

File no. 1-16/2015/LFP-I  
Government of India  
Ministry of Communications  
Department of Telecommunications  
(Licensing Finance Policy Wing)  
20 Ashoka Road, Sanchar Bhawan  
New Delhi-110001

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Dated: 31.08.2016

To

All Pr./CsCA

**Subject: Clarification regarding payment of minimum License Fee under Unified License Agreement.**

It has been reported to this office that a TSP, who has paid maximum prescribed amount of entry fee under Unified License Agreement, is making payment of the minimum license fee from the second year of the effective date of respective authorization by self-assessing the entry fee for a particular service and service area by adopting its own method of dividing the total entry fee paid by it with the total service areas (telecom circles/metros) for the purpose of calculation of minimum license fee.

2. The Unified License Agreement stipulates following provision for License Fee:

**18.2 License Fee:**

*18.2.1 In addition to the Entry Fee, an annual License fee as a percentage of Adjusted Gross Revenue (AGR) shall be paid by the Licensee service-area wise, for each authorized service from the effective date of the respective authorization. The License fee shall be 8% of the AGR, inclusive of USO Levy which is presently 5% of AGR. Provided that from Second Year of the effective date of respective authorization, the License fee shall be subject to a minimum of 10% of the Entry Fee of the respective authorized service and service area as in Annexure-II.*

3. The Unified License agreement clearly stipulates the method of calculation of minimum license fee from the second year of the effective date of respective authorization. According to UL agreement, the minimum license fee from second year shall be 10% of the Entry Fee of the respective authorized service and service area as **stipulated in Annexure-II**. As such, the action of the TSP in arriving at entry fee for a particular service and service area by adopting its own method of dividing the total entry fee paid by it with the total service areas for the purpose of calculation of minimum license fee is altogether irregular.

4. It is, therefore, clarified that minimum license fee from the second year of the effective date of respective authorization should be calculated based on the individual entry fee of authorized service and service area separately.

This issues with the approval of competent authority.

  
Director (LFP-I)

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1. DDG (LFA)/DDG (WPF)/DDG (Accounts)/ DDG (AS-I)
2. Director (LFP-II)
3. Guard file.