges from BSNL CCA Delhi has started collecting L.Fee for NLD service of BSNL.
2. Payments made in DoT Headquarters are received by the concerned branches (LF/WPF) which deposit the sums (received through DDs etc drawn in favour of PAO, HQs to PAO, HQs and an acknowledgment of the payment is given to the Licensee on their forwarding documents. A receipt is being issued through the prescribed ACG-67 proforma, upon receipt of these sums by the CCA officer.
3. This process of receiving a payment and issuing an acceptance is being revised following the approvals accorded by the competent authority. The new system, shall become effective from **April 1 2006**.
4. A system of challans is being introduced which has to be uniformly adopted in DoT Head Quarters, as also CCA offices for receiving payments from various telecom service providers. The proforma of the challan, which has to be in triplicate, is annexed to this memorandum. The challan form can be downloaded from DoT website www.dot.gov.in and shall be used for making payments for License Fee as also Spectrum Charges.
5. The following steps are to be followed for making payment of License Fee and/or Spectrum Charges: -
 - a. The Licensee should download this form from DoT website as and when an amount becomes payable by them (both quarterly dues as also dues arising upon annual assessment of License fees).
 - b. The relevant particulars of the payments describing the purpose of payment as also the details of the instrument must be recorded in the challan form **which shall be in triplicate**.

- c. The documents relevant to the payment and as applicable shall be captioned at the space provided at the end of the challan form.
- d. The Licensee should approach the concerned branch (LF/WPF) in DoT Head Quarter or the CCA office, as the case may be, who shall record the Head of Account for the payment and upon receipt of the documents mentioned in the challan shall record an acknowledgment thereto.
- e. Thereafter the concerned Licensee shall go to the concerned cash branch of the office (PAO for DoT Head Quarters and Communication Accounts Officer, (Cash) for the CCA offices) together with the instrument (DD/Banker's cheque) to be deposited.
- f. The concerned officer, who receives the payments, shall verify the entries recorded in the challan with reference to the underlying instrument and thereafter receive the payment. As an acknowledgment one copy of the challan shall be returned to the concerned service provider.
- g. At the time of receiving the payment the concerned officer shall record a serial number on the challan form (in all the three copies) and this serial number shall be a running serial number. The Sl. No. shall be of six digits with the first three digits to indicate the CCA/DoT H.Qtr office code. The office code, is the same code that is followed for the purpose of monthly accounts.
- h. Even if the concerned operator may not have submitted relevant/requisite documents, under no circumstances a payment be refused except when the instrument is a cheque.
- i. At the end of the day one copy of the challan in respect of each and every payment received on that day shall be handed over to the concerned user branch (LF, WPF or the officer designated in the CCA office), and the concerned cash branch would retain one copy. The user branch/officer shall acknowledge receipt of this challan from the cash branch. For this purpose a nodal officer in each of the branch/office shall be nominated by the concerned functional head or the CCA as the case may be.

6. Occasions where an amount is received by the Department upon invocation of the Bank Guarantee, the proceeds will be credited by the concerned branch to either security deposit or the revenue head as the case may be. The same challan proforma shall be used for this purpose as well. Necessary information regarding the instruments received from the bank as also the reference of DoT/CCA instructions concerning the invocation of a Bank Guarantee must be provided under the various heads as provided at the end of the challan proforma.

7. (i) Instruments from multiple banks/branches towards a single stipulated payment will have to be deposited through individual challans. The principle in short is therefore "one bank one challan".

(ii) Also payment should be made license-wise through individual challans on the principle of 'one challan—per license—per type of payment—per bank'.

8. **Segregation of USO:** License Fee payments received from Licensees may be for a stipulated quarterly payment/payment of assessed demands and Segregation between Universal Service Levy and pure License Fee may be difficult at the time of receiving the payment. Therefore, the concerned branch (LF/WPF or CCA office) shall only record the Head of Account for License Fee alone in the receiving stage.

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ii. Once the payment is made, and one copy of the challan is received by the user branch from PAO Head Quarter, or the designated cash officer in the CCA, it shall, based on the underlying documents received from the Licensee be segregated between pure License Fee and Universal Service Levy.

iii. A Journal Voucher, for allocating such sums received towards Universal Service Levy, shall be prepared by the user branch and handed back to the PAO Head Quarter (or the designated officer in the CCA offices within three days of the receipt of the challan from the Cash branch.

iv. At the end of the month, the PAO/Cashier in CCA offices shall provide to the concerned user branch the amounts received under different heads of account (License Fee, Universal Service Levy / Spectrum Charges). This shall be necessarily done after accounts are closed for the month and after accounting for journal vouchers issued by the user branch as described in the Para above.

9. While the above instructions shall be effective from April 1st 2006 it may still take some time for the new system to stabilize and in the intervening period there shall be no occasion when a payment is returned on grounds that the challan is not filled up. Such dispensation shall exist only for a month beginning April 2006.

10. As and when further decentralization of License Fee/Spectrum Collection is undertaken same instructions as above will apply with immediate effect.

11. Kindly acknowledge receipt.

Sd/-
(S. Mandol)
Director (LF)

Encl: As above (Form-I and Form-II)

To

1. DDG A/cs, Deptt of Telecom, for issue of accounting instructions, DDG (WPF).
2. All CCAs for implementation and necessary compliance.
3. PAO DoT H/q for necessary action.
4. DDG LR with a request to upload the challan proforma in DoT website with suitable link.
5. All Telecom Service Providers, BSNL/MTNL/VSNL for necessary action.
6. DG (P&T) Audit.

Department of Telecom
Pay & Accounts Office
801, Sanchar Bhawan, 20 Ashoka Rd ND 1

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CHALLAN FOR PAYMENT OF LICENSE FEE/SPECTRUM CHARGES/BG PROCEEDS

*To be filled up by the Licensee (for payments) or
by concerned Licensing Branch (in case of Bank Guarantee proceeds) Date:*

Name and address of the Licensee	Service Category and Service Area	Particulars of Payment (see Note 3 below)		Amount (in Rupees)
		Nature	Period	
			Total:	

Details of Payment Instrument(s) Rendered

DD/Pay Order No	DD/Pay Order Date	Issuing Bank	Amount (in Rupees)
Total in figures:			
Amount in words:			

Signature of the person depositing the amount _____

Name _____

Date _____

For Office Use only

To be filled in by the officer of the concerned branch handling the license fees/spectrum charges

Date: _____	Head of Account: _____
Documents Received	
1 _____	Signature of concerned branch official _____
2 _____	Name _____
3 _____	Date _____
4 _____	(Also affix stamp)

Acknowledgment (To be filled in by the official receiving the payments)

Serial Number _____	Date: _____
Received _____ DD/Pay Order(s) as above totalling Rupees _____	
Space for office seal	Space for Sig of the person receiving the amount
	Name _____
	Date _____

Notes and Instructions:

1. A challan form to be used for only one TYPE of Payment (see Note 3) and for one Bank.
2. The challan is for remittance of License Fees, Spectrum Charges and depositing BG proceeds
3. Payment to be made by DD/pay Order/Bankers Cheque by Licensee
4. Indicate type of Payment (L/Fee for Basic, UASL, CMTS etc., Spectrum Charges for CDMA/GSM/PMRTS & other services, LD, Entry Fees, BG Proceeds etc) and the quarter/year to which it relates
5. Serial number shall be given by the officer accepting the payment and will be of six digits, the first three being the PAO Code.

**Department of Telecom
Controller of Communication Accounts**

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CHALLAN FOR PAYMENT OF LICENSE FEE/SPECTRUM CHARGES/BG PROCEEDS

*To be filled up by the Licensee (for payments) or
by concerned Licensing Branch (in case of Bank Guarantee proceeds) Date :*

Name and address of the Licensee	Service Category and Service Area	Particulars of Payment (see Note 3 below)		Amount (in Rupees)
		Nature	Period	
			Total:	

Details of Payment Instrument(s) Rendered

DD/Pay Order No	DD/Pay Order Date	Issuing Bank	Amount (in Rupees)

Total in figures:

Amount in words:

Signature of the person depositing the amount _____

Name _____

Date _____

For Office Use only

To be filled in by the officer of the concerned branch handling the license fees/spectrum charges

Date: _____ Head of Account: _____

Documents Received

1. _____ Signature of concerned branch official _____
 2. _____ Name _____
 3. _____ Date _____
 4. _____ (Also affix stamp)

Acknowledgment (To be filled in by the official receiving the payments)

Serial Number _____ Date: _____

Received _____ DD/Pay Order(s) as above totalling Rupees _____

Space for Sig of the person receiving the amount

Space for office seal

Name

Date

Notes and Instructions:

1. A challan form to be used for only one TYPE of Payment (see Note 3) and for one Bank.
2. The challan is for remittance of License Fees, Spectrum Charges and depositing BG proceeds
3. Payment to be made by DD/pay Order/Bankers Cheque by Licensee
4. Indicate type of Payment (L/Fee for Basic, UASL, CMTS etc., Spectrum Charges for CDMA/GSM/PMRTS & other services, LD, Entry Fees, BG Proceeds etc) and the quarter/year to which it relates
5. Serial number shall be given by the officer accepting the payment and will be of six digits, the first three being the CCA Code.

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DEPARTMENT OF TELECOMMUNICATIONS

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

(Licensing Finance Branch)

Phone: 011-2337 2251 Fax: 011-2337 2044

No: 6-1/2003/Captive VSAT

Dated: 07.04.06

To

10/4/06

All Controller/Joint Controller of Communication Accounts

Subject: Billing Authority for Captive VSAT Licences and Dedicated Radio/OPC NOCs

The % CCA are to carry out the billing and collection of licence fee in respect of various Captive Licences in accordance with LR branch letter No. 824-42/2000-LR dated 19.04.2005. In this regard L. F. branch has been receiving various queries from the CCAs pertaining to non- receipt of particulates from the CGM offices, who were the erstwhile billing authorities.

The same was reviewed by M (F) and it has been decided that the CCA offices must closely interact with the respective CGMs for the relevant records and report back to DOT (HQ), the progress within a month's time.

(Signature)
10/4/06
(S.Mandol)
Director (L.F-I)

Copy to
17/16

DDG (LR), Department of Telecom, (110)

DEPARTMENT OF TELECOMMUNICATIONS

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

(Licensing Finance Branch)

Phone: 011-2337 2251 Fax: 011-2337 2044

No: 6-1/2003/Captive VSAT

Dated: 10.04.06

To

The Controller/Joint Controller of Communication Accounts

(Maharashtra, Andhra Pradesh, West Bengal, Karnataka and Delhi)

Subject: Decentralization of maintenance of Bank Guarantees in respect of Captive VSAT Licenses.

It has been decided by the competent authority that the Bank Guarantees of the Captive VSAT Licenses shall be maintained by the concerned CCA offices w.e.f. 01.04.06, collecting License Fee in terms of LR No: 824-42/2000-LR dated 19.04.05.

2. Accordingly the Bank Guarantee, as applicable in respect of Captive VSAT licenses, and available with DOT L.F branch is being sent as per the scheme enclosed as Annexure I.

3 The Bank Guarantees shall be maintained in the same manner as already adopted in respect of Access Service Licenses. The prescribed reports shall be sent periodically to Accounts Officer (L.F-V).

3. It is also mentioned that the amount of Bank Guarantee has to be equivalent to two quarter of License Fee, and License Fee is recovered @ Rs. 10,000/- per VSAT terminal per annum, in accordance with the financial conditions. An extract of relevant financial conditions for recovery of License Fee and requirement of Bank Guarantee are enclosed with this letter. Upon receipt of this letter the CCA may carry out the review of amount of Bank Guarantee required and take action accordingly, on the basis of financial conditions enclosed as Annexure II.

4. Kindly acknowledge the receipt of Bank Guarantee as indicated in the scheme enclosed as Annexure I to this letter.

Encl: As above

S. Mandol

(S.Mandol)
Director (L.F-I)

Copy to:
DDG. (LR.), Department of Telecom (HQ)

SH

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
717, SANCHAR BHAVAN, 20, ASHOKA ROAD, NEW DELHI-110001
(LICENCING FINANCE CELL)

No. 1-27/2006-LF

Dated 30th May, 2006

To

All Telecom Service Providers,

Sub: Clarification regarding payment of License Fee.

I have been directed to issue the following clarification with respect to payment of License Fee:

“It is hereby clarified that for the purpose of payment of quarterly License Fees, the intervening holiday/s or holiday/s on the last day of the prescribed period shall not result in extension of the specified period of payment. Hence, interest/penalty as per the license conditions will apply on payment of quarterly License Fee dues beyond the specified period”.

Kaushal

(Kaushal Kishore) 30/5/06

Director (LF-II)

Tel No.: 011-2303 6015

Copy to:

1. Sr. DDG (LF), DoT.
2. DDG (VAS), DoT.
3. DDG (BS), DoT.
4. DDG (LR), DoT.
5. DDG (WPF), DoT.
6. Director (LF-I)/(III), DoT
7. Sr PPS to Chairman (TC)/Member (P)/Member (F)
8. All CCAs / Jt. CCAs, DoT
9. Hindi Section
10. Guard File
11. Spare copy.

ADG (LF-II) @ 12/6/06

AO (LF-II)

[Signature]

12/6/06

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No. 1-28/2006/LF
Government of India
Ministry of Communications & IT
Department of Telecommunications
(Licensing Finance Branch)

717, Sanchar Bhavan, 20, Ashoka Road, New Delhi - 110 001

Dated: 20.09.2006

To
All the UAS/Basic/CMTS Service Providers

Sub: Verification of PSTN related call charges (access charges) and roaming revenue paid to other telecom service providers, Service/Sales tax paid to the Government and claimed as deductions.

* * *

Sir,

The License Agreement mandates payment of License Fee in four quarterly instalments. While making payment of License Fee, Statement of Revenue and License Fee, in the prescribed format showing the computation of revenue and License Fee payable is to be submitted to the designated offices.

2. For the purpose of arriving at Adjusted Gross Revenue, on which License Fee is leviable, the license condition stipulates following deductions from Gross Revenue:

- I. PSTN related call charges (Access Charges) **actually paid** to other eligible/entitled telecommunication service providers within India;
- II. Roaming revenues **actually passed on to** other eligible/entitled telecommunication service providers within India and;
- III. Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included the component of Sales Tax and Service Tax.

3. It is to be noted that in the prescribed form of Statement of Revenue and License Fee the deductions claimed on account of above-mentioned items are to be supplemented with operator-wise details. It is therefore reiterated that details must be furnished alongwith the quarterly Statement of Revenue and License Fee.

4. It has been the experience that deductions on account of above payments made during the financial year are not readily furnished by the UAS/Basic/CMTS licensees leading to a series of correspondence at the time of annual assessment of License Fee. **It has, therefore, been decided by the competent authority that henceforth, the deductions claimed by the UAS/Basic/CMTS licensees will be verified by the concerned CCAs on quarterly basis. The operator-wise details will be verified with respect to the proof of payment. On demand, the proof of payment with respect to the deductions claimed has to be submitted by the licensee.**

Sb ~~ES~~

The above verification for each quarter shall be completed by the CCA within a stipulated time frame, i.e. by 15th October, 15th January, 15th April and 30th June for quarters I, II, III and IV respectively.

If any clarification is required the same may be obtained from LF Branch.

Kindly acknowledge the receipt.

Kaushal
(Kaushal Kishore) 20/9/06
Director (LF-II)
Phone -- 011-23036115

Copy to: -

1. All the Sr.CCAs/CCAs/Jt.CCAs, Department of Telecom.
2. PS to Member (F), Department of Telecom.
3. PS to Member (T), Department of Telecom.
4. Hindi Section for Hindi version of the above letter.
5. Guard file.

ST 43

F.No. 1-28/2006-LF
Government of India
Ministry of Communications & IT
Department of Telecom

20, Ashoka Road,
Sanchar Bhavan,
New Delhi.

Dated the 21st September, 2006

To
All Sr.CCAs/CCAs/Jt. CCAs

Subject: Verification of deductions claimed from the Gross Revenue by the Telecom Service Licensees on quarterly basis

This letter issues in continuation to the instructions contained in the letters:

- i) 1-6/2001-LF dated 8.10.2002
- ii) 17-20/2003/BSNL/LFdated 10.1.2005; 28.2.2005; 22.3.2005
- iii) 1-6/2001-LF Vol.II dated 23.11.2005

2. Although it is mandated by the License conditions, Operator-wise details of deductions claimed on account of PSTN related Call Charges (Access Charges) and roaming revenue paid to other telecom service providers are not readily submitted by the Licensees. This affects the annual License Fee assessment.

3. It has therefore, been decided by the competent authority that the office of CCAs will henceforth verify the deductions claimed by the UAS/Basic/CMTS Licensees from the Gross Revenue for the calculation of AGR and License Fee on quarterly basis. The proposed verification will be applicable for deductions claimed from first quarter of financial year 2006-07 onwards.

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4. The quarterly payment of License Fee payable by 15th July, 15th October, 15th January and 25th March is to be made together with **Statement of Revenue and License Fee** in the prescribed proforma. As per the prescribed proforma, the Licensee has to give operator wise details of the: (i) PSTN related call charges actually paid to other service providers (ii) Roaming revenues actually paid to other service providers.

5. The CCAs are to verify the deductions shown by the Licensee in the **Statement of Revenue & License Fee** on account of:

- a) PSTN related call charges (Access Charges) actually paid to eligible/entitled Telecom Service Providers within India
- b) Roaming revenues actually passed on to other eligible entitled telecom service providers
- c) Service Tax/Sales Tax paid to Government, if the same had been included in the Gross Revenue

6. The verification of deductions is to be done with respect to proof of payment. The verification for each quarter shall be completed by the CCA within a stipulated time frame i.e., by 15th October, 15th January, 15th April and 30th June for quarters I, II, III and IV respectively of the financial year.

7. The quarterly report of the verification in respect of each licensee has to be submitted to LF Branch within a week after the due date. The concerned Telecom Service Providers are being instructed separately about the verification and submission of relevant details.

8. Kindly acknowledge the receipt.

Kaushal
(KAUSHAL KISHORE) 21/9/06
DIRECTOR (LF-II)
Tele: 011-23372193

Encl.: Letter of even number dated 20.9.2006
Addressed to the UAS/Basic/CMTS
Service Providers

Copy to:

1. Sr. PPS to Member (F)
2. P.S. to Member (T)
3. Hindi Section for Hindi version of the above letter.
4. Guard File

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No. 1-27/2005-LF
Government of India
Department of Telecommunications & IT
717, Sanchar Bhavan, 20, Ashoka Road, New Delhi-110 001.
(Licensing Finance Branch)

Date: 29.11.2006

To
All Telecom operators

Sub.: Submission of documents for annual assessment of license fee for the financial year 2005-06 in respect of your license for licensed Service Areas.

Sir,

Please refer to this office letter of even number dated 26.10.2006 whereby you were requested to submit documents concerning finalization of the annual assessment of License Fee for the financial year 2005-06 by 10.11.2006. It is regretted that you have not submitted the **duly audited quarter-wise, operator-wise details of PSTN related call charges (Access Charges) and roaming charges actually paid to other telecom service providers during the financial year 2005-06.** It is to be noted that vide letter dated 26.10.2006 it was made abundantly clear that non-submission of the requisite documents as per directions leads to series of correspondence causing delay in annual assessment of license fee and thereby adversely impacts the interest of Govt. revenue. Refusal to comply with the instructions of the Licensor constitutes breach of License conditions making the Licensee liable for action as per extant License Agreement.

You are therefore directed to ensure submission of the **duly audited quarter-wise, operator-wise details of PSTN related call charges (Access Charges) & roaming charges actually paid to other telecom service providers during the financial year 2005-06 and Service Tax/Sales Tax actually paid to Government if it was included in the Gross Revenue and claimed as deductions from Gross Revenue latest by 12th December, 2006** alongwith copy of the same to the respective CCAs.

It is clarified that in view of interest of Govt. revenue, if the licensee does not submit the requisite documents in time, the Department shall be constrained to proceed with the annual assessment of License Fee for Financial Year 2005-06 based on the records made available by the licensee after excluding the deductions claimed from the Gross Revenue.

Kindly acknowledge the receipt.

Deepak
(Deepak Kumar)
ADG (LF-II)
Tel.: 011-23372251

Copy to:

1. All CCAs: The receipt of the documents from the Licensees as per above schedule may be ensured.
2. DDsG (AS, CS, DS), DoT for information.
3. Sr. PPS to Member (F), Sr. PPS to Member (T), DoT for information.
4. Director (LF-I), Director (LF-II) and Director (LF-III), DoT for information.

Recd for
James Des
30/11/06
Recd. for
data tele services
Maneen Tandra
Idea Cellular
30/11/06
Sistecomm
Hutchison Essar South
Hutchison Essar East
Hutchison Max
Hutchison Essar South
Received for
SPICE communication
Kapil Chopra
20-11-06
Recd
for Hutchison Essar
30/11/06
Sayam Anu

For Shyam
Seel V L A
HANDEK
29/12/06

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No.1-28/2006/LF
Department of Telecom
(Licensing Finance Branch)

Dated: 05.07.2007

To
All Sr.CCAs/CCAs,
Department of Telecom

Sub: Verification of deductions claimed by the licensees through quarterly Statement of Revenue & License Fee -- clarifications thereof.

This letter issues in continuation to the instructions contained in the letter of even no. dated 20.09.2006 and 21.09.2006. It is reiterated that verification report for each licensee of the licensed service area on a quarterly basis is to be submitted by the O/o CCAs as per the schedule given in letter dated 21.09.2006. For ready reference, the verification of each quarter shall be completed by the CCA within a stipulated time frame i.e. by 15th October, 15th January, 15th April and 30th June for quarters I, II, III and IV respectively of the concerned financial year.

2. Based on the receipt of reports and letters from the CCAs, the following clarifications with respect to the verification of deductions claimed from the Gross Revenue by the Telecom Service Licensees through quarterly Statement of Revenue & License Fee are issued: -

Issue No.1 - The Licensees are not submitting in time (a) operator-wise details of the deductions claimed, and (b) proof of payment/adjustment.

Clarification - A separate letter is being issued to the Licensees for the submission of proof of payment and other details so as to back up the claimed deductions as per quarterly Statement of Revenue & License Fee. In case of willful refusal by the licensee to submit above details, the CCAs should send a separate report to the LF Branch, DoT so that necessary action against the licensee at the HQ level can be initiated.

Issue No.2 - Admissibility of the deductions claimed on account of ADC payment

Clarification - The ADC payments made by the Licensees to another Telecom service provider qualifies for deduction subject to proof of payment.

Issue No.3 - Admissibility of payments made by one division of a licensee company to another division e.g. payments made by UASL division of the Company to the NLD/ILD division of the same Company when the licensee company has license for UASL/NLD/ILD.

Clarification - In case of inter-division payments of pass through nature (payments/adjustments made between UASL/NLD/ILD divisions of a Company having UASL/NLD/ILD licenses), deductions of such payments are to be allowed based on proof of inter-division adjustments. At the time of annual assessment of License Fee such inter-divisional payments/adjustments are treated as permissible deductions upon production of duly audited proof of adjustment as per provisions of the extant License Agreement.

Issue No.4 - Deductions claimed by the licensee for payments made for leased line charges, port charges, charges for infrastructure sharing etc.

Clarification - No deductions other than those specified in the respective License Agreements qualify for deductions from the Gross revenue which is to be furnished by the licensee in the prescribed format of Statement of Revenue & License Fee. Therefore leased line charges, port charges, infrastructure sharing charges etc. or any other type of set off (items of expenditure against revenue) do not qualify for deduction.

Issue No.5 - The actual date of payment for pass through charges in case of payment by cheque.

Clarification - In case of payment by cheque of PSTN/Roaming charges etc. the date of payment is to be taken as the date of receipt of such cheques by the receiving licensee.

Issue No.6 - Admissibility of payments made for Service Tax/Sales Tax and deductions thereof.

Clarification - If the Gross Revenue includes the Service Tax/Sales Tax, then actual payments made by the licensee to the Government during the FY qualifies for deduction for that year. If the extant provisions of the Service Tax/Sales Tax permit the licensee company to avail CENVAT Credit against the Service Tax/Sales Tax dues payable by the licensee then the Service Tax/Sales Tax paid will include such credits availed. The Claim of such deductions will be admissible subject to proof of payments/adjustments and permission of the tax authorities.

Issue No.7 - Nature of proof of payment

Clarification - The proof of payment includes vouchers/Bank statements/receipts etc. The O/o CCA has to check the admissibility of claimed deductions with respect to proof of payment/adjustments made and in accordance with provisions of the License Agreement. The claimed deductions are to be taken as furnished by the licensee through its quarterly Statement of Revenue & License Fee.

Issue No.8 - Payment/adjustment of PSTN/Roaming charges made on net basis between two licensees.

Clarification - In case of adjustment of PSTN/Roaming charges between two licensees made on net basis, the payment of only residual amount is effected. However the respective licensee will claim deduction of the full amount. As an illustration, in case of settlement between Licensee A and B, if the amount payable by A to B is Rs.100 and amount payable by B to A is Rs.65 then the actual payment (transaction) made by A to B would be of Rs.35 only. In this case Licensee A will claim deduction of Rs.100 and Licensee B will claim deduction of Rs.65, even though cash transaction of Rs.35 only has been made. The licensee should however support this through proof of payment and adjustment.

Issue No.9 - Verification of claimed deduction on sample basis.

Clarification - The O/o CCA has to ensure 100% verification of operator-wise payments made and claimed as deduction through quarterly Statement


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of Revenue & License Fee. Only the amount shown as deduction in the quarterly statement is to be verified and report sent about its **admissibility or inadmissibility**. Wherever the licensee does not submit the operator-wise details substantiating the deductions claimed as per quarterly Statement of Revenue & License Fee, the amount has to be quantified and the same has to be reported as inadmissible to the LF Branch, DoT HQ as per schedule.

Issue No. 10 Nature of proof of payment in case of roaming charges and in particular international roaming paid through clearing houses.

Clarification The Office of the CCA will ask for statements from the Banks, duly signed by their authorized signatories along with statement of settlement of account of Roaming charges from clearing house duly signed by the operator's authorized signatories. The O/o the CCA has to check the admissibility of claimed deductions with respect to proof of payment/ adjustments made and in accordance with the License Agreement.

3. The format of the verification report to be sent to LF Branch, DoT HQ is enclosed herewith.
4. The quarterly verification report in the prescribed format should be sent with the approval of the CCA.
5. The CCAs may also raise a demand, if any shortfall is noticed based on the verification exercise together with interest in terms of the License Agreement.
6. Soft copy of the report should be sent at E-mail ID LFIV@rediffmail.com.


(Dr. Janaki Ananthkrishnan)
Director (LF-II)
Phone – 011-2303 6015

Encl: As above (3 pages)

Copy for information to: -

1. DDG (AS/CS), DoT
2. Director (LF-I/II), DoT
3. Sr. PPS to Member (F), DoT
4. PS to Member (T), DoT
5. PS to DDG (LF), DoT
6. Hindi Section for Hindi version of the above letter,
7. Guard File.

**Summary Report of verification of deductions claimed in quarterly
Statement of Revenue & License Fee with respect to <name of the svc
area> license service area**

Quarter - <qtr no.> of FY <financial year>

(Fig. in Rs.)

S. No.	Name of the Licensee	Service	Deductions claimed	Deductions admissible	Deductions inadmissible	Shortfall of License Fee
Total						

**Report on verification of deductions claimed by the licensee through
Quarterly Statement of Revenue and License Fee**

Name of the Licensee	
License No. & Date	
Service Area	
Rate of License Fee	
Quarter	
Financial Year	

PART - I

**Summary of Quarterly Statement of Revenue & License Fee
(As submitted by the Licensee)**

(Fig. in Rs)

		Previous Quarter	Current Quarter	Cumulative upto current quarter
1.	Gross Revenue (item no. AA)			
2.	Deductions (item no.B)			
(i)	PSTN related call charges paid to other operators			
(ii)	Roaming revenue actually passed on to other operators			
(iii)	Service Tax paid to the Government			
(iv)	Sales Tax paid to the Government			
3.	Total Deductions (Item No.BB)			
4.	Adjusted Gross Revenue (Item No.CC)			
5.	Revenue Share payable			
6.	Revenue Share paid			
7.	Date of payment			

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PART-II

Revised calculation of Revenue Share on the basis of verification of deductions claimed in the Statement of Revenue & License Fee

(Fig. in Rs.)

S.No.	Item		Amount
1	Gross Revenue (Item No.AA)		
2	Deductions claimed in Statement of Revenue & License Fee (Item No. BB)	A	PSTN related
		B	Roaming charges
		C	Service Tax
		D	Sales Tax
		E	ADC
3	Adjusted Gross Revenue (Item No.CC) (as per the Quarterly Statement of Rev. & LF submitted by the Licensee) (1-2)		
4	Inadmissible deductions	A	PSTN related
		B	Roaming charges
		C	Service Tax
		D	Sales Tax
		E	ADC
5	Revised Adjusted Gross Revenue (3-4)		
6	Revenue share payable for the quarter (AGR * Rate of License Fee)		
7	Revenue share actually paid for the quarter		
8	Short payment of Revenue Share/LF (6-7)		

Reasons for inadmissibility of deductions:

Signature of the officer

No.1-27/2005/LF
Department of Telecom
(Licensing Finance Branch)

~~WITHOUT FILE~~
66

Dated: 01.07.2008

To

All Telecom operators

Sub: Submission of details of deductions claimed through quarterly Statement of Revenue & License Fee for the financial year 2006-07 in respect of Basic/CMTS/UASL/VSAT Licenses held by you.

This is regarding the submission of -

(a) Duly audited quarter-wise operator-wise details of PSTN related call charges (access charges)/charges and roaming charges passed on to other operators claimed through quarterly Statement of Revenue & License Fee for the financial year 2006-07 and actually paid to other telecom service providers during the financial year 2006-07 to back up the claimed deductions as mandated by the extant License Agreement.

(b) Duly audited details of Service tax /Sales tax actually paid to the Govt. during the year 2006-07, if included in Gross Revenue and deductions claimed.

2. Please ensure the submission of requisite details along with proof of payment to back up the claimed deductions in the Audited quarterly Statement of Revenue & License Fee for the financial year 2006-07 within 10 days from the receipt of this communication to this office so that annual assessment for the year 2006-07 can be carried out.

3. It may also be ensured that the affidavit to be submitted with the quarterly License Fee payments from 15.07.2008 (payment for April-June 2008 quarter) onward should consist of an additional Para stating that "the licensee company is complying with the interim order of the Hon'ble Supreme Court dated 08.01.2008 and calculating the AGR in the same manner as was being done prior to passing of the order dated 30.08.2007 by the Hon'ble TDSAT."

4. The above requirement is in accordance with the Hon'ble Supreme Court order dated 08.01.2008 in CA No.D36408 of 2007 (New CA No 311-318 of 2008) and is subject to final outcome of the case.

Kindly acknowledge receipt.

Encl.: Copy of orders dated 08.01.2008

(Sanjay Kumar)

Asstt. Director General (LF-1)
Phone - 011-2372 5490

Copy to: All Sr. CCAs/ CCAs/ Jt. CCAs concerned.

Received
4/7/08
Lead for
Vodafone Liser
3/7/08

Received
02/07/08
Sanjay
BPL
GMMN. Ltd.
Sanjay (Idca)
03/07/08

Received
03/07/08
for Bharti Airtel
Ajay Kumar Singh

Received
CP.S. Saini
Tata Comm. Ltd.

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WITHOUT PREJUDICE
CORREGENDUM

No.1-27/2005/LF
Department of Telecom
(Licensing Finance Branch)

Dated: 16.07.2008

To

«Operator__address»

Sub: Submission of details of deductions claimed through quarterly Statement of Revenue & License Fee for the financial year 2006-07 in respect of «ServiceCommon» «Licenses» held by you.

Ref: This office letter of even no. dated 01.07.2008. 38/e

Point no. 2 of the above referred letter may be read as below:

Please ensure the submission of requisite quarter-wise, operator-wise details of

(i) PSTN related call charges (access charges) and roaming charges passed on to other operators claimed through quarterly Statement of Revenue & License Fee for the financial year 2006-07 and actually paid to other telecom service providers during the financial year 2006-07 as mandated by the extant License Agreement to back up the claimed deductions in the Quarterly Statement of Revenue & License Fee for the financial year 2006-07;

(ii) Service tax on provision of service and sales tax actually paid to the Government if Gross Revenue had included the component of service tax and sales tax.

The above details along with proof of payments be submitted within 10 days from the date of issue of this communication to the O/o Sr.CCAs/CCAs/Jt.CCAs concerned so that annual assessment for the year 2006-07 can be carried out.

In case the said details for any quarter of the year have already been submitted to the O/o Sr.CCAs/CCAs/Jt.CCAs concerned, the details for remaining quarters, if any, may be submitted immediately.

Failing to comply with the directions, the entire amount of deductions claimed through statement of Revenue and License Fee will be dis- allowed without any further notice.

Rest of the above referred communication will remain unchanged.

Kindly acknowledge receipt.

Recd. A. B. Singh (Highway cables)

For Vodafone Essex (2) Don't know. Anura

for Bharti for BSL network Common in (P. Anesh BSL)

(Amit Katoch)
Director (LF-II)
Phone - 011-2303-6015

*CDMA ESX S. Sharma
20 EA Calicut
16/07/08*

*Handwritten signature
21/7/08
i. Mahapatra*

No.1-28/2006/LF
Department of Telecom
(Licensing Finance Branch)

Dated: 16.07.2008

To
All Sr.CCAs/CCAs,
Department of Telecom

Sub: Verification of deductions claimed by the licensees through quarterly Statement of Revenue & License Fee.

This letter issues in continuation to the instructions contained in the letter of even no. dated 20.09.2006, 21.09.2006, 05.07.2007, 2.11.2007 and 01.07.2008.

It is reiterated that consolidated verification report for the financial year 2006-07 in respect of each licensee of the licensed service area (quarter-wise) is to be submitted to LF Branch of DoT HQ. For this all the operators have been directed to submit the quarter wise/ operator wise details along with the proof of payment of-

(i) PSTN related call charges and roaming charges claimed through quarterly Statement of Revenue and License Fee actually paid to other telecom service providers during the financial year 2006-07 as mandated by the extant License Agreement to back up the claimed deductions;

(ii) Service tax on provision of service and sales tax paid to the Government if Gross revenue had included the component of Service tax and sales tax (copy enclosed).

The consolidated summary report of verification of deductions claimed in the quarterly Statement of Revenue and License Fee in the prescribed format should be sent with the approval of the CCA within two weeks of the receipt of the documents from the operators or latest by 14/08/08.

The matter may be accorded top priority since the work of annual assessment of license fee dues is held up at DoT HQ.


16/7/08
(Amit Katoch)
Director (LF-II)
Phone - 011-2303 6015

Encl: As above

Copy for information to: -
Director (LF-I/III), DoT
Sr. PPS to Member (F), DoT
PS to Member (T), DoT

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S/A 12/c

No.1-28/2006/LF
Department of Telecom
(Licensing Finance Branch)

Dated: 18.08.2008

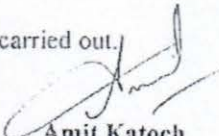
To
The Controller of Communication Accounts,
Punjab Telecom Circle,
Plot No.33, first Floor, Sector-34-A
Chandigarh.

Sub: Submission of details of deductions claimed through quarterly statement of Revenue and License Fee for the financial year 2006-07 in respect of Basic/UASL/VSAT/ISP Licenses.

With reference to your letter No. CCA/Pb/verification/2006-07.2008-09/997 dated 14.07.2008 wherein you have raised some points and sought clarifications on them. The following clarifications with respect to the points raised are issued: -

- (1) The cut off date for payment is the last day of the concerned quarter. In case the payment is not made in the same quarter and made in the subsequent quarters, the deductions will be allowed in that particular quarter in which the operator has actually paid the amounts.
- (2) Same as above.
- (3) During the year, verification shall be done w.r.t the quarterly figures and when the Licensee submit the Audited figures at the end of the financial year, that figures should also be verified w.r.t the proof of payment. A consolidated report be sent to DoT Head Quarter accordingly.
- (4) Since the Department has already filed an appeal against the TDSAT Judgment and the Hon'ble Supreme Court has given relief to the Department in order dated 08.01.2008, as such the verification is to be carried out on actually paid basis not on accrual basis.
- (5) A consolidated statement of verification report be submitted to this office as per earlier communication.
- (6) Yes, the verification of deduction claimed by BSNL is to be carried out.

G/c


Amit Katoch
Director (LF-II)
Ph- 23036015

(70) ~~SS~~

1-6/2001/LF (Vol. II)
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF TELECOMMUNICATIONS
SANCHAR BHAWAN, 20 ASHOK ROAD, NEW DELHI - 110 001
(Licensing Finance Cell)

OFFICE MEMORANDUM

Dated - 24th September, 2008

To

The Sr. Controller/ Controller/Jt. Controller of Communications Accounts

Subject: Transfer of work relating to Licensing Finance functions in respect of certain NLD, ILD, PMRTS, CMRTS, and VSAT Commercial Services to the Office of Sr. Controller/ Controller of Communication Accounts - Reg.

Ref: O.M No. 34-31/2000-SEA dated 30.01.2001
O.M No. 1-6/2001-LF dated 8.10.2002
O.M No. 1-6/2001-LF dated 8.12.2003
O.M No. 1-6/2004/FBG dated 16.2.2004
O.M No. 1-6/2001-LF (Vol. II) dated 21.11.2005
O.M No. 15-10/2006/LF dated 20.3.2006
O.M No. 1-28/2006/LF dated 21.9.2006

Attention is invited to the above-mentioned memorandas wherein various works of Licensing Finance have been transferred to the Sr. CCA/ CCA/Jt.CCA offices. It has been decided by competent authority to further transfer the following items of work relating to Licensing Finance:

- A. Assessment and Collection of License Fee in respect of those licensees providing only NLD and/or ILD, PMRTS, CMRTS, VSAT Commercial Services, and ISP Services. The list of such licensees and the Sr. CCA/ CCA/Jt.CCA office to whom the work has been assigned is at Annexure - I.

The work relating to Assessment and collection of Licence Fee in respect of above-mentioned licences will be effective from the Financial Year 2008-09. The details of Licence Fee collected by the LF Branch at DoT (HQ), for the year 2008-09, in respect of the above-mentioned licences will be handed over to the concerned CCA office at the time of handing over of other relevant records including BGs and respective Licence Agreements.

The definition of Gross Revenue/Adjusted Gross Revenue has been specified for each licence separately since the revenue streams and applicable deductions may vary. Therefore, each Licence Agreement may be carefully examined to arrive at the correct assessment of the Licence Fee payable by a Licensee. In the case of CMRTS, the Licence Fee is based on fixed charges per terminal on per annum basis.

A.1 Check list of Annual Assessment of License Fee

A.1.1 Licensees are required to submit the following documents in support of the Licence Fee paid by them.

- (i) Audited Annual Accounts
- (ii) Quarterly audited AGR statements
- (iii) Audited Reconciliation statements reconciling the revenue reported in the quarterly statement of revenue and license fee and audited annual accounts.
- (iv) Audited Operator-wise details of pass through and roaming charges claimed as deductions.
- (v) Audited Details of service tax, sales tax billed collected and paid etc as defined in the license agreements.

A.1.2 The 'Gross Revenue' reported (defined in the concerned License Agreement) is to be first reconciled with the Revenue appearing in the P&L Account of the company. While reconciling revenue figures appearing in the Audited Balance Sheet/ P & L Accounts of the company with the Audited AGR statements submitted by the licensees, the following schedules/reports attached with the accounts should be reviewed at least with reference to revenue/ income recognition of the company:

- (a) Accounting Policies.
- (b) Notes on Accounts.
- (c) Auditors Reports and Management's reply thereto.
- (d) Schedule relating to Other Income.
- (e) Schedule relating to Finance Expenses from where related items of income have been netted off.

It should be seen

- (i) Whether as per the accounting policy, sales/ services, etc. are net of rebates/ discounts or not.
- (ii) Whether there is any other policy, which affect the revenue of the licensee.
- (iii) Whether there is any adverse comment in the Auditors report, which is in contravention of accounting policies/ Companies Act and affect the revenue of the company, if so the effect of such accounting treatments be considered and added to the Gross Revenue.

A.1.3 Prior Period Adjustments (PPA)

- (i) Since this schedule contains entries of both debits and credits, and there may be a net debit balance, we have to examine the credit entries and include in the AGR.
- (ii) Some companies show PPA as net; in such case we have to ask for the details from the company in order to know the credit amounts.

A.1.4 Schedule of "Other Income"

It should be ensured that all income, which relates to the revenue of the company as per the definition of 'Gross Revenue' in the license agreement, is added.

A.1.5 Schedule of Income from various Services:

In case where a single company has multiple license of multiple service categories, it should be ensured that the separate Gross Revenue/ AGR are computed for each type of license and also for each circle and revenue which is not attributable to any specific service is distributed/ allocated in the ratio of revenue from each service. This is required to arrive at the correct license fee as the license fee rates vary from license to license and Service Area to Service Area for different type of services.

A.1.6 Installation charges

It should be checked that installation charges, if any, received from the subscriber are accounted for as 'Income' and not adjusted against cost thereof.

A.1.7 Netting of expenses against income/ or netting of income against expenditure

Since, as per agreement set off or netting of any expenditure is not allowed, it should be seen that no netting of any expenditure/ income in any of the revenue head is done.

A.1.8 Revenue from unlicensed activities

If a company is engaged in multi-business activities/ multi-license activities, they exhibit details of income derived from various activities separately in a schedule. For multi-business activities, non-telecom business revenue is kept outside the purview of AGR and revenue, which is not attributable to any specific activity, is allocated in the ratio of earning of telecom business.

A.1.9 Revenue from sales/ services

It should be ensured that services/sales etc. is not net of rebates, discounts, etc. If a company has given the net figures, the details of rebate/ discounts allowed should be asked for and the amount of such discount/rebates not approved by TRAI be added to Gross Revenue.

A.1.10 It should be ensured that due credit of following items, which are normally left out, is taken in to account for arriving at the AGR.

- (i) Gains from foreign exchange credited in P&L account.
- (ii) Proceeds from insurance credited to P&L account.
- (iii) Liquidated damages.
- (iv) Miscellaneous income including interest, dividend, rent, profit on sale of Assets/investments etc.

- (v) Interest/ dividend or any other income set off through expenditure schedule.
- (vi) Interest on income tax refund.
- (vii) Discount and waivers which are at the post billing stage and not covered under the TRAI approved tariff plans.
- (viii) Prior period credits (only income/ revenues) are to be taken as revenue.
- (ix) Unreconciled amounts of such income classified to be part of corporate income.
- (x) Profit on sale of assets.
- (xi) Profit on redemption of units.
- (xii) Unreconciled pass through charges.
- (xiii) Fixed roaming signaling charges.
- (xiv) Amount of Security Deposit credited to P&L Account.

The above guidelines have been prepared based on the experience at DoT (HQ). These are subject to review based on changes in regulatory standards of accounting/licensing and various judgments of the courts that are accepted by the Department. The assessing officer shall keep abreast of these developments in order to make correct assessment of Licence Fee.

A.2 Interest

Interest is to be charged on delayed/ unpaid/ short payments of licence Fee. Till 2004-05, the interest was payable at the rate defined as Prime Landing Rate (PLR) of State Bank of India plus 5% on the date when the amount fell due. However, from 1st April 2005, the rate has been reduced to SBI PLR prevailing as on 1st April of that year plus 2 percent and is applicable through out that financial year. Interest is compounded monthly and part of the month is treated as full year.

A.3 Penalty

Penalty is charged, if shortfall in Licence fee is more than 10 per cent of Licence Fee and the same is not made good within 60 days from the close of the year (i.e 30th May). The penalty was 150 per cent of the shortfall upto 31st March 2005, which was reduced to 50 per cent from 1st April 2005.

If penalty is not paid within 15 days from the signing of Audited Annual Report, it attracts interest at the rates mentioned at para A2 above.

The interest is levied as detailed below.

- (a) The Licence Fee is to be remitted by the Service providers on or before the dates as prescribed in the Licence Agreement, and interest is levied if there is a delay/ short payment.
- (b) Interest for each quarter is computed separately and charged till the date the dues is cleared/ paid by the service provider.
- (c) Interest is compounded monthly and part of the month is treated as full month, for example, if payment due on 15th July is paid on 3rd September, it will attract interest for three months (i.e. July to September).
- (d) If there is short payment of principal amount of Licence Fee in the previous quarter, the same is first made good from the payment received in next quarter.
- (e) Interest is liquidated only when there is a surplus after clearing the dues of Licence Fee.
- (f) Since interest is charged for full month, for compounding purpose the later part of the month is ignored i.e. the interest is compounded from next month.
- (g) If there is a holiday on the last day of prescribed period, the payment is to be received before the last day, as the holiday shall not result in extension of the specified period of payment.

A.4 Interest on Delayed Payments – Fourth Quarter

As per the terms of payment under Licence Agreement, due date for the payment of licence fee of last quarter shall be by 25th march on the basis of expected revenue for the quarter, subject to a minimum payment equal to the actual payment made for the previous quarter (i.e. 3rd quarter). However, the licensee shall adjust and pay the difference if any, between the payments made and actual

amount due for the last quarter of financial year within 15 days of the end of quarter. If payment is not made within 15 days, it shall attract interest at the rate of SBI PLR (applicable for the relevant Financial Year) plus 2%. If the payment made on 25th March falls short of the payments made for 3rd quarter then the Interest will be charged on the shortfall from 26th march.

B Bank Guarantees

- B.1** As per the terms of Licence Agreement, operators are required to submit two types of Bank guarantees (BGs) namely Performance Bank Guarantee (PBG) and Financial Bank Guarantee (FBG)

The amount and the time for which these guarantees are to be obtained from the service providers under various Licence Agreements are indicated in concerned Licence Agreement. The approved formats of both types of Bank Guarantees are given in concerned Licence Agreement.

- B.2** Consequent on the decentralization of FBGs' safe custody and maintenance, bulk of the FBG has been transferred to concerned Sr. CCA/ CCA/Jt. CCA offices. It has now been decided that the work of safe custody of PBGs and their maintenance is also to be carried out by the concerned Sr. CCA/ CCA/Jt. CCA offices. Details of Licences against which the PBGs and FBGs (in respect of ILD & ILD Licences) have been assigned to Sr. CCA/ CCA/Jt. CCA offices is as given Annexure -I.

The FBGs and PBGs will be transferred to the concerned CCA office w.e.f. 01.11.2008. Separate communication will be sent to the CCA offices requesting concerned CCA office to depute a representative on the date mentioned in the communication to collect the BGs alongwith other relevant record.

- B.3 Instructions have been issued from time to time to CCA offices regarding acceptance, maintenance, review and custody of the FBGs. All the BGs received, are to be recorded in the Bank Guarantee register, entries of which are authenticated by Dy. Director/Controller of Accounts. Validity of the guarantees are reviewed every month and of the amount, in case of FBGs, is reviewed half yearly.

- B.4 Validity of the BGs should be watched through a Bank Guarantee register to be maintained in the prescribed Performa and submitted to the DoT (HQ) in the first week of every month.

- B.5 If extension of BG is not received before one month of its expiry, a letter maybe issued to the Bank with the stipulation that in case in the BG is not extended before the stipulated date, the letter issued by DoT be treated as claim for encashment from the DoT and proceeds, through a Banker's cheque/Bank Draft, be sent to the concerned CCA office. A copy of such letter is also to be sent to the Licensee concerned.

- B.6 A list of scheduled Banks and Financial Institutions, who can issue the BGs should be collected from RBI or downloaded from RBI's web site <http://rbi.org.in> and kept in record for watching that the BGs received are genuine one.

- B.7 As soon the BG/ extension of BG/ renewal of BG is received, the issuing bank may be asked to confirm that BG received by the DoT is issued by that Bank and is valid one so as to ascertain its genuineness.

- B.8 CCA offices to submit a monthly/quarterly return in the prescribed format regarding review of amount/ validity of BGs.

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B.9 All the BGs maintained in Sr. CCA/ CCA/Jt.CCA office should be physically verified at the end of each year by CCA/Jt. CCA and a certificate to be recorded in the Bank Guarantee Register, that all the BG's indicated in the BG register are in actual possession of the Sr. CCA/ CCA/Jt.CCA office.

B.10 Check list in respect of Bank Guarantees

- (i) As soon as the BG is received from the operator/ bank or operator replaces the BG with the existing one, the same should be compared with the approved format given in the Licence Agreement. Even if there a slight deviation the issuing bankers/ operator may be asked to rectify the same within a reasonable time.
- (ii) It is to be ensured that the BGs received are issued by the Scheduled bank or Financial Institutions as required as per Licence Agreements.
- (iii) If guarantee received is in the approved format and as per the conditions of the Licence Agreement (i.e. amount and validity), the issuing bankers may be asked to confirm that the BG issued by that bank is a valid guarantee. The letter for confirmation should be sent by Registered Post and not by FAX/ Courier.
- (iv) All the BGs received in Sr. CCA/ CCA/Jt.CCA office should be kept in a safe custody.
- (v) As soon as the BG is received its details are to be recorded in the BG register under dated signature of concerned officer.
- (vi) The entry in the register should be authenticated by an officer in-charge who, before authentication must ensure that the guarantees received are in proper form and there is no lacuna.

B.11 Review of Bank Guarantees

B.11.1 Review of validity of Bank Guarantees.

- (i) Register of BG should be reviewed monthly. As per the terms of Licence Agreement, the operator/ issuing bank is required to renew the Bank Guarantee one/two months prior to expiry of validity period.
- (ii) In case of renewals/ extension of BGs it should be ensured that there is change only in the amount and validity to an existing one. If there is any other change, the same should not be accepted and bankers/ licensee may be asked to set right the deviations immediately or within a reasonable time and in case of failure, the existing BG may be invoked. In no case, the Bank Guarantee be allowed to expire.
- (iii) If extension/ renewal of BG is not received before one/two months (as per terms of Licence Agreement) prior to its expiry, a letter to the issuing bank with a copy to the concerned operator must be issued with the stipulation that if BG is not renewed/ extended/ amended within the stipulated date, the letter issued is to be treated as DoT's claim for encashment and remittance of proceeds remitted to DoT.
- (iv) A notice of the extension/ renewal/ invocation of BG should be faxed and original one should be sent by Registered Post. The receipt of fax should also be got confirmed from the issuing bankers on telephone.
- (v) Sr. CCA/ CCA/Jt.CCA office should submit a certificate regarding review of validity of BGs in the prescribed format.

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B.11.2 **Review of amount of Financial Bank Guarantees**

- (i) Review of adequacy of amount of FBGs may be carried out once in six month. The required amount of FBG shall be **arithmetic mean of the quarterly amounts of Licence Fee payable by the operator during the last 4 quarters (as per Statements of Revenue and Licence Fee submitted alongwith quarterly Licence Fee), multiplied by two and the resultant enhanced by 10 per cent.** If there is an increase in the amount, the operator may be asked to submit the additional FBG.
- (ii) If there is a quantum jump (at least 25 per cent) in the Licence Fee in a particular quarter, the operator may be asked for an additional BG.
- (iii) Sr. CCA/ CCA/Jt.CCA offices should submit a certificate regarding review of amount in the prescribed format.

B.11.3 **Invocation of Bank Guarantees**

Sr. CCA/ CCA/Jt.CCA office can invoke Financial Bank Guarantees under the following circumstances:

- (i) BG is not in the prescribed Performa and the licensee is failing to rectify the default within a reasonable period.
- (ii) The amount of BG falls short of the amount required and licensee fails to submit the additional BG.
- (iii) The licensee fails to make the quarterly payments even while he has submitted the AGR statements and Affidavit indicating the LF payable on self-assessment. A reminder to the demand letter and a final notice may be issued to the Licensee asking to deposit the required quarterly Licence Fee within a reasonable period. In spite of final notice if Licensee fails to pay

the demanded dues alongwith upto date interest, action as per terms of concerned Licence Agreement including invocation of the BG be initiated.

- (iv) If licensees have neither made payment nor submitted the documents like AGR statements/ affidavits or these are not in the prescribed format and fail to rectify the default even after a reasonable notice period action as detailed above in para (iii) may be taken.
- (v) In case of non-payment of amounts demanded upon annual assessment of License Fees even after a notice period of 15 days, if the Licensee has not disputed the assessment.

B.11.4 Invocation of Performance Bank Guarantees

Invocation of PBG is to be carried out on intimation from the concerned Licensing Branch of DoT Headquarters.

B.11.5 Treatment of Bank Guarantee proceeds

- (i) If BG has been invoked for realizing the amount due, which relates to a quarterly unpaid sum on the demand issued by the Department pursuant to Annual Licence Fee assessment, the equivalent portion of the proceeds shall be credited to 'Revenue Head' and balance to Security Deposit (SD) head (in the concerned Accounting head). A letter may also be written to Licensee for replenishment of BG to restore the level of security.
- (ii) In other cases, the proceeds shall be credited to the SD Account.
- (iii) Subsequently when amount of SD are adjusted to outstanding amounts, proper journal entries (with narration) should be passed. An example is given below:

(-) Cr.

To Security Deposit A/c (to the extent dues credited to Revenue)

(iv) Credit of proceeds should be taken through challan.

C Appellate Authority


In case there is a dispute between a Sr. CCA/ CCA/Jt.CCA office and an operator in consequence of any additional demand made by the Sr. CCA/ CCA/Jt.CCA office, the dispute will be examined at the Headquarters by competent authority.

D No Dues Certificate

Whenever the concerned Licensing Branch of DoT Headquarters requires a No Dues Certificate, it would address the concerned Sr. CCA/ CCA/Jt.CCA office for the same directly. The concerned Sr. CCA/ CCA/Jt.CCA office will provide the No Dues Certificate after due examination to the Licensing Branch with a copy to the LF Branch.

E Redistribution of work of Collection of LF dues and Maintenance of BGs

Safe custody and maintenance of Bank Guarantees and collection of Licence Fee dues in respect of Basic/UASL/CMTS licenses in UP (West), Uttarakhand, Bihar, Jharkhand, Madhya Pradesh, and Chhattisgarh CCA/Jt.CCA offices has been re-organised as per Annexure – II.


(SHAHNAWAZ ALAM)
Director (LF-III)

WITHOUT PREJUDICE

~~Handwritten marks~~

No.1-28/2006/LF
Government of India
Ministry of Communications & IT
Department of Telecom
(Licensing Finance Branch)

CAE

717, Sanchar Bhavan, 20, Ashoka Road, New Delhi - 110 001

Dated: 18.12.2008

To: ~~M/s Reliance Communications Ltd~~
~~M/s Reliance Telecom Ltd~~
<Each operator by Name>

Sub: Submission of details of deductions claimed through quarterly Statement of Revenue and License Fee for the financial year 2006-07

Ref: This office letter of even no. dated 01.07.2008 and 16.07.2008.

As has been conveyed vide the above mentioned letters, the process of verification of deductions claimed by the operators through quarterly Statement of Revenue and License fee is in progress in the CCA offices. For the said verification, it was instructed that the requisite documents be submitted in the respective CCA offices.

Even after a lapse of considerable period of time since the issuance of said instructions, we are in receipt of reports from the concerned CCA's that the requisite details along with proof of payment in respect of the claimed deductions have not been submitted by some of the operators despite repeated reminders.

It is therefore once again directed that the required documents be submitted to the CCAs immediately. In the event of non-submission of the documents by 7th of January 2009, the amounts of deductions claimed vide the Statement of Revenue and License Fee will be disallowed and added back to arrive at the Adjusted Gross Revenue.

This may be treated as the final notice.

Kindly acknowledge the receipt.

(Signature)
(Amit Katoch)
Director (LF-II)

Copy to: All the Sr.CCA/CCA, DoT

For. Reliance Communications Ltd.
For. Reliance Telecom Ltd.
ILD, NLD, Shray Sethi
22-12-2008

For Bharti Airtel Ltd
CMTS/WASL/ISP/NLD/ILD/UBA
S.S.S.
24/12/08

(Signature)
24/12/08
CIDEA Callcenter Limited

For TTS/TTML
S.S.S.
24/12/08

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~~100~~

SPC

No. 1-98/906/LF

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF TELECOMMUNICATIONS
(LICENSING FINANCE BRANCH)

Room No. 717, Sanchar Bhawan, 20, Ashok Road, New Delhi 110001

Dated 06.08.09

To,

All Pr. CCA's/CCA's

Sub: Verification of deductions claimed by the operators for the FY 2006-07

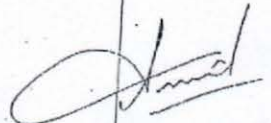
Sir,

This is in continuation of the instructions contained in the letter of even no. dated 20.09.06, 21.09.06, 05.07.07, 02.11.07, 01.07.08, 16.07.08 and 08.10.09.

This is to convey that the reports received from the respective CCA offices of various circles regarding the verification of deductions claimed by the operators for the financial year 2006-07 have been perused in this office. It has been observed that huge amounts have been disallowed at some instances. The undersigned has been directed to convey that in such cases the respective Pr. CCA/CCA offices shall maintain the records of clear speaking reasons for the said disallowances.

Further, it has been brought to the notice of this office by some of the CCA offices that certain operators have been approaching them with additional documentary proofs in support of the claims submitted for the year 2006-07. In such cases, documents may be accepted and duly examined. Moreover, the concerned Pr. CCA/CCA office may *suo moto* give a final date to the operators to submit additional documents in support of the disallowed claims.

Final report after due examination of the additional documents, if any, may be sent to this office by 25.08.09.



(Amit Katoch)
Director(LF-II)
Ph:2303 6015

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~~Handwritten signature~~

No.1-28/2006/LF
Department of Telecom
(Licensing Finance Branch)

Dated: 18.02.2010

To

All the UAS/Basic/CMTS service providers

Sub: Non submission of details on account of deductions claimed by the licensees through quarterly Statement of Revenue & License Fee – clarifications thereof.

Ref: This office letter of even no. dated 20.09.2006.

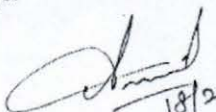
This is with reference to letter under reference above wherein you were directed to submit operator-wise details so as to back up the claimed deductions along with quarterly Statement of Revenue & License Fee as mandated by the extant License Agreement.

It is to be noted that in the prescribed Statement of Revenue & License Fee the deductions claimed on account of (i) PSTN related call charges (access charges)/Roaming Revenue actually paid to other eligible/entitled telecom service providers are to be supplemented with operator-wise details. (ii) Details of Service Tax/Sales Tax actually paid to the Government also qualify for deduction if the same is included in the Gross Revenue.

As instructed through the letter under reference, the relevant details of deductions are to be submitted along with the quarterly Statement of Revenue & License Fee to the concerned CCA office. However, it has been noticed that the same is not being complied with.

Hence, it is reiterated that the operator-wise details of deductions claimed must be furnished along with the quarterly Statement of Revenue and License Fee.

Kindly acknowledge the receipt.


18/2/10
(Amit Katoch)
Director (LF-II)

Copy to: All the Sr.CCA/CCA, DoT for ensuring the compliance as above

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No.1-28/2006/LF
Department of Telecom
(Licensing Finance Branch)

Dated: 22.04.2010

To
All Pr.CCAs/CCAs,
Department of Telecom

Sub: Verification of deductions claimed through quarterly Statement of Revenue & License Fee.

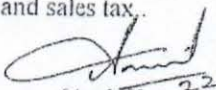
This letter issues in continuation to the instructions contained in the letter of even no. dated 20.09.2006, 21.09.2006, 05.07.2007, 2.11.2007, 01.07.2008, 16.07.2008 and 08.10.2009.

2. Since the matter relating to AGR is subjudice before the Hon'ble Supreme Court of India, it is hereby conveyed that CCA offices may not raise any demand on the operators on account of shortfall of License Fee. Such instances may be brought to the notice of LF Branch of DoT Head Quarter for a decision pending settlement of the Court case.

3. With reference to the verification exercise, it is conveyed that as per the condition 22.03 (a) of the extant License Agreement "The Licensor or the TRAI, as the case may be, shall have a right to call for and the Licensee shall be obliged to supply and provide for examination any books of accounts that the Licensee may maintain in respect of the business carried on to provide the service(s) under the License at any time without recording any reasons thereof."

Accordingly, the CCA office can ask for the submission of the quarter wise/ operator wise details along with the proof of payment of

- (i) PSTN related call charges and roaming charges claimed through quarterly Statement of Revenue and License Fee actually paid to other telecom service providers during the financial year as mandated by the extant License Agreement to back up the claimed deductions.
- (ii) Service tax on provision of service and sales tax paid to the Government if Gross revenue had included the component of Service tax and sales tax.


(Amit Katoch) 22/4/10
Director (LF-II)
Phone - 011-2303 6015

Copy to: - CCA* Karnataka Telecom Circle for information and necessary action with reference to their letter No.KTK/CCA/LF/Ded-.AGR/Vodafone/2008-09 dated 09.02.2010 and 05.03.2010.

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~~10/8~~
~~10/8~~

No. 1-28/2006/LF
GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF TELECOM
(Licensing Finance Branch)
Room No. 717, Sanchar Bhawan, 20, Ashok Road, New Delhi 110001

Dated 13.08.2010


To,
All Telecom Service Providers

Sub: Deductions claimed in AGR Statement - non-submission of documents reg

This is with reference to the non-submission of documents to the concerned CCA offices in support of the deductions claimed in the Statement of Revenue and Licence Fee (AGR Statement) on account of PSTN/Roaming charges paid to other service providers and Service/Sales Tax paid to the Government.

As per Clause 22.3 (a) of the UAS licence agreement "The LICENSOR or the TRAI, as the case may be, shall have a right to call for and the LICENSEE shall be obliged to supply and provide for examination any books of accounts that the LICENSEE may maintain in respect of the business carried on to provide the service(s) under this Licence at any time without recording any reasons thereof."

Accordingly, it is hereby required that the service providers submit to the concerned CCA offices, the details of payments actually made to other service providers and Service/Sales Tax paid to the Government along with necessary documents in support of the deductions claimed in the AGR Statement.


Accounts Officer (LF VII)

✓ Copy to:
All Pr. C'sCA/C'sCA

BY HAND

No. 1-6/2001-LF (Vol. II)
Ministry of Communications & IT,
Department of Telecommunications,
Sanchar Bhawan, New Delhi-110001.
(Licensing Finance Cell)

Dated: 21. 12. 2010

To

The Jt. Controller of Communications Accounts,
O/o the Controller of Communications Accounts,
Delhi Circle, New Delhi.

Sub: - Decentralization of records pertains to the IP-II Service/INSAT MSS to Delhi Circle.

In continuation to this office letter dated 15.12.2010 regarding transfer of record to the Delhi Circle. Accordingly, the record /files pertaining to IP-II Service and INSAT MSS are being transferred as per details given below:-

1. Infrastructure Provider-II:-

Regarding decentralization of the work in respect of IP-II services, separate instructions were issued in conjunction with instruction to concerned service providers (copy of these instructions is enclosed).

An IP-II license can lease / rent out /sell end to end bandwidth i.e. digital transmission capacity capable to carry a message. A Performance Bank Guarantee of Rs. 5 Crores is required to be submitted before signing the license agreement. The license is valid for 20 Years from the date of license agreement.

Issuance of IP-II License has been discontinued w.e.f. 14.12.05. The annual license fee is payable in the form of revenue share @ 6% of AGR w.e.f 24.06.2004.

In accordance with the amendment made vide order no. 10-49/2002-BS-I dated 24.03.2005 (i) Any delay in payment of LICENCE Fee, or any other dues payable under the LICENCE beyond the stipulated period will attract interest at a rate which will be 2% above the Prime Lending Rate (PLR) of State Bank of India existing as on the beginning of the financial year (1st April) in respect of the licence fees pertaining to the said financial year. 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. (ii) In case, the cumulative quarterly licence fee paid for the financial year falls short by more than 10% of the duly payable LICENCE Fee, it shall attract a penalty of 50% of the entire amount of short payment. This amount of short payment along with the penalty shall be payable within 25 days of the date of signing the audit report on the annual accounts, failing which interest shall be further charged in terms of Condition 6.5. However, if such short

payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed.

As per record, the bank guarantees and files in respect of the following companies are being transferred as per detail given below:-

S.No.	Company	Bank Guarantee	Collection	Assessment
1	M/s Gas Authority of India Ltd.	No. 531/LG/60/2004-05 dated 11.08.2004 for Rs. 5 Crores, valid till 14.01.2011	Till 2nd Qr. of 2010-11.	2007-08
2	M/s Delhi Metro Rail Corporation	No. 234/2010 dated 04.11.2004 for Rs. 5 Crores, valid till 03.11.2015	Till 4 th Qr. of 2009-10. (#)	(*)

(*) The accounts could not be assessed due to non submission of complete audited accounts. The revenue figure in respect of Telecom service for the financial year 2007-08 and 2008-09 was not included in the relevant years, but booked in the financial year 2009-10 inadvertently (as stated by the company and certified by their Auditors). The same will be reflected in the audited annual accounts for the financial year 2009-10.

(#) Further payment is still awaited, as discussed with the Incharge DMRC, it will be made by the end of this month upto the 3rd Qr.

The Bank Guarantees and Assessment files of different years (as per detail given in the enclosed annexure) in respect of M/s Gas Authority of India Ltd. and Delhi Metro Rail Corporation are being transferred to the CCA Delhi.

2. INSAT MSS:-

INSAT Mobile satellite System reporting service is a one way satellite based messaging service available through INSAT.

As per Clause 18.1 of the License agreement "the Licensee shall required to furnish a Financial bank Guarantee (FBG) of Rs. Two lakhs or of an amount equivalent to six moths license fee whichever is higher, valid for at least one year and to be maintained for the entire period of the License agreement". The same will be extended by the Licensee at least one month prior to the date of its expiry.

As per Clause 16.2 of the License agreement, "The license fee for INSAT-MSS Reporting Service is @5% of the Adjusted Gross Revenue (AGR) (inclusive of Universal Service Obligation (USO))."

As per record, the company M/s HCL Comnet Systems & Services Limited has commenced its service from 21.10.2003. The company has requested to surrender its license vide

its letter dated 26.02.2007 and 10.09.2007, but the same is pending with the licensing branch (DS Br.). The accounts have been finalized up to 2008-09. As per record, the outstanding amount is 'NIL'. Before issue of the 'No due Certificate,' the assessment will have to be completed till date. The company has also submitted the FBG of Rs. 2 Lakhs valid up to 20.10.2011. The bank guarantee and the relevant record are being transferred as per detail given below:-

Sl. No.	FBG	Collection	Assessment
1	316020073465-AP dated 18.10.2002 for Rs. 2 Lakhs, valid till 20.10.2011.	Till 1 st Qr. Of 2006-07 (due to surrender of license).	Till 2008-09 (for remaining period the company has been asked to submit the requisite documents)

The accounting documents for the financial year 2009-10 and till 30th Sept. 2010 have been submitted by the company, the assessment will be carried out by the CCA Delhi till date before issue of 'No due Certificate'.

The Bank Guarantee and Assessment files of different years (as per detail given in the enclosed annexure) in respect of M/s HCL Comnet Systems & Services Limited are being transferred to the CCA Delhi.

It is required to go through individual License agreements for more clarity.

Encl/as above

R. K. Arora
 (R. K. Arora)
 AO (LF-III)
 Ph. 011-23036778
 M-09466513544

Recd 14+1 and then
Bank Guaranties
2/12/2010
CAO (Assessment)
Delhi Region

Transfer of record to the CCA Delhi as on 20.12.2010

A) INSAT MSS

<u>S.No.</u>	<u>Company</u>	<u>File No.</u>	<u>Pages</u>	
			<u>Note sheet</u>	<u>File</u>
1	M/s HCL Comnet Systems & Services Ltd.	6-12/2004-LF Vol.I & II	29	559

B) IP-II Service

<u>S.No.</u>	<u>Company</u>	<u>File No.</u>	<u>Pages</u>	
			<u>Note sheet</u>	<u>File</u>
1	M/s Delhi Metro Rail Corporation Ltd.	23-6/2004-LF	1	10
2	.....do.....	27-02/09-LF	7	63
3	.....do.....	27-03/09-LF	0	27
4	.....do.....	27-04/09-LF	0	27
5	M/s Gas Authority of India Ltd.(2001to2003)	23-14/2002-LF (Vol.I & II)	41	311
6	.....do.....(2001-02)	23-14/2002-LF (Pt. file)	0	93
7	.....do.....(2004-05)	27-7/2006-LF	6	34
8	.....do.....(2005-06)	27-11/2006-LF (Pt. file)	0	17
9	.....do.....(2005-06)	27-11/2006-LF	2	63
10	.....do.....(2006-07)	27-10/09-LF	5	65
11	.....do.....(2007-08)	27-11/09-LF	2	56
12do.....(2008-09)	27-12/09-LF	0	34
13do.....(2009-10)	27-13/09-LF	0	38
14do.....(2010-11)	27-01/10-LF	0	28

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Government of India
Ministry of Communication & IT
Department of Telecommunication
(LF-II) section
Sanchar Bhawan, 20, Ashoka Road, New Delhi-110001

No. 24-1/2009/LF

Dated 23/12/2010

To,
All Principal CCAs
All CCAs
(As per standard list)

Subject: Review of Financial Bank Guarantee in respect of Access Service Providers.

As per license agreement for Access Services, the amount of FBG is to be reviewed taking into account the license fee for two quarters and other dues not otherwise securitised and any additional amount as deemed fit by the Licensor. Instructions were issued under this office letters detailing the procedure for review.

2. It has now been decided by the competent authority that any downward revision of the FBG be kept in abeyance till further orders.
3. Kindly acknowledge receipt.

Vibha Govil Mishra
Director(LF-II)
Tel : 23036120/23717111

Cc: DDG(AS) ..for information please.

23/12

o/c

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[Handwritten Signature]

[Handwritten Signature]

[Handwritten Mark]

Government of India
Ministry of Communications & IT
Department of telecommunications
(Access Services Cell)

Sanchar Bhawan, 20, Ashoka Road, New Delhi – 110 001

No.842/725/2005-VAS(Pt.)/22

Dated 31 May, 2011

To

The Secretary,
Telecom Regulatory Authority of India (TRAI),
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg (Old Minto Road),
New Delhi-110002.

Subject: Revenue treatment o Intra-circle revenue.

I am directed to refer to your letter No.103-4/2010-MN/16 dated 25/28.1.2011 enclosing therewith a copy of this Department's letter No.842/725/2005-VAS/269 dated 12.06.2008. It was requested to clarify whether the charges paid by a service provider to another for intra-circle roaming comes under the definition of pass-through revenue for calculating Adjusted Gross Revenue (AGR).

2. As per definition of Adjusted Gross Revenue (AGR) as contained in Clause 19.2 of UASL agreement, roaming revenues actually passed on to other eligible/entitled telecommunication service providers shall be excluded from the Gross Revenue to arrive at the AGR.

3. The intra circle roaming charges come under above category, the same may be allowed as deductions.

[Handwritten Signature]

(B.L. Pawar)
ADG(VAS-I)

Copy to DDG(LF-I)/ DDG(LF-II), DoT, for information as per financial advise given in file.

mb
310511

Dir (LF-I)

AD (LF-II)

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10/5



163P H/c

No.1-28/2006/LF
Department of Telecom
(Licensing Finance Branch)

To

dated 30.11.2011

All the UAS/Basic/CMTS Service Providers,

Sub: Submission of details of deductions claimed along with proof of payment to back up the claimed deductions in the Audited quarterly Statement of Revenue & License Fee for the financial year 2007-08 onwards in respect of UAS/ Basic and CMTS Licenses held by you.

1. As per Clause 19.2 of the UAS and clause 20.1 of the CMTS License Agreement "For the purpose of arriving at the 'Adjusted Gross Revenue (AGR)' the following shall be excluded from the Gross Revenue to arrive at the AGR:
 - PSTN related call charges (Access Charges) actually paid to other eligible/entitled telecommunication service providers within India;
 - Roaming revenues actually passed on to other eligible/entitled telecommunication service providers and;
 - Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax."
2. In order to allow the deductions claimed on the above lines, the proofs of payments actually made by the service provider were mandated to be verified by CCA offices vide this office letter no. 1-28/2006-LF dated 21.09.2006. Consequently, the service providers were asked to provide the details in support of the deductions claimed along with the quarterly Statement of Revenue and Licence Fee.
3. However, due to TDSAT judgment dated 30.08.2007, it was noticed that many service providers stopped submitting the details/proofs of the claimed deductions with the Audited quarterly Statement of Revenue & License Fee for the financial year 2007-08 onwards.
4. Invoking clause 22.3 (a) of the UAS license agreement, the licensees were asked to keep on submitting the requisite details along with proof of payment vide this office letter no. 1-28/2006/LF dated 13.08.2010. In spite of this, many licensees have not been submitting the requisite details.
5. Now the Hon'ble Supreme Court of India vide its Judgment dated 11.10.2011 has set aside TDSAT orders dated 30.08.2007.