

Government of India
 Ministry of Communications & Information Technology,
 Department of Telecommunications
 (Basic Services Licensing Group)
 Sanchar Bhavan, 20 Ashok Road, New Delhi-110 001

No.10-25/2001-BS.I(Vol.IV)

Dated, the 18th June, 2004.

Memorandum

To

All National Long Distance Service Providers.

Sub: Amendment to Clause 5.1 of the Licence Agreement for National Long Distance (NLD) Service Provider - Reduction of Performance Bank Guarantee (PBG).

The undersigned is directed to convey the approval of the competent authority for amendment of Clause 5.1 of the Licence Agreement for National Long Distance (NLD) Service Provider. The amended clause may be read as under:

Existing Clause 5.1	Amended Clause 5.1
<p>5.1 The LICENCEE shall pay one time Entry Fee of Rs 100 crores which shall be non-refundable, before the signing of the LICENCE. In addition thereto, four Bank Guarantees (BG) of Rs. 100 crores each shall be given, before signing of the LICENCE, which shall be released on completion of each phase of roll out i.e. fulfilling the network Roll out obligations by establishing Point of Presence in Long Distance Charging Areas (LDCAs) as specified in clause 9.2 of this LICENCE Agreement in the manner described below:-</p> <p>i) Completion of phase I Rs.100 Crores (ii) Completion of Phase II Rs.100 Crores (iii)Completion of PhaseIII Rs.100 Crores (iv)Completion of Phase IV Rs.100 Crores</p> <p>Each phase described above shall be taken as an independent obligation unconnected with other. Any shortfall below the percentage of network</p>	<p>5.1 The LICENCEE shall pay one time non-refundable Entry Fee of Rs 100 crores, before signing of the LICENCE. In addition thereto, four Performance Bank Guarantees (PBGs) of Rs. 50 crores each shall be given, before signing of the LICENCE. For fulfilling of network roll out obligations by establishing Point of Presence and getting permission for commencement of service in Long Distance Charging Areas (LDCAs) as specified in Clause 9.2 of this licence agreement in the manner described below:</p> <p>i) Phase I Rs.50 Crores (ii) Phase II Rs.50 Crores (iii) Phase III Rs.50 Crores (iv) Phase IV Rs.50 Crores</p> <p>5.1.1 Based on self-certification of the LICENSEE and after taking on record the establishment of PoP in LDCAs as per network roll out</p>

<p>coverage - Phase I, II , III & IV will result in encashment & forfeiture of the particular BG relatable to that phase. The decision of the LICENCOR shall be final in this regard.</p>	<p>obligations of each phase as specified in Clause 9.2 of this Licence Agreement, the amount of Performance Bank Guarantee shall be reduced by 50% i.e. from Rs. 50 crores to Rs. 25 crores.</p> <p>5.1.2 The PBG for the respective phase shall be released after permission to commence service as per provisions of Clause 25.2 of the Licence Agreement has been accorded by the Licensor from the requisite number of PoP in various Long Distance Charging Areas (LDCAs) as per clause 9.2 of Licence Agreement.</p> <p>5.1.3 Each phase described above shall be taken as an independent obligation unconnected with other. Any shortfall below the percentage of network coverage - Phase I, II , III & IV will result in encashment & forfeiture of the particular PBG relatable to that phase. The decision of the LICENCOR shall be final in this regard.</p>
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(Sukhbir Singh)
Director (BS.III)

Copy to:

1. Secretary, TRAI, New Delhi.
2. DDG (LF), DOT