

Government of India  
Ministry of Communications & IT  
Department of Telecom  
(LR Cell)  
Sanchar Bhavan, 20, Ashoka Road, New Delhi – 110 001

No.813-7/06-LR/1-1

Dated: 21.06.2006

**Subject: Conditions applicable to ISPs with VPN permission for grant of NLD / ILD license**

It has been decided that the following conditions shall be applicable to ISPs with VPN permission for grant of NLD / ILD license :

- 1 ISP licensees having provisional permission to offer VPN service shall be permitted to obtain NLD / ILD licence, based on the guidelines for NLD / ILD licences. For domestic VPN, NLD licence and for international VPN, both NLD and ILD licence is required. After signing of NLD/ ILD licence, provisional permission to offer VPN service, earlier granted under ISP licence shall stand withdrawn and the ISP licence will stand reverted to the stage immediately prior to the grant of permission for VPN service i.e. respective ISP Licence.
- 2 The amount of FBG as detailed below, in lieu of the FBG of Rs.20 crore required for new NLD / ILD licence, shall be as follows:
  - (i) Category A ISP licensee shall keep the existing FBG of Rs. 1 crore already submitted for VPN permission valid upto 31.12.2006 . Category B ISP licensee shall submit an additional FBG of Rs.80 lakhs and keep this FBG, as well as FBG of Rs.20 lakhs already submitted for VPN permission, valid upto 31.12.2006 and shall extend it as per direction of the licensor. Alternatively, FBG of Rs.20 lakh may be replaced by FBG of Rs. 1 crore.
  - (ii) Subsequently, the amount of FBG shall be equivalent to the estimated sum payable for two quarters towards licence fee and other dues not otherwise securitized. FBG of this amount valid for one year shall have to be submitted in the respective FBG proforma of NLD / ILD licence. The amount of FBG shall be subject to periodical review by the Licensor and FBG shall be accordingly

renewed by the licensee from time to time for such amount as directed by the licensor.

(iii)The FBG mentioned at (i) above shall be returned after submission of FBG mentioned at (ii) above.

- 3 . An ISP with VPN permission obtaining NLD licence will be required to pay Rs. 2.5 crore entry fee; however, an ISP with VPN permission obtaining both NLD and ILD licences will be required to pay Rs. 5 crore (2.5 + 2.5) entry fee. Amount of entry fee earlier paid by ISPs for VPN permission shall be provisionally adjusted against the entry fee for NLD / ILD licence being obtained by such ISP licensees, licence fee during the intervening period and other dues payable to the Government. The excess amount so worked out along with interest at prevalent bank rate will be provisionally adjusted against the future dues in accordance with TDSAT judgement dated 3<sup>rd</sup> May, 2005 in petition 7 of 2005
- 4 License Fee @ 6% of AGR for VPN service only shall be charged for the intervening period from 16<sup>th</sup> Dec, 2004 to till they obtain NLD / ILD license(s).

(Jayant Kumar)  
Director (LR II)