

VIEWS AND COMMENTS ON 10/22 Rationalization of Entry Fee and Bank Guarantees by upobhokta sanrakshan kalyan Samiti,Kanpur(CAG MEMBER)

Q1. Should the entry fee be rationalised from the present levels in the UL and UL (VNO) licenses? Please support your comments with detailed justification.

Initially, the Bank Guarantees (FBG as well as PBG) shall be valid for a period of one year and shall be renewed from time to time. The Licensee, on its own, shall extend the validity period of the Bank Guarantees at least one month prior to the date of its expiry without any demand or notice from the Licensor on year-to-year basis. Any failure to do so shall amount to violation of the terms of the License and entitle the Licensor to encash the Bank Guarantees and to convert into a cash security without any reference to the Licensee at his risk and cost. No interest or compensation whatsoever shall be payable by the Licensor on such encashment.

Q2. If the answer to Q1 is yes, should the entry fee be rationalized across all authorizations or some specific authorizations, both within each license and across licenses? Please justify.

Captive mobile radio trunking service (CMRTS) License: In pursuant to the Telecom Reforms of September, 2021, the FBG under the CMRTS license has been reduced by 80% and the conditions under the license are that the licensee is required to submit a Financial Bank Guarantee (FBG) of Rupees twenty thousand initially before signing the license agreement valid for one year, from any scheduled bank in India or Indian Public Financial Institution (IPFI). Subsequently, the amount of FBG will be equivalent to 20% of the estimated sum payable (of license fee for two quarters and other dues not otherwise securitized).

Q3. What should be the methodology for arriving at the rationalized entry fee and/ or other terms and conditions for each authorization? Please provide the detailed rationale for each authorization.

Public Data Office Aggregator registration: PDOAs aggregate the multiple WANI-enabled Wi-Fi Access Points being operated by individual PDOs and authorize the subscribers, authenticated by the App Provider, to access internet services using either free or paid model. There is no bank guarantee under this registration

Q4. Should a uniform Entry Fee be charged for each of the authorizations in the UL and UL (VNO) licenses, both within each license and across licenses? Please justify.

In this context, the merger and review of bank guarantees in the aforementioned licenses and any other licenses/registrations/ authorisations/ permissions, other than UL and UL (VNO) could also be considered.

Q5. What should be the amount of the uniform Entry Fee for various authorizations? Please justify.

Entry Fee is a fixed one-time amount that prospective entrants must pay to enter a market. Entry Fees are typically non-refundable and constitute start up costs for a firm. One justification for prescribing entry fee is the extensive usage of public resources by firms in certain industries

Q6. Should the Entry Fee in licenses/ registrations/ authorisations/ permissions, other than UL and UL (VNO) be rationalized? If yes, please provide the reasons and appropriate levels of entry fee for each of these licenses/ registrations/ authorisations/ permissions.

The detail of non-refundable Entry fee required under the Unified Access Services License for each service area is as per TABLE 2.1. Under this regime spectrum was linked with the license, the LSA wise disparity in entry fee can be linked to the benefits from spectrum in each LSA, which lead to difference in winning bids for each LSA.

Q7. Is there a need to continue with the practice of the Bank Guarantee in various licenses/authorizations? Please Justify.

UL and UL (VNO) guidelines, along with specifying entry fee for all services, also lay down entry fee for each specific authorization. However, it may be noted that the validity of license shall be 20 years from the effective date of the first authorisation in the Unified License. This would imply that authorisation for services added at a later date would be valid only for the remaining period, without any pro rata rebate in entry fee etc. Similarly, there may be other terms and conditions in the UL and UL (VNO) guidelines that can be reviewed for the purpose of rationalizing entry fee.