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No 24-1/2016/LFP-I
Government of India
Ministry of Communications & IT
Department of Telecommunications
(LF-Policy wing)
Sanchar Bhawan, New Delhi-110001
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Dated: 27.05.2016

To

All Pr./CsCA

Sub: Clarification regarding encashment of Performance Bank Guarantee (PBG) for the violation of license agreement.

It is intimated that, it is the responsibility of concerned CsCA office to monitor the due performance of the Financial Clauses of the License Agreements. PBG is the part and parcel of the Financial Clauses of the License Agreement.

2. It is, therefore, clarified with the approval of competent authority that:
- a) In case of the violation of the financial clauses of the license agreement such as non-payment of the due license fee, non-submission of necessary documents etc. the CsCA shall first encash the FBG, and thereafter the PBG would be encashed suo motu. In this kind of situations, there may be no requirement for seeking permission from the DoT headquarters.
 - b) In cases of non-renewal of the PBG as well the FBG, the licensor i.e. CsCA shall themselves initiate the process of encashment of the BGs.
 - c) Further, in cases of TERM/DoT's requests for recovery of any amount from the licensee company and the licensee company fails to pay the due amount, the CsCA may themselves encash the PBG as well the FBG.
 - d) Moreover, in cases of continued operation of the licenses by the licensee without proper alive Bank Guarantees, the CsCA should inform DoT immediately for cancellation of the license along with its recommendations.

Prady
27/5/16
Director (LFP-I)

Copy to:-

1. Sr. DDG (TERM)/DDG (AS)/DDG (CS)/DDG (DS)/DDG (Security)/DDG (WPF)/DDG (LFA), DoT (HQ).
2. Director (IT), DoT (HQ) for uploading on website.