

No. 1-9/2019-LFP-I
Government of India
Ministry of Communications
Department of Telecommunication
(Licensing Finance Policy Wing)
Sanchar Bhawan, Ashoka Road, New Delhi-110001

Office Memorandum

Dated: 08.10.2021

Subject: Procedure for rationalization of Bank Guarantees pursuant to the amendment in the License Agreement(S)

Kindly find enclosed the License Amendment bearing No. 20-271/2010 AS-I (Vol.IV) dated 06.10.2021 pursuant to the decision of the Union Cabinet in respect of Rationalization of Bank Guarantees.

2: The competent authority has decided the modalities for implementation of the aforesaid amendment as follows:

Licensees whose License Fee assessment is carried out at LFA Wing, DOT HQ

O/o Controller General of Communication Accounts shall be responsible for custody and maintenance of all PBGs and FBGs (excluding spectrum auction FBGs and roll-out obligation related PBGs) including inter alia the following:

- i. Ascertaining the revised FBG/PBG amount requirement in terms of the License Agreement;
- ii. Communicating the revised FBG/PBG requirement to concerned TSPs;
- iii. Receiving the revised bank guarantee(s) and getting the verification/confirmation from concerned banks;
- iv. Releasing of old PBGs/FBGs to TSPs;
- v. Six-monthly review of FBGs amounts.

Licensees whose License Fee assessment is carried out by CCA offices

The concerned CsCAs carrying out the LF assessment shall be responsible for custody and maintenance of all PBGs and FBGs (excluding spectrum auction FBGs and roll-out obligation related PBGs) including inter alia the following:

- i. Ascertaining the the revised FBG/PBG amount requirement in terms of the License Agreement;
- ii. Communicating the revised FBG/PBG requirement to the concerned TSPs;
- iii. Receiving the revised bank guarantees and getting the verification/confirmation from concerned banks;
- iv. Releasing of old PBGs/FBGs to TSPs;
- v. Six-monthly review of FBGs amounts.

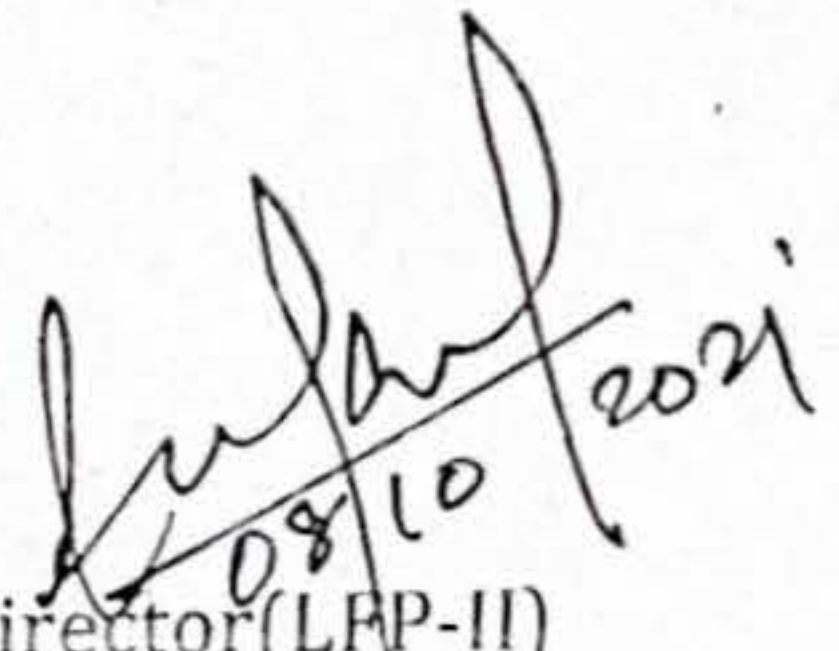
3. Regarding calculation of Bank Guarantee requirements, in respect of the term "other dues not otherwise securitized", following amounts shall not be included while computing of PBG/FBG amounts:

- i. AGR Dues determined as payable by the Hon'ble Supreme Court Judgement dated 1.9.2020;
- ii. License Fee and SUC dues for prior and current periods, not included in Hon'ble Supreme Court judgment which are the subject of dispute/litigation of assessments/wherein TSPs have submitted representations which are pending. In these cases the demands will become due (payable) on settlement of outstanding issues;
- iii. CAF and EMF penalties (violations of license) and demands of Liquidated Damages. The issues of securitization for violation of license terms and conditions is covered under PBG prescribed under clause 21.1 of UL Agreement.

3. Necessary action shall be taken to effect the revised PBG/FBG requirements immediately. O/o Controller General of Communication Accounts may issue suitable instructions to the CsCA and TSPs towards effective implementation of the Cabinet decision.

This issues with approval of Competent Authority.

Encl: As above.


Director(LFP-II)

Copy to:

1. CGCA
2. Member (T)/DGT/Advisor (F)/JWA: with the request to immediately furnish the detail referring BGs under litigations, corporate insolvency resolution process or those licensees who have closed operations (undergoing liquidation/liquidated) to O/o CGCA
3. All Pr.CsCA/CsCA
4. DDG (LFA)/DDG(WPF)
5. PPS to Secretary (T)
6. PPS to Member (F)
7. Director IT for uploading on DoT website.
8. All Operators concerned.
9. Guard file.