

Consultation Paper No. 01/2012



Telecom Regulatory Authority of India

Consultation

on

Draft Guidelines for Unified Licensing Regime

New Delhi: 16th January, 2012

TELECOM REGULATORY AUTHORITY OF INDIA

NEW DELHI

Dated 16th January, 2012

Subject: Consultation on Draft Guidelines for Unified Licensing Regime

TRAI in its recommendation on “Spectrum Management and Licensing Framework” dated 11-05-2010 had recommended that the current framework should be replaced by a new Unified Licensing regime as below:

- a. Unified licence covering UASL/CMTS, NLD, ILD, Internet, IP-I and GMPCS;
 - b. Class licence covering VSAT services; and
 - c. Licensing through Authorisation covering PMRTS, Radio Paging and Voice Mail/Audio Tex/Unified Messaging Service.
 - d. Broadcasting licences.
2. Further, TRAI in its response to DoT vide its letter dated 03rd November 2011 had informed DoT that it is separately drawing up the detailed conditions of a Unified licence and shall furnish the guidelines through an appropriate consultation process. Based on the final guidelines for Unified Licence and Class Licence, the terms and conditions of the respective licences will be prepared.
3. Accordingly, draft guidelines for Unified Licence and Class Licence have been prepared and are being placed on TRAI website www.trai.gov.in.
4. Stakeholders are requested to send their Comments/suggestions, clause wise on the draft Guidelines for Unified Licensing regime. In addition, following issues have been enlisted for consultation:
- a. Scope of Licence for Unified Licence (National level/Service area level/District level), Class Licence and Licence through Authorisation.

- b. Actions which can be classified for minor violation and major violation for levy of penalty.
 - c. What factors should be taken into consideration while determining the amount of penalty for minor and major violations respectively?
 - d. What should be the terms and conditions of Licensing through Authorisation?
 - e. Whether Voice mail/Audiotex/UMS services and Radio paging should continue to be under licensing regime?
 - f. Is there any other service(s), which needs to be brought under licensing regime?
 - g. In the new licensing regime, spectrum has been delinked from the Unified Licence. In such a scenario, should TRAI be entrusted with the function of granting all types of Unified Licence as is prevalent in majority of the countries in the world?
 - h. Any other issues.
5. Written comments on the issues are invited from the stakeholders by 31st January, 2012. The comments may be sent, preferably in electronic form, to Shri Sudhir Gupta, Pr. Advisor (MS), TRAI, who may be contacted at Tel No. +91-11-23220018 Fax No. +91-11-23212014 or email at pradvmn@traigov.in.

Principal Advisor (MS)

TABLE OF CONTENTS

TITLE	PAGE NO.
Guidelines for Unified Licence	1
Guidelines for Class Licence	14

Draft Guidelines for Unified Licence

1. Framework

- 1.1 There shall be three levels of Unified Licence: National level, Service area level and District level. The applicant company can apply either for National level Unified Licence or Service area level Unified Licence or District level Unified Licence. In the case of a Service area level Unified Licence or District level Unified Licence, a company can apply in more than one service area or district.
- 1.2 Licence shall be issued on non exclusive basis, without any restriction on the number of entrants in a licence area. Licences will be given on the basis of date of application subject to fulfilment of relevant eligibility conditions.
- 1.3 In addition to a Unified Licence, the Licensor reserves the right to award/allocate Licences to offer specific services like Mobile Number Portability (MNP) services and such other services as may be recommended by TRAI.
- 1.4 Unified Licence will be given without any spectrum. Licensee has to separately apply/bid for obtaining spectrum as per the prevailing policy.

2. Eligibility Conditions

- 2.1 The applicant must be an Indian company, registered under the Indian Companies Act 1956.
- 2.2 The total foreign equity in the paid up capital of the applicant company should not exceed 74% of the total equity subject to the following FDI norms :
 - a. Both direct and indirect foreign investment in the applicant company shall be counted for the purpose of FDI ceiling.

Foreign Investment shall include investment by Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entity. Indirect foreign investment shall mean foreign investment in the company/ companies holding shares of the licensee company and their holding company/companies or legal entity (such as mutual funds, trusts) on proportionate basis. Shares of the applicant company held by Indian public sector banks and Indian public sector financial institutions will be treated as 'Indian holding'. In any case, the 'Indian' shareholding will not be less than 26 percent.

- b. FDI up to 49 percent will continue to be on the automatic route. FDI in the applicant company/Indian promoters/investment companies including their holding companies shall require approval of the Foreign Investment Promotion Board (FIPB) if it has a bearing on the overall ceiling of 74 percent. While approving the investment proposals, FIPB shall take note that investment is not coming from countries of concern and/or unfriendly entities.
- c. FDI shall be subject to laws of India and not the laws of the foreign country/countries.

2.3 At the time of applying for a Unified Licence, no single company/ legal person having substantial equity in the applicant company, either directly or through its associates, shall have substantial equity holding in any other company having Unified /UAS/CMTS/Basic Licence in the same service area. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company/ Legal person having stake in the applicant company shall not have stakes in a company having Unified/UAS/CMTS/Basic licence in the same licence area.

2.4 The combined net-worth requirement will be Rs. 25 crore for National level Unified Licence, Rs 2.5 crore for each Service area level Unified Licence and Rs. 25 lac for each District level Unified Licence. In case of acquiring Unified Licence in any other licence area, the Licensee shall maintain additional net-worth as prescribed for that service area/district also. The net worth requirement for various types of Unified Licences has been summarised in table below –

Table – Minimum Net-worth requirement for various Unified Licences

Type of Licence	Net-worth requirement	Total Minimum Net-worth required for more than one Licence areas
National level Unified Licence	Rs 25 Crore	
Services area level Unified Licence	Rs 2.5 crore for each service area.	(Rs. in crore) 2.5 x Number of service areas for which either LOI/ Licence have been issued and applied for in the name of applicant.
District level Unified Licence	Rs. 25 lac for each district.	(Rs. in lac) 25 x Number of districts for which either LOI/ Licence have been issued and applied for in the name of applicant.

The net-worth of only those promoters shall be counted, who have at least 10% equity stake or more in the total equity of the company. Here net worth shall mean the sum total, in Indian Rupees, of paid up equity capital and free reserves. While

counting Net-worth, foreign currency shall be converted into Indian Rupees at the prevalent rate indicated by the Reserve Bank of India as on the date the application is received.

- 2.5 The applicant company shall have a minimum paid up equity capital equal to one-tenth of net-worth prescribed in Para above and shall submit a certificate to this effect (provided by the applicant's Company Secretary) along with the application.
- 2.6 The majority Directors on the Board of the Licensee Company shall be Indian citizens.
- 2.7 The positions of the Chairman, Managing Director, Chief Executive Officer (CEO) and/or Chief Financial Officer (CFO), if held by foreign nationals, would require to be security vetted by Ministry of Home Affairs (MHA). Security vetting shall be required periodically on yearly basis. In case something adverse is found during the security vetting, the direction of MHA shall be binding on the licensee.

3. Application Procedure

- 3.1 The applicant company shall pay a processing fee of Rs. 100,000 (Rs. One Lac) for National level Unified Licence, Rs. 50,000 (Rs. Fifty Thousand) for Service area level Unified Licence and Rs 15,000 (Rs. Fifteen Thousand) for District level Unified Licence.
- 3.2 The applicant company shall submit the application in duplicate in the prescribed Application form for each licence area separately.
- 3.3 Incomplete application shall be rejected and the processing fee will not be refunded.
- 3.4 The complete application shall be decided, ~~as far as practicable,~~ within 60 days of the submission of the application and the applicant company shall be informed accordingly.

- 3.5 Licensor reserves the right to accept or reject any application without assigning any reasons.
- 3.6 In case the applicant is found to be eligible for grant of Unified Licence, a Letter of Intent (LOI) will be issued. The applicant shall be required to deposit Entry Fee and submit Bank Guarantees / other documents and sign the licence agreement within a period as mentioned in the letter(LOI) from the date of issue of the letter (LOI) failing which the offer of grant of licence shall stand withdrawn at the expiry of permitted period.
- 3.7 The applicant company will be required to pay one time non-refundable Entry Fee before signing the license agreement, based on Letter of Intent (LoI).
- 3.8 The Company shall acknowledge compliance with the licence agreement as a part of Memorandum of Association of the Company. Any violation of the licence agreement shall automatically lead to the company being unable to carry on its business in this regard. The duty to comply with the licence agreement shall also be made a part of Articles of Association.

4. Entry Fee

- 4.1 The Entry Fee for different type of Unified Licences shall be:
- a. Rs. 20 (Twenty) crore for National level Unified Licence;
 - b. Rs. 2 (Two) crore for each Metro and 'A' Category, Rs. 1 (One) crore for each B category and Rs. 50 (Fifty) lac for each C category Service area level Unified Licence; and
 - c. Rs. 15 (Twenty Five) lac for each District level Unified Licence.
- 4.2 At the time of giving National level Unified Licence, entry fee already paid for the service area wise licences will be adjusted on prorata basis for remaining validity period of various Licences at

hand against the entry fee of Nation level Unified Licence. However, in cases where the sum of entry fee already paid for various service area Unified Licences exceeds the entry fee to be paid for obtaining National level Unified Licence, there will be no refund of the entry fee.

5. **Scope of the Licence**

5.1 Unified Licence will be service and technology neutral and the Unified licensee shall be permitted to provide any telecom service, as defined below on a non-exclusive basis, anytime, anywhere, using any technology within its licence area as prescribed below:

a. Collection, carriage, transmission and delivery of voice and/or non-voice MESSAGES over LICENSEE's network in the designated LICENCE AREA and includes provision of all types of access services. Unified licensee can also provide Internet Telephony, Internet Services including IPTV and Broadband Services including triple play i.e. voice, video and data. The Licensee shall be free to enter an agreement with other service provider in India or abroad for providing roaming facility to its subscriber under full mobility service unless advised / directed by Licensor otherwise.

Further, TRAI can also prescribe tariffs/charges for such facilities within the provisions of TRAI Act, 1997 as amended from time to time.

b. Unified licensee is permitted to provide leased circuit within its licence area. Public network is not to be connected with leased circuits/CUGs.

c. A Unified licensee shall be permitted to offer any/all services covered under 'Class licence' and 'Licensing through Authorization' but not vice-versa.

- d. The Licensee cannot provide any other service which otherwise require a separate licence.

5.2 The services which a Unified Licensee can offer will be as below:

- a. National level Unified Licence shall permit the Licensee to offer any or all of the telecom services mentioned in Para 5.1 in any/all service areas.
- b. National level Unified licensee can also provide GMPCS, NLD and ILD services, Resale of IPLC.
- c. Service area level Unified Licence shall permit the Licensee to offer any or all of the telecom services mentioned in Para 5.1 except National Long Distance (NLD), International Long Distance (ILD), Global Mobile Personal Communication by Satellite (GMPCS) services, Very Small Aperture Terminal (VSAT) services, Resale of IPLC and INSAT Mobile Satellite System (INSAT-MSS) Reporting Service, in the specified service area for which licence is given. Service area level Unified licensee will be allowed to apply for National level Unified Licence.
- d. District level Unified Licence shall permit the licensee to offer any or all of the telecom services mentioned in Para 5.2 in the district for which licence is given. However, a District level Unified licensee shall not be permitted to offer NLD, ILD, GMPCS, VSAT & Resale of IPLC, INSAT-MSS and wireless access service. Also, these licensees would not be entitled for assignment of spectrum resources for access services. District level Unified Licence will not be given for Metro districts.

(Note – The definition of various services mentioned above are as defined in the Annexure)

6. Ownership of licensee company

6.1 The LICENSEE shall ensure that all the conditions mentioned in Clause 2 (eligibility conditions) are maintained during the currency of the Unified Licence.

6.2 The LICENSEE shall declare the Indian & Foreign equity holdings (both direct and in-direct) in the LICENSEE company and submit a compliance report regarding compliance of FDI norms and security conditions on 1st day of January and 1st day of July on six monthly basis to the LICENSOR. This is to be certified by the LICENSEE Company's Company Secretary or Statutory Auditor.

7. Duration of Licence

7.1. The validity period of a Unified Licence will be for a period of 20 years.

8. Renewal of Licence

8.1. Renewal – The licensor may renew, if deemed expedient, the period of Unified Licence by a period of 10 years at one time upon the request of the Licensee on terms mutually agreed. The decision of the Licensor shall be final in this regard.

8.2. On renewal, Unified licensee will be required to pay a renewal fee which will be as notified by the licensor on the recommendations from TRAI.

9. Suspension/revocation/termination/Surrender of Licence

9.1. There shall be a non-obstante clause in the licence which confers powers upon the Licensor to suspend, revoke or terminate the license, in whole or in part.

9.2. LICENSEE may surrender the LICENCE, by giving notice of at least 60 Calendar days in advance. The effective date of surrender

of Licence will be 60 Calendar days counted from the date of receipt of such notice by the licensor.

10. **Penalty**

10.1. The Licensor may impose financial penalty (as detailed below) based on either its own findings or on the recommendations of TRAI, for violation of terms and conditions of licence agreement:

Type of License	Minor violation	Major violation
National Level	Not exceeding Rs 10 Crore	Not exceeding Rs 50 Crore
Service Area Level	Not exceeding Rs 5 Crore	Not exceeding Rs 20 Crore
District Level	Not exceeding Rs 25 Lac	Not exceeding Rs 1 Crore

Financial Conditions

11. **Fees payable**

11.1. **Entry Fee** – One time non refundable Entry Fee as detailed in Para-4.

11.2. **License Fee** – An annual Licence Fee as a percentage of Annual Gross Revenue (AGR), as defined in the licence agreement shall be applicable. From the second year of the effective date of the Unified Licence, this Licence Fee shall be subject to minimum of 10% of the Entry fee paid.

11.3. **The Fee/royalty payable towards Wireless Planning and Coordination Wing (WPC):** WPC Charges shall be payable at such time and in such manner as the WPC Wing of the DoT may prescribe from time to time.

12. **Bank Guarantee**

12.1. The Financial bank Guarantee (FBG) shall be equivalent to the Licence Fee payable for two quarters. The minimum annual Licence Fee is 10% of the entry fee, therefore, for new entrants, initially FBG shall be for an amount of Rs. 1 (One) crore for National level Unified Licence, Rs. 10 (Ten) lac, 5 (Five) lac and 2.5 lac for metro/category A, B and C Service area level Unified Licence respectively. For District level Unified Licence the FBG shall be Rs. 75,000 (Seventy Five thousand). The amount of FBG shall be reviewed on six monthly basis by licensor and subsequently, the amount of FBG shall be equivalent to the estimated sum payable equivalent to Licence Fee for two quarters and other dues not otherwise securitized and any additional amount as deemed fit by the Licensor.

13. **Merger of Unified Licences**

13.1 Merger of Unified Licences may be permitted as per guidelines issued by DoT from time to time.

General Conditions

14. Change in the name of the Licensee Company shall be permitted in accordance with the provisions under the Indian Companies Act, 1956.
15. The Licence shall be governed by the provision of Indian Telegraph Act, 1885, Indian Wireless Telegraphy Act, 1933 and Telecom Regulatory Authority of India Act, 1997 as modified or replaced from time to time.
16. The Licensee shall comply with any order issued by the Licensor OR any order, direction, determination or regulation as may be issued by TRAI from time to time.

Technical Conditions

17. The LICENSEE shall be responsible for, and is authorized to own, install, test and commission all the Applicable system for providing the Services under this Licence agreement.
18. The licensee shall make its own arrangements for Right of Way (ROW).
19. Licensee shall make its own arrangements for all infrastructures involved in providing the service and shall be solely responsible for installation, networking, operation and commissioning of necessary equipment and systems, treatment of subscriber complaints, issue of bills to its subscribers, collection of its component of revenue, attending to claims and damages arising out of his operations.
20. The Licensee shall provide the details of the technology proposed to be deployed for operation of the service. The technology should be based on standards issued by ITU/TEC or any other International Standards Organization/ bodies/Industry. Unified licensee is permitted to provide, service by utilizing any type of network equipment, including circuit and/or packet switches that meet the relevant International Telecommunication Union (ITU) /Telecommunication Engineering Center (TEC) / International standardization bodies such as 3GPP/3GPP-2/ETSI/IETF/ANSI/EIA/TIA/IS.
21. In case of provision of bandwidth by the Licensee through the satellite media, the Licensee shall abide by the prevalent Government orders, directions or regulations on the subject like satellite communication policy, V-SAT policy etc.
22. Sharing of active/passive infrastructure shall be as per the guidelines issued by the Licensor from time to time.

23. The LICENSEE shall ensure adherence to the National FUNDAMENTAL PLAN which includes National Numbering, routing and Transmission plan issued by Department of Telecommunications and technical standards as prescribed by LICENSOR or TRAI, from time to time.

Operating Conditions

24. The licensee providing access service, shall provide independently or through mutually agreed commercial arrangements with other Service Providers, all public utility services including TOLL FREE services namely police, fire, ambulance or any other emergency number as may be specified by the Licensor from time to time. While providing emergency services such as police, fire, ambulance etc. it shall be ensured that such calls shall be delivered to the control room of the concerned authority for the area from where call is originated.

25. **Interconnection**

25.1. It shall be mandatory for the Unified licensee to provide interconnection to all eligible Telecom Service Providers (eligibility shall be determined as per the service provider's Licence agreement and TRAI's determination/orders/regulations issued from time to time) to ensure that the calls are completed to all destinations. Principle of non-discrimination shall be followed in the matter of interconnection.

25.2. The interconnection shall have to be withdrawn in case of termination of the respective licensed networks of other Telecom service providers within one hour or within such time as directed by the Licensor/TRAI in writing, after receiving intimation from the Licensor/TRAI in this regard.

25.3. Interconnection between the networks of different SERVICE PROVIDERS shall be as per National Standards issued from time to time by Telecom Engineering Centre (TEC) and also subject to

technical feasibility and technical integrity of the Networks and shall be within the overall framework of interconnection regulations issued by the TRAI from time to time.

25.4. The terms and conditions of interconnection including *interalia* standard interfaces, points of interconnection and technical aspects will be subject to compliance of prevailing regulations, directions and determinations issued by TRAI from time to time.

25.5. The charges for accessing other networks for inter-network calls shall be based on mutual agreements between the service providers conforming to the Orders/Regulations/Guidelines issued by the TRAI from time to time.

26. **Quality of service**

26.1. The LICENSEE shall operate and maintain the licensed Network conforming to Quality of Service standards to be mutually agreed in respect of Network- Network Interface subject to such other directions as LICENSOR or TRAI may give from time to time. Failure on part of LICENSEE or his franchisee to adhere to the QUALITY OF SERVICE stipulations by TRAI and network to network interface standards of TEC may be treated as breach of Licence terms.

Security Conditions

27.1 The Licensee shall comply with the security conditions *interalia* relating to inspection of the installation/establishments, audit of networks, security of the network, restriction on employment of foreign nationals, transfer of information outside the country, remote access, monitoring of networks, confidentiality of information relating to subscriber data and any other condition imposed by the Licensor from time to time.

Draft Guidelines for Class Licence

1. Framework

- 1.1 Licences shall be issued on non exclusive basis, without any restriction on the number of entrants in a licence area. Licences will be given on the basis of date of application subject to fulfilment of relevant eligibility conditions.
- 1.2 Class Licence will be issued on National level basis.
- 1.5 Licensor reserves the right to award/allocate specific Licences to offer telecom/telecom-related services and such other services as may be recommended by TRAI.
- 1.3 Class Licence will be given without any spectrum. Licensee has to separately apply/bid for obtaining spectrum as per the prevailing policy.

2. Eligibility Conditions

- 2.1 The applicant must be an Indian company, registered under the Indian Companies Act 1956.
- 2.2 The total foreign equity in the paid up capital of the applicant company should not exceed 74% of the total equity subject to the following FDI norms :
 - a. Both direct and indirect foreign investment in the applicant company shall be counted for the purpose of FDI ceiling. Foreign Investment shall include investment by Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entity. Indirect foreign investment shall mean foreign investment in the

company/ companies holding shares of the licensee company and their holding company/companies or legal entity (such as mutual funds, trusts) on proportionate basis. Shares of the applicant company held by Indian public sector banks and Indian public sector financial institutions will be treated as 'Indian holding'. In any case, the 'Indian' shareholding will not be less than 26 percent.

- b. FDI up to 49 percent will continue to be on the automatic route. FDI in the applicant company/Indian promoters/investment companies including their holding companies shall require approval of the Foreign Investment Promotion Board (FIPB) if it has a bearing on the overall ceiling of 74 percent. While approving the investment proposals, FIPB shall take note that investment is not coming from countries of concern and/or unfriendly entities.
- c. FDI shall be subject to laws of India and not the laws of the foreign country/countries.

2.3 (a) The details of the equity holdings in the applicant company should be disclosed by the company as follows:

Sl. No.	Name of Promoter/Partner	Indian/ Foreign	Equity %	Net Worth
1.				
2.				
3.				

(b) Details of equity holding of the Promoter/Partner Indian Companies of the applicant company, should be disclosed by the applicant company, as follows:

Sl. No.	Name of Promoter/Partner	Indian/ Foreign	Equity %	Net Worth
1.				
2.				
3.				

2.4 The majority Directors on the Board of the Licensee Company shall be Indian citizens.

2.5 The positions of the Chairman, Managing Director, Chief Executive Officer (CEO) and/or Chief Financial Officer (CFO), if held by foreign nationals, would require to be security vetted by Ministry of Home Affairs (MHA). Security vetting shall be required periodically on yearly basis. In case something adverse is found during the security vetting, the direction of MHA shall be binding on the licensee.

3. **Application Procedure**

3.1 The applicant company shall pay a processing fee of Rs. 25,000 (Rs. Twenty Five Thousand) for Class Licence.

3.2 The applicant company shall submit the application in duplicate in the prescribed Application form.

3.3 Incomplete application shall be rejected and the processing fee will not be refunded.

- 3.4 The application shall be decided, ~~as far as practicable~~, within 60 days of the submission of the application and the applicant company shall be informed accordingly.
- 3.5 Licensor reserves the right to accept or reject any application without assigning any reasons.
- 3.6 In case the applicant is found to be eligible for grant of Class Licence, a Letter of Intent (LOI) will be issued. The applicant shall be required to deposit Entry Fee and submit Bank Guarantees / other documents and sign the licence agreement within a period as mentioned in the letter(LOI) from the date of issue of the letter (LOI) failing which the offer of grant of licence shall stand withdrawn at the expiry of permitted period.
- 3.7 The applicant company will be required to pay one time non-refundable Entry Fee before signing the license agreement, based on Letter of Intent (LoI).
- 3.8 The Company shall acknowledge compliance with the licence agreement as a part of Memorandum of Association of the Company. Any violation of the licence agreement shall automatically lead to the company being unable to carry on its business in this regard. The duty to comply with the licence agreement shall also be made a part of Articles of Association.

4. Entry Fee

- 4.1 The Entry Fee for each category of Class Licence shall be Rs. 30 (Thirty) lac.

5. Scope of the Licence

- 5.1 Class Licence will be technology neutral and is granted to provide designated service in a non-exclusive basis.

- 5.2 VSAT service and INSAT-MSS Reporting Service will be covered under Class Licence. However, Licensor reserves the right to include any other service under Class Licence on recommendations of TRAI.

(Note – The definition of various services mentioned above will be as defined in the Annexure)

6. Ownership of licensee company

- 6.1 The LICENSEE shall ensure that all the conditions mentioned in Clause 2 (eligibility conditions) are maintained during the currency of the Unified Licence.
- 6.2 The LICENSEE shall declare the Indian & Foreign equity holdings (both direct and in-direct) in the LICENSEE company and submit a compliance report regarding compliance of FDI norms and security conditions on 1st day of January and 1st day of July on six monthly basis to the LICENSOR. This is to be certified by the LICENSEE Company's Company Secretary or Statutory Auditor.

7. Duration of Licence

- 7.1 The validity period of a Class Licence will be for a period of 20 years.

8. Renewal of Licence

- 8.1 Renewal – The licensor may renew, if deemed expedient, the period of Class Licence by a period of 10 years at one time upon the request of the Licensee on terms mutually agreed. The decision of the Licensor shall be final in regard to renewal of licence.
- 8.2 On renewal, Class licensee will be required to pay a renewal fee which will be as notified by the licensor in

consultation with TRAI from time to time.

9. **Suspension/revocation/termination/Surrender of Licence**

9.1 There shall be a non-obstante clause in the licence which confers powers upon the Licensor to suspend, revoke or terminate the license, in whole or in part.

9.2 LICENSEE may surrender the LICENCE, by giving notice of at least 60 Calendar days in advance. The effective date of surrender of Licence will be 60 Calendar days counted from the date of receipt of such notice by the licensor.

10. **Penalty**

10.1 The Licensor may impose financial penalty based on either its own findings or on the recommendations of TRAI, for violation of terms and conditions of licence agreement. For minor violation of licence agreement, the financial penalty will not exceed Rs. 5 crore and for major violation, the financial penalty will not exceed Rs. 20 crore.

Financial Conditions

11. **Fees payable**

11.1 **Entry Fee** – One time non refundable entry fee as detailed in Para 4.

11.2 **License Fee** – An annual Licence Fee as a percentage of Annual Gross Revenue (AGR), as defined in the licence agreement shall be applicable. From the second year of the effective date of the Unified Licence, this Licence Fee shall be subject to minimum of 10% of the Entry fee paid.

11.3 **The Fee/royalty payable towards Wireless Planning and Coordination Wing (WPC):** WPC Charges shall be payable at such time and in such manner as the WPC Wing of the DoT may prescribe from time to time.

12. **Bank Guarantee**

12.1 The Financial bank Guarantee (FBG) shall be equivalent to the licence fee payable for two quarters. The minimum annual licence fee is 10% of the entry fee, therefore, for new entrants; initially FBG shall be for an amount of Rs. 1.5 lac. The amount of FBG shall be reviewed on six monthly basis by licensor and subsequently, the amount of FBG shall be equivalent to the estimated sum payable equivalent to licence fee for two quarters and other dues not otherwise securitized and any additional amount as deemed fit by the Licensor.

13. **Merger of Class Licences**

13.1 Merger of Class Licences may be permitted as per guidelines issued by DoT from time to time.

General Conditions

14. Change in the name of the Licensee Company shall be permitted in accordance with the provisions under the Indian Companies Act, 1956.

15. The Licence shall be governed by the provision of Indian Telegraph Act, 1885, Indian Wireless Telegraphy Act, 1933 and Telecom Regulatory Authority of India Act, 1997 as modified or replaced from time to time.

16. The Licensee shall comply with any order issued by the Licensor OR any order, direction, determination or regulation as may be issued by TRAI from time to time.

Technical Conditions

17. The LICENSEE shall be responsible for, and is authorized to own, install, test and commission all the Applicable system for providing the Services under this Licence agreement.
18. The licensee shall make its own arrangements for Right of Way (ROW).
19. The Licensee shall make its own arrangements for all infrastructures involved in providing the service and shall be solely responsible for installation, networking, operation and commissioning of necessary equipment and systems, treatment of subscriber complaints, issue of bills to its subscribers, collection of its component of revenue, attending to claims and damages arising out of his operations.
20. The Licensee shall provide the details of the technology proposed to be deployed for operation of the service. The technology should be based on standards issued by ITU/TEC or any other International Standards Organization/ bodies/Industry. Class licensee is permitted to provide, service by utilizing any type of network equipment, including circuit and/or packet switches that meet the relevant International Telecommunication Union (ITU) /Telecommunication Engineering Center (TEC) / International standardization bodies such as 3GPP/3GPP-2/ETSI/IETF/ANSI/EIA/TIA/IS.
21. In case of provision of bandwidth by the Licensee through the satellite media, the Licensee shall abide by the prevalent Government orders, directions or regulations on the subject like satellite communication policy, V-SAT policy etc.
22. Sharing of active/passive infrastructure shall be as per the guidelines issued by the Licensor from time to time.
23. The LICENSEE shall ensure adherence to the National FUNDAMENTAL PLAN which interalia includes Routing and Transmission plan issued

by Department of Telecommunications and technical standards as prescribed by LICENSOR or TRAI, from time to time.

Operating Conditions

24. Interconnection

- 24.1 Eligibility for interconnection shall be determined as per the service provider's Licence agreement and TRAI's determination/orders/regulations issued from time to time. Principle of non-discrimination shall be followed in the matter of interconnection.
- 24.2 The interconnection shall have to be withdrawn in case of termination of the respective licensed networks of other Telecom service providers within one hour or within such time as directed by the Licensor in writing, after receiving intimation from the licensor in this regard.
- 24.3 The terms and conditions of interconnection including interalia standard interfaces, points of interconnection and technical aspects will be as mutually agreed between the service providers, subject to compliance of prevailing regulations, directions and determinations issued by TRAI from time to time.
- 24.4 Interconnections restrictions applicable for VSAT network with other networks:-
- a. Interconnection with PSTN - Not permitted
 - b. Network of other VSATs – Interconnection shall be permitted through the Hub on case to case basis, wherever the CUG nature of the network is not violated.
 - c. Terrestrial data lines leased by customers of VSATs – Interconnection shall be permitted on case to case basis, wherever the CUG nature of the network is not violated.

- d. Terrestrial data lines of a public nature: - Interconnection shall be permitted through the Hub, provided it is connected to a public data network such as Internet/ INET.
- e. Overseas office of the CUG for data transfer purposes:- Interconnection shall be permitted on a case to case basis subject to the condition that the connection should be between the hub and the server of the overseas office through a leased line passing through an international gateway which can be monitored for security purposes.
- f. WAN Operators: - Interconnection shall be permitted on case to case basis, wherever the CUG nature of the network is not violated.
- g. Internet/INET: - The hub of VSAT licensee shall be allowed to be connected to an internet node of his choice through a lease line taken from Telecom service provider who is authorised to sell bandwidth/ leased line. Similar inter-connection of the Hub with INET is also permitted.
- h. Other media to provide for redundancy:- Switchover between a terrestrial CUG network and a VSAT based CUG network belonging to the same licensee shall be permitted for redundancy purpose.
- i. Interconnection of CUGs: - Inter-connection between CUGs, where the CUG nature of the network is not violated, will be permitted on a case to case basis.

25. Quality of service

25.1 The LICENSEE shall operate and maintain the licensed Network conforming to Quality of Service standards to be mutually agreed in respect of Network- Network Interface subject to such other directions as LICENSOR or TRAI may give from time to time. Failure on part of LICENSEE or his franchisee to adhere to the

QUALITY OF SERVICE stipulations by TRAI and network to network interface standards of TEC may be treated as breach of Licence terms.

Security Conditions

26.1 The Licensee shall comply with the security conditions *interalia* relating to inspection of the installation/establishments, audit of networks, security of the network, restriction on employment of foreign nationals, transfer of information outside the country, remote access, monitoring of networks, confidentiality of information relating to subscriber data and any other condition imposed by the Licensor from time to time.

Annexure

Access Providers: Access Providers means the Basic, Cellular and Cable Service Providers who have a direct access with the subscribers.

Global Mobile Personal Communication by Satellite (GMPCS) Services:

GMPCS Service means Global Mobile Personal Communications by Satellite Service and shall include the tele-services, bearer services and supplementary services as defined by ITU. The GMPCS system is defined as "any satellite system (i.e. fixed or mobile, broad-band or narrow-band, global or regional, geo-stationary or non geo-stationery, existing or planned) providing telecommunication services directly to end users from a constellation of satellites." (in accordance with the GMPCS-MOU)

INSAT Mobile Satellite System (INSAT-MSS) Reporting Service:

“INSAT Mobile Satellite System Reporting Service” is a one way satellite based messaging service available through INSAT. The basic nature of this service is to provide a reporting channel via satellite to the group of people, who by virtue of their nature of work are operating from remote locations without any telecom facilities and need to send short textual message or short data occasionally to a central station. This service provides one way message reporting (transmit only) facility from anywhere in India.

International Long Distance (ILD): The ILD Service is basically a network carriage service (also called Bearer) providing International connectivity to the Network operated by foreign carriers.

International Private Leased Circuit (IPLC): IPLC is defined as point to point non-switched physical connections/transmission bandwidth from India to destination country.

Internet Access: Internet access means use of any device/technology/ methodology to provide access to internet including IPTV and all content available without access restriction on Internet including web hosting, web-colocation but it does not include service provider's configured Closed User Group Services (VPN).

Internet Telephony: Internet Telephony mean a service to process and carry voice signals offered through Public Internet by the use of Personal Computers (PC) or IP based Customer Premises Equipment (CPE) connecting the following:

- a) PC to PC; within or outside India
- b) PC/a device/Adapter conforming to standard of any international agencies like- ITU or IETF etc. in India to PSTN/PLMN abroad.
- c) Any device / Adapter conforming to standards of International agencies like ITU, IETF etc. connected to ISP node with static IP address to similar device / Adapter; within or outside India.

Explanation: Internet Telephony is a different service in its scope, nature and kind from real time voice service as offered by other licensed operators like Basic Service Operators (BSO), Cellular Mobile Service Operators (CMSO) and Unified Access Service Operators (UASO).

- (i) The Internet Telephony described in condition (a to c) above, is only permitted.
- (ii) Addressing scheme for Internet Telephony shall only conform to IP addressing Scheme of Internet Assigned Numbers Authority (IANA) exclusive of National Numbering Scheme / plan applicable to subscribers of Basic / Cellular Telephone service. Translation of E.164 number / private number to IP address allotted to any device and vice versa, by the licensee

to show compliance with IANA numbering scheme is not permitted.

- (iii) The Licensee is not permitted to have PSTN/PLMN connectivity. Voice communication to and from a telephone connected to PSTN/PLMN and following E.164 numbering is prohibited in India.

National Long Distance (NLD) Service: refers to the carriage of switched bearer telecommunication service over a long distance network i.e. a network connecting different Short Distance Charging Areas (SDCAs).

Public Mobile Radio Trunk Service (PMRTS): PMRTS is defined as:

- (i) a two way land mobile service in which users communicate among themselves through a pair of radio frequencies out of a pool in a designated frequency band , assigned to the system and
- (ii) the pair of frequencies is allocated on placement of call request and returned to the pool on completion of call and
- (iii) the communication usually takes place through repeater station (also called base station). Once user is assigned a channel (a pair of frequencies) by the system, no one else can interfere with the communication.

Resale of IPLC: means provision of end to end IPLC between India and country of destination, taking international bandwidth from any of the ILD Service provider licensed under Section 4 of Indian Telegraph Act, 1885.

Unified Access Services (UAS): UAS means telecommunication service provided by means of a telecommunication system for the conveyance of messages through the agency of wired or wireless telegraphy. The Unified Access Services refer to transmission of voice or non-voice messages over LICENSEE's Network in real time only. SERVICE does not cover

broadcasting of any messages voice or non-voice, however, Cell Broadcast is permitted only to the subscribers of the service. The subscriber (all types, pre-paid as well as post-paid) has to be registered and authenticated at the network point of registration and approved numbering plan shall be applicable

VSAT: “VSAT” means Very Small Aperture Terminal. The VSAT SERVICE means closed user group domestic Data Network via INSAT Satellite System using VSAT