

Consultation Paper No.: 19/2012



TELECOM REGULATORY AUTHORITY OF INDIA

Consultation Paper

on

**Definition of Adjusted Gross Revenue (AGR) in Licence
Agreements for provision of Internet Services
and minimum presumptive AGR**

28th December, 2012

Mahanagar Doorsanchar Bhawan

Jawahar Lal Nehru Marg

New Delhi-110002

Website: www.trai.gov.in

Written comments on the consultation paper are invited from the stakeholders by 18th January, 2013. The time of three weeks has been given keeping in view the ensuing end of the year holidays. Counter comments, if any, may be submitted by 25th January 2013. No further extension will be granted. Comments and counter comments will be posted on TRAI's website www.trai.gov.in. The comments and counter comments may be sent, preferably in electronic form to Mr. Arvind Kumar, Advisor (Networks, Spectrum & Licensing), Telecom Regulatory Authority of India, on the e-mail: nsl.trai@gmail.com or vk.agarwal@traigov.in. For any clarification/ information, Shri Arvind Kumar, Advisor (NSL) may be contacted at Tel. No.: +91-11-23220209, Fax: +91-11-23230056.

Consultation Paper on Definition of Adjusted Gross Revenue (AGR) in Licence Agreements for provision of Internet Services and minimum presumptive AGR

A. Introduction

1. Telecom Regulatory Authority of India (TRAI) received letter No. 820-1/2006-LR Vol(II)Pt. dated 22.10.2012 from Department of Telecommunication (DoT) (Annexure-I) seeking TRAI's recommendations under Section 11(1)(a)(ii) of TRAI Act, on the following:
 - (i) The definition of AGR in the ISP License Agreements for provision of Internet Services, and amendment in the license(s) thereof, in the following categories:-
 - ISP license(s) granted under 1998 guidelines (ISP Category Licence)
 - ISP license(s) granted under 2002 guidelines and subsequently under 2007 guidelines (ISP-IT Category Licence)
 - (ii) Applicability of minimum presumptive AGR and value, if applicable, for BWA Spectrum holders under Internet Service/Access Service license(s), keeping in view the provisions of NIA of 3G/BWA spectrum auction and in case of other licenses with or without spectrum, including access service licenses.
 - (iii) Amendment in the "Format of Statement of Revenue and Licence Fee" to be reported by various categories of Internet Service Licensees and UAS Licensees.
2. Internet Services in India were launched on 15th August 1995 by Videsh Sanchar Nigam Limited (VSNL). In November 1998, the Government recognized the need for encouraging spread of Internet in the country and opened the sector for provisioning of Internet services by private operators. The Licence conditions for providing Internet services were

- kept liberal with no Entry fee and License fee and allowed unlimited number of players. Internet Service Providers (ISPs) were also permitted to set their own tariffs and their own International Gateways for Internet.
3. ISPs were allowed to offer Internet telephony Services with effect from 01.04.2002. However, some restrictions were imposed on the type of the technology which can be used for providing Internet telephony by issuing the guidelines for Internet telephony. ISP licensees were permitted to offer Internet telephony services only after signing the amended ISP license.
 4. Till 31.10.2003 there were no financial implications (no entry fee and no licence fee) on the ISP licensees (with or without Internet telephony). From 01.11.2003 a token license fee of Rs 1/- per annum was imposed on all ISP licensees (with or without Internet telephony).
 5. In November 2005, Unified Access Service (UAS) licensees and Cellular Mobile Telephone Service (CMTS) licensees were also permitted to provide Internet telephony, Internet services and broadband.
 6. From 01.01.2006, a licence fee of 6% of Adjusted Gross Revenue (AGR) was imposed on ISP licensees offering Internet telephony services. However, AGR for such licensees did not include revenue earned from Internet access, Internet content and Internet access related installation charges.
 7. In August 2007, DoT issued revised guidelines for grant of licence for Internet services, wherein licence fee of 6% of AGR was imposed and a minimum license fee to be paid by the licensees was specified. Definition of AGR was also revised and AGR did not include revenue from pure Internet service, activation charges from internet subscribers, Service & Sales tax and Roaming revenue actually passed on to other eligible/entitled telecom service provider.

8. On 29.06.2012, DoT amended the ISP licence and levied a uniform licence fee of 8% of AGR w.e.f. 01.04.2013 on all ISP and ISP with Internet telephony (ISP-IT) licence. As per this amendment revenue for the purpose of licence fee for ISP and ISP-IT category shall provisionally include all types of revenue from Internet services, allowing only those deductions available for pass through charges and taxes/levies as in the case of access services, without any set-off for expenses. Revenue from Internet services will also be included in the definition of AGR provisionally for ISP-IT category till government takes a final decision after obtaining TRAI recommendations in this regard.
9. Telecom Dispute Settlement and Appellate Tribunal (TDSAT) in its judgement on the petition moved by some ISPs and their association Internet Service Providers Association of India (ISPAI), has set aside the para 2 of above amendment carried out by DoT.
10. DoT has now sought TRAI's recommendations under section 11(1)(a)(ii) of the TRAI Act on definition of AGR for ISP licence agreements; applicability of minimum presumptive AGR and value, if applicable, for BWA Spectrum holders under Internet Service/Access Service license(s) and amendment in the "Format of Statement Revenue and Licence Fee" for Internet Service Licensees and UAS Licensees. Accordingly this consultation process has been initiated.
11. Stakeholders are requested to send their written comments on the issues raised in the consultation paper by 18th January 2013 and counter comments, if any, by 25th January 2013. The comments and counter comments may be sent, preferably in electronic form, to Mr. Arvind Kumar, Advisor (Networks, Spectrum & Licensing) on the e-mail: nsi.trai@gmail.com or vk.agarwal@trai.gov.in.

B. Definition of AGR in ISP Licences

12. Presently, there are three different categories of licence granted by DoT for provision of Internet services. The first category of licence was granted on the basis of guidelines issued in November 1998 when provisioning of Internet Services was opened for Private sector. The services that are permitted in this licence include all types of Internet Access/content services but exclude telephony on Internet. The relevant clause for service is as follows:

“Schedule ‘C’

Part I: DEFINITIONS, INTERPRETATIONS AND PROVISIONS RELATING TO THE CONDITIONS

...

24. SERVICES OR SERVICE means all types of Internet Access/content services except telephony on Internet.”

13. The clause related to licence fee is as follows:

“Schedule ‘B’

1.1 QUANTUM OF LICENCE FEE AND SCHEDULE OF PAYMENTS

(i) The licence fee is payable by the licensee in consideration for grant of this licence, for the complete duration for which this licence is granted. This has no relation to the actual start/provision of service by the licensee or any mutual obligations between the licensee and any other service provider/DOT/MTNL/VSNL/Departments of the Central or State Government/local or statutory bodies.

(ii) The Telecom Authority has decided to waive the Licence Fee for a period upto 31.10.2003. For those ISPs also who obtain licences prior to 01.11.2003, a nominal licence fee of One Rupee per annum will become payable from 01.11.2003.”

14. Till 31.10.2003 there was no licence fee imposed on ISP licensees. From 01.11.2003 a token licence fee of Rs 1/- per annum was imposed on these licensees.

15. The second category of licence for provision of Internet Service (Including Internet Telephony) was granted on the basis of guidelines issued in April 2002, when ISPs were permitted to provide internet telephony with restrictions on the type of the technology and devices which can be used. ISP licensees were permitted to offer Internet telephony services only after signing the licence agreement for provision of Internet Service (Including Internet Telephony). The permitted services include all types of Internet Access/content services and Internet telephony with some restrictions. The relevant clause for service is as follows:

“Schedule ‘C’

**Part I: DEFINITIONS, INTERPRETATIONS AND PROVISIONS
RELATING TO THE CONDITIONS**

...

35. *SERVICES OR SERVICE means all types of Internet Access/content services including Internet telephony as mentioned in Clause 1.14 of Schedule 'C'.*”

16. The clause related to Internet telephony service is as follows:

“1.14 INTERNET TELEPHONY SERVICE.

1.14.1 *Internet Telephony is a service to process and carry voice signals offered through public Internet by use of Personal Computer (PC) or IP based Customer Premises Equipments (CPE) connecting the following :*

- a) *PC to PC ; within or outside India*
- b) *PC in India to Telephone outside India*
- c) *IP based H.323/SIP Terminals connected directly to ISP nodes to similar Terminals; within or outside India.*

1.14.2 *Internet Telephony is a different service in its scope, nature and kind from real time voice service as offered by other licensed operators like BSO CMSO, NLDO, ILDO and PMRTS.*

1.14.3 *Except whatever is described in conditions 1.14.1 and 1.14.2 herein above, no other form of Internet Telephony is permitted.*

1.14.4. Addressing scheme for Internet telephony shall only conform to IP addressing Scheme of Internet Assigned Number Authority (IANA) exclusive of National numbering Scheme / plan applicable to subscribers of Basic/cellular telephone Service.”

17. The restrictions imposed for provision of Internet telephony service by ISPs were as follows:

“1.12.3 Voice communication from anywhere to anywhere by means of dialing a telephone number (PSTN/ISDN/PLMN) as defined in National Numbering Plan is not permitted.

1.12.4. Originating the voice communication service from a Telephone in India is not permitted;

1.12.5. Terminating the voice communication to Telephone within India is not permitted;

1.12.6 Establishing connection to any Public Switched Network in India and/or establishing gateway between Internet & PSTN/ ISDN/PLMN in India, is not permitted.;

1.12.7 Use of dial up lines with outward dialing facility from nodes is not permitted ;

1.12.8 Interconnectivity is not permitted between ISPs who are permitted to offer Internet Telephony Services and the ISPs who are not permitted to offer Internet Telephony Services.”

18. The clause related to licence fee is as follows:

“Schedule ‘B’

1.1 QUANTUM OF LICENCE FEE AND SCHEDULE OF PAYMENTS

(i) The licence fee is payable by the licensee in consideration for grant of this licence, for the complete duration for which this licence is granted. This has no relation to the actual start/provision of service by the licensee or any mutual obligations between the licensee and any other service provider/DOT/MTNL/VSNL/Departments of the Central or State Government/local or statutory bodies.

(ii) The Telecom Authority has decided to waive the Licence Fee for a period upto 31.10.2003 and a nominal license fee of One rupee per annum will

become payable from 01.11.2003; however, the Telecom authority reserves the right to review and impose license fee including Universal Service Obligations (USO) levy anytime during the validity of the license, which decision with its terms and conditions, shall be binding on the licensee.”

19. Till 31.10.2003 there was no licence fee imposed on the licensees providing Internet telephony. From 01.11.2003 a token licence fee of Rs 1/- per annum was imposed on these licensees.

20. In November 2005, DoT permitted Unified Access Service (UAS) licensees and Cellular Mobile Telephone Service (CMTS) licensees to provide Internet Telephony, Internet Services and Broadband Services. However, AGR for the purpose of calculation of licence fee of these licensees did not exclude revenue from internet service. Relevant Clause of UAS licence related to AGR is as follows:

“19. Definition of ‘Adjusted Gross Revenue’:

19.1 Gross Revenue:

The Gross Revenue shall be inclusive of installation charges, late fees, sale proceeds of handsets (or any other terminal equipment etc.), revenue on account of interest, dividend, value added services, supplementary services, access or interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.

19.2 *For the purpose of arriving at the “Adjusted Gross Revenue (AGR)” the following shall be excluded from the Gross Revenue to arrive at the AGR:*

- (i) *PSTN related call charges (Access Charges) actually paid to other eligible/entitled telecommunication service providers within India;*
- (ii) *Roaming revenues actually passed on to other eligible/entitled telecommunication service providers and;*

(iii) *Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax.*”

21. On 03.03.2006, DoT amended the licence agreement for provision of Internet Service (Including Internet Telephony). A licence fee of 6% of AGR was imposed on these licensees w.e.f. 01.01.2006. AGR included revenue earned from Internet telephony but excluded revenue from Internet access and Internet content. The amended clause related to licence fee and definition of AGR are as follows:

“1.1 QUANTUM OF LICENCE FEE AND SCHEDULE OF PAYMENTS

(i) *The licence fee is payable by the licensee in consideration for grant of this licence, for the complete duration for which this licence is granted. This has no relation to the actual start/provision of service by the licensee or any mutual obligations between the licensee and any other service provider /BSNL/MTNL/VSNL/ Departments of the Central or State Government/local or statutory bodies.*

(ii) *The Telecom Authority has decided to waive the Licence Fee for a period upto 31.10.2003 and a nominal licence fee of One Rupee per annum will become payable from 01.11.2003 upto 31.12.2005.*

(iii) *With effect from 01.01.2006, annual licence fee annually @ 6% of Adjusted Gross Revenue (AGR), excluding spectrum charges will be applicable in addition to Rupee One per annum. The Licensor reserves the right to modify the above mentioned Licence Fee any time during the currency of this Agreement.*

(v) **Definition of ‘Adjusted Gross Revenue’:**

a) Gross Revenue:

The Gross Revenue shall be inclusive of Internet access service, internet content service, Internet Telephony service installation charges, late fees, sale proceeds of terminal equipments, revenue on account of interest,

dividend, value added services, supplementary services, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.

b) For the purpose of arriving at the “Adjusted Gross Revenue (AGR)” the following shall be excluded from the Gross Revenue to arrive at the AGR:

(i) Charges from Internet access, Internet content and Internet access related installation charges.

(ii) Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax.”

22. In November 2006, TRAI received a reference from DoT for providing recommendations on review of policy of Internet services to address the issue of a large number of ISP licenses, limited viability issues, illegal or grey market activities and level playing field vis-à-vis other telecom service providers. In response, TRAI sent its recommendations on “Review of Internet Services” on 10th May 2007, which inter-alia includes the following recommendations on entry fee and licence fee:

“4.3.1 It is recommended that a fee of Rs. 20 lakhs for Category ‘A’ ISP license and Rs. 10 lakhs for Category ‘B’ ISP license for entry purpose may be introduced. This will not be applicable to existing ISPs.

4.5.3 the Authority recommends a uniform annual license fee equivalent to 6% of AGR on all ISPs including revenues earned from provision of Internet Access, Value Added Services and Broadband in ISP domain. This will ensure level playing field vis-a vis other telecom operators.

4.6.3 the Authority recommends imposition of an annual license fee of 6% of AGR subject to minimum of Rs. 50,000/-, Rs 10,000/- and Rs 5000/- respectively for category ‘A’, Category ‘B’ and category ‘C’ ISP per license area per year. This will ensure operation of Internet service by serious players and would not unduly burden the ISPs.”

23. Most of these recommendations were accepted by DoT and new guidelines for grant of licence for operating internet services were issued on 24th August 2007. However, DoT didn't accept the recommendations regarding inclusion of revenue from Internet access in AGR for the purpose of licence fee. TRAI in its letter dated 5th December 2007 reiterated its stand for inclusion of revenue from Internet access in AGR. However, DoT in its reply dated 25th Feb 2008 stated that there was no need to review the decision taken.
24. Subsequently third category of licence for provision of internet service was issued in October 2007. The licence for provision of Internet service (including Internet Telephony) was done away with and all the Internet access services including internet telephony and IPTV were allowed under one licence. A onetime entry fee of Rs. 20 lakhs for Category 'A' Internet Service Licence and Rs. 10 lakhs for Category 'B' Internet Service Licence was imposed on these licensees. In January 2010, the validity of Internet Service Licence was enhanced to 20 years from 15 years and accordingly one time entry fee was also increased to Rs. 30 lakhs for category 'A' licence and Rs. 15 lakhs for category 'B' licence. The clause related to licence fee and definition of AGR are as follows:

*“17.2 Licence Fees: An annual licence fee @6% of Adjusted Gross Revenue (AGR) as defined in **Condition 18** , subject to minimum of Rs.50,000/- (Rupees Fifty Thousand Only) and Rs.10,000/- (Rupees Ten Thousand Only) shall be payable for category 'A' & 'B' service areas respectively per annum per licenced service area.”*

“18. Definition of 'Adjusted Gross Revenue' :

18.1 Gross Revenue: The Gross Revenue shall be inclusive of revenue from Internet access service, revenue from internet contents, revenue from Internet Telephony service, revenue from activation charges, revenue from sale, lease or renting of bandwidth, links, R&G cases, Turnkey projects etc., revenue from IPTV service, late fees, sale proceeds of

terminal equipments, revenue on account of interest, dividend, value added services, supplementary services, interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense etc.

18.2 For the purpose of arriving at the “Adjusted Gross Revenue (AGR)” the following shall be excluded from the Gross Revenue to arrive at the AGR:

- (i) Charges from pure Internet service, activation charges from pure internet subscribers. Pure Internet Services shall mean any method / device / technology to provide access to Internet unless explicitly prohibited and all content available including web-hosting, web-colocation which is available on internet without access restriction.*
- (ii) Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax.*
- (iii) Roaming revenue actually passed on to other eligible/entitled telecom service provider.”*

25. On 29.06.2012, DoT amended the ISP licence and imposed a uniform licence fee of 8% w.e.f. 01.04.2013. The relevant para of amendment are as follows:

“A uniform licence fee rate of 8% of “Adjusted Gross Revenue (AGR)” shall be adopted for all ISP and ISP-IT licences, in two steps starting from 01.07.2012 as follows:

| Category of Licence | Details | Annual Licence fee rate as % of AGR | |
|----------------------------|---|---|-------------------------------------|
| | | For the period from 01.07.2012 to 31.03.2013 | For year 2013-14 and onwards |
| ISP | Licence for provisioning of Internet services issued under 1998 guidelines (without Internet Telephony) | 4% | 8% |
| ISP-IT | Licence for provisioning of Internet services (including Internet Telephony) issued under 2002 guidelines, Licence for provisioning of Internet services issued under 24.08.2007 guidelines | 7% | 8% |

2. Revenue for the purpose of licence fee for ISP and ISP-IT category shall provisionally include all types of revenue from Internet services, allowing only those deductions available for pass through charges and taxes/levies as in the case of access services, without any set-off for expenses. Revenues from Internet services will also be included in the definition of AGR provisionally for ISP-IT category till government takes a final decision after obtaining TRAI recommendations in this regard.”

26. Some ISPs and their association, Internet Service Providers Association of India (ISPAI) moved the petition No.429/2012 before the TDSAT against the above mentioned amendment. TDSAT in its judgement dated 12.10.2012 set aside para 2 of the amendment dated 29.06.2012. The judgment, inter-alia, mentioned:

“If, moreover, before amending the terms and conditions of the contract relating to payment of license fee is to be taken, the same was required to be finally taken and not provisionally and that too subject to the recommendations of TRAI.

Presumably the Central Government was required to consider all aspects of the matter including the question as to whether the petitioners with regard to the 'pure internet service' vis-à-vis the services rendered by the UAS licensees have a level playing field. If they do not, appropriate measures may have to be taken in that behalf but the Petitioners could not have been asked provisionally to pay on the basis of the AGR, wherefor the final decision was to be taken at a later stage.

We, therefore, are of the opinion that paragraph 2 of the impugned order cannot be sustained.

It is set aside accordingly.”

27. **Stakeholders are requested to give their comments on definition of AGR for all three categories of ISP licences.**

C. Presumptive AGR

28. DoT has sought TRAI's recommendations on applicability of minimum presumptive AGR and value, if applicable, for BWA Spectrum holders under Internet Service/Access Service license(s), keeping in view the provisions of NIA of 3G/BWA spectrum auction and in case of other licenses with or without spectrum, including access service licenses.
29. It is noticed that some service providers do not commence their operations even after the lapse of sufficient time from the effective date of their licences. Licence conditions containing provisions for levying liquidated damages also varies across the various licences and in some licences these are not enough to oblige the service provider to commence operations/conduct its operations. As the license fee and spectrum usage charges are being charged as percentage of AGR, in case some service providers do not roll out their service, they do not generate revenue and

hence not liable to pay any licence fee and spectrum usage charges. This results in the loss of revenue to the Government. In order to ensure that licensees make sincere efforts in establishing network and start service at the earliest, a minimum licence fee and spectrum usage charges based on presumptive AGR may be considered.

30. Presently, there is no presumptive AGR or minimum amount of licence fee in the Basic Service Operator (BSO) licence, Cellular Mobile Telephone Service Provider (CMTS) licence, Unified Access Service (UAS) licence, National Long Distance (NLD) licence, International Long Distance (ILD) licence and Internet Service Providers (ISP) licences issued prior to August 2007. In the ISP licences issued after August 2007, a minimum amount of licence fee of Rs 50,000/- per annum for category 'A' ISPs and Rs 10,000/- per annum for category 'B' ISPs is mentioned. The clause related to licence fee in the ISP licences issued after August 2007 is as follows:

*“17.2 Licence Fees: An annual licence fee @6% of Adjusted Gross Revenue (AGR) as defined in **Condition 18** , subject to minimum of Rs.50,000/- (Rupees Fifty Thousand Only) and Rs.10,000/- (Rupees Ten Thousand Only) shall be payable for category 'A' & 'B' service areas respectively per annum per licenced service area.”*

31. In the Notice Inviting Applications (NIA) No. P-11014/13/2008-PP dated 25th February 2010 issued by DoT for auction of 3G and BWA spectrum, roll-out obligations for use of BWA spectrum are clearly mentioned, but there is no presumptive AGR. The relevant conditions related to rollout obligation for BWA spectrum given in the NIA are as follows:

“3.4 Roll-out obligations

The licensee to whom the spectrum is assigned shall have a network rollout obligation as detailed in this section. The obligation reflects the need both to ensure the efficient use of spectrum and provide a reasonable level of service to a wide cross-section of customers.

3.4.2 Roll-out obligations for BWA Spectrum

Metro service area

The licensee to whom the spectrum is assigned shall be required to provide required street level coverage using the BWA Spectrum in at least 90% of the service area within five years of the Effective Date.

Category A, B and C service areas

The licensee to whom the spectrum is assigned shall ensure that at least 50% of the rural SDCAs are covered within five years of the Effective Date using the BWA Spectrum. Coverage of a rural SDCA would mean that at least 90% of the area bounded by the municipal/ local body limits should get the required street level coverage.

The Effective Date shall be the later of the date when the right to use awarded spectrum commercially commences and the date when the UAS licence or the ISP category 'A' licence, if and as applicable, is granted to the operator.

If the licensee does not achieve its roll out obligations, its spectrum assignment shall be withdrawn.”

3.5 Spectrum usage charges

A spectrum usage charge (over and above the spectrum auction price and the applicable licence fees) as a percentage of the Adjusted Gross Revenue (“AGR”) shall be payable by Successful Bidders as per rules notified by the Government from time to time.

Licensees using BWA Spectrum need to pay 1% of AGR from services using this spectrum as annual spectrum charge irrespective of the licence held by them. Such revenue would be required to be reported.

The following Schedule provides details for the applicable annual spectrum charges payable by different licence holders that are successful in the 3G Auction or the BWA Auction:

| Auction Type | Current Spectrum Allocation/Licence Category | | | |
|--|--|--|--|--|
| | <i>UAS/CMTS with GSM only</i> | <i>UAS with CDMA only</i> | <i>UAS with Dual tech (GSM + CDMA)</i> | <i>ISP</i> |
| <i>3G Auction (frequency in 2.1 GHz band)</i> | Revenues from these services to be added to applicable AGR and spectrum charges as per Schedule A to apply | Revenues from these services to be added to applicable AGR and spectrum charges as per Schedule B to apply | Revenues from these services to be added to applicable AGR and spectrum charges as per Schedule A & B to apply | Na |
| <i>BWA Auction (frequency in 2.3 GHz band)</i> | 1% of applicable AGR from BWA services (with such revenue to be reported separately) | 1% of applicable AGR from BWA services (with such revenue to be reported separately) | 1% of applicable AGR from BWA services (with such revenue to be reported separately) | 1% of applicable AGR from BWA services (with such revenue to be reported separately) |

The following shall be considered while computing the annual spectrum charges:

- Applicable AGR shall be computed in accordance with the provisions of the relevant service licence;
- 3G/ BWA Spectrum to be assigned in the two Auctions shall not be counted for calculating the slab of the total spectrum holding by a licensee for levy of spectrum usage charges;
- Revenues from services using the BWA Spectrum shall not be included in the AGR of the licensee, for the limited purpose of determining spectrum charges on spectrum other than BWA Spectrum;
- Annual spectrum charges shall be applicable from the date of award of right to use allotted spectrum commercially. However, there shall be a moratorium of one year from this date on the payment of spectrum charges for the standalone 3G as well as stand-alone 3G + BWA operators (i.e. winners of 3G/BWA Spectrum who do not hold 2G spectrum);
- For BWA Spectrum, no annual spectrum charge shall be payable in the first year from the date of award of right to use allotted spectrum commercially.”

32. The Authority in its recommendations on “Spectrum Management and Licensing Framework” dated 10th May, 2010 examined the service area-wise market share of both the GSM operators and the CDMA operators, who hold the UAS licences and who had been allocated the start-up spectrum in the last 24 months. The Authority proposed that the license fee and spectrum usage charges should be levied on the AGR which was supposed to be generated on the market share of at least 2% in respect of the GSM service providers, the market share being determined on the basis of the number of subscribers. Insofar as CDMA service providers were concerned, the number of service providers and the number of subscribers being low, the percentage of market share that a service provider had to generate for the given spectrum was fixed at 4%. Accordingly, the amount of AGR that was taken into consideration for the purpose of calculating the licence fee and spectrum usage charges was given in the Table below.

Presumptive Adjusted Gross Revenue

| Circle | GSM Presumptive AGR | CDMA Presumptive AGR |
|---------------|----------------------------|-----------------------------|
| Delhi | 90 | 50 |
| Mumbai | 80 | 40 |
| Kolkata | 30 | 20 |
| Maharashtra | 110 | 30 |
| Gujarat | 90 | 20 |
| AP | 120 | 40 |
| Karnataka | 110 | 20 |
| Tamil Nadu | 140 | 30 |
| Kerala | 70 | 20 |
| Punjab | 60 | 10 |
| Haryana | 30 | 10 |
| UP - W | 70 | 20 |
| UP - E | 100 | 20 |
| Rajasthan | 70 | 20 |
| MP | 70 | 20 |
| WB | 50 | 10 |
| HP | 10 | 5 |
| Bihar | 70 | 20 |
| Orissa | 30 | 10 |
| Assam | 30 | 5 |
| NE | 20 | 5 |
| J&K | 10 | 5 |

Table 2.13

33. TRAI in its recommendations on “Spectrum Management and Licensing Framework” dated 10th May, 2010, inter-alia, recommended:

“2.133 The Authority recommends that w.e.f 1.4.2010, the licence fee and spectrum usage charges payable by each such licensee shall be on actual AGR, subject to a minimum AGR as shown in Table 2.13 above. This minimum figure would be reviewed by TRAI every year.”

34. TRAI in its recommendations on “Guidelines for Unified Licence/Class Licence and Migration of Existing Licences” dated 16th April 2012, inter-alia, recommended:

“11.2. Licence Fee – An annual Licence Fee as a percentage of Adjusted Gross Revenue (AGR) 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.”

35. **Should minimum presumptive AGR be applicable to BWA Spectrum holders under Internet Service/Access Service license(s) and other licenses with or without spectrum, including access service licenses? If yes, what should the value of minimum presumptive AGR?**

D. Format of Statement of Revenue and Licence Fee

36. DoT has sought TRAI’s recommendations on amendment in the “Format of Statement of Revenue and Licence Fee” to be reported by various categories of Internet Service Licensees and UAS Licensees.
37. ISP licences issued under 1998 guidelines do not contain any format of statement of revenue and licence fee, as there was no licence fee applicable for these licensees.
38. The format of statement of revenue and licence fee given in ISP licences (including internet telephony) issued under 2002 guidelines is available at Annexure-II.
39. The format of statement of revenue and licence fee given in ISP licences issued under 2007 guidelines is available at Annexure-III.
40. The format of statement of revenue and licence fee given in UAS licences is available at Annexure-IV.
41. DoT has amended the format of statement of revenue and licence fee of the UAS licensees who have obtained 3G/BWA spectrum in auction. The format is given in Annexure-V.

42. **Please suggest the amendments required in the formats of statement of revenue and licence fee reported by various categories of Internet service licensees and UAS licensees.**

E. Issues for Consultation

43. **Stakeholders are requested to give their comments on definition of AGR for all three categories of ISP licences.**

44. **Should minimum presumptive AGR be applicable to BWA Spectrum holders under Internet Service/Access Service license(s) and other licenses with or without spectrum, including access service licenses? If yes, what should the value of minimum presumptive AGR?**

45. **Please suggest the amendments required in the formats of statement of revenue and licence fee reported by various categories of Internet service licensees and UAS licensees.**

Annexure-I

820-1/2006-LR Vol(II)Pt.
Government of India
Ministry of Communications & IT
Department of Telecommunication
Sanchar Bhawan, 20-Ashoka Road, New Delhi-110001
(DS Cell)

To,

Secretary,
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg
New Delhi.

Dated : 22/10/2012

Sub:- The definition of "Adjusted Gross Revenue (AGR)" in all categories of Licence Agreement for provision of Internet Services (ISP & ISP-IT) and minimum presumptive AGR.

Licence Agreements for the provision of Internet Service, have been classified into following two categories:-

| Category of licence | Details |
|---------------------|---|
| ISP | Licence for provisioning of Internet services issued under 1998 guidelines (without Internet Telephony) |
| ISP-IT | Licence for provisioning of Internet services (Including Internet Telephony) issued under 2002 guidelines, Licence for provisioning of Internet services issued under 24.08.2007 guidelines |

2. The ISP licences issued under 1998 guidelines provide only for a token licence fee and AGR was not defined in these licences.

In the ISP-IT licences issued under 2002 guidelines, initially there was only a token licence fee. Subsequently with an amendment dated 3.3.2006, Licence Fee as 6% of AGR was imposed on these licensees and AGR was also defined in this amendment. No minimum licence fee was stipulated for these licensees. Definition of AGR, as per the said amendment, is reproduced below:-

"Definition of 'Adjusted Gross Revenue':

a) Gross Revenue:

The Gross Revenue shall be inclusive of Internet access service, internet content service, Internet Telephony service installation charges, late fees, sale proceeds of terminal equipments, revenue on account of interest, dividend, value added services, supplementary services, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.

b) For the purpose of arriving at the "Adjusted Gross Revenue (AGR)" the following shall be excluded from the Gross Revenue to arrive at the AGR:

- (i) Charges from Internet access, Internet content and Internet access related installation charges.
- (ii) Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax."

In the ISP-IT licences issued under 2007 guidelines, Licence Fee as 6% of AGR was imposed on these licensees and a minimum licence fee to be paid by the licensee was specified. Definition of AGR in these licences is reproduced below:-

"Definition of 'Adjusted Gross Revenue':

18.1 Gross Revenue: The Gross Revenue shall be inclusive of revenue from Internet access service, revenue from internet contents, revenue from Internet Telephony service, revenue from activation charges, revenue from sale, lease or renting of bandwidth, links, R&G cases, Turnkey projects etc., revenue from IPTV service, late fees, sale proceeds of terminal equipments, revenue on account of interest, dividend, value added services, supplementary services, interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense etc.

18.2 For the purpose of arriving at the "Adjusted Gross Revenue (AGR)" the following shall be excluded from the Gross Revenue to arrive at the AGR:

- (i) Charges from pure Internet service, activation charges from pure internet subscribers. Pure Internet Services shall mean any method / device / technology to provide access to Internet unless explicitly prohibited and all content available including web-hosting, web-colocation which is available on internet without access restriction.
- (ii) Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax.
- (iii) Roaming revenue actually passed on to other eligible/entitled telecom service provider."

3. While considering TRAI recommendations dated 11.05.2010 on "Spectrum Management and Licensing Framework", with respect to AGR under Licences for provision of Internet Service (with and without Internet Telephony), the government, inter-alia, decided the following:

"Revenue for the purpose of licence fee for ISP Category may provisionally include all types of revenue from Internet services, allowing only those deductions available for pass through charges and taxes/levies as in the case of access services, without any set-off for expenses. Revenues from Internet services will also be included in the definition of applicable AGR provisionally for ISP-IT category till government takes a final decision after obtaining TRAI recommendations in this regard."

This has been informed to the ISPs as a part of communication dated 29.06.2012, revising the licence fee. (copy enclosed). Therefore the definition of "Adjusted Gross Revenue" is to be included /amended in various categories of Licences for provisioning of Internet Services (with and without Internet Telephony), granted since 1998 and amendment in the licence(s) thereof.

4. TRAI is therefore requested to give its recommendations w.r.t. inclusion/amendment of the definition of AGR in all the categories of ISP Licence. These recommendations are being sought with respect to existing licensees only and do not take into account the impact of liberalization of spectrum and future licences under Unified Licensing regime. However this definition should also cater to ISP licensees with standalone BWA spectrum.

Further TRAI may indicate the various components of service provisioning by these Licensees which may be included/excluded from the AGR definition like revenue from web-hosting, web-colocation, cloud services, sale of IT Components, bundled/unbundled services with Internet/broadband bandwidth etc.

5. TRAI in Para 2.133 of its recommendations dated 11.05.2010 on "Spectrum Management and Licensing Framework" has given recommendations with respect to minimum presumptive AGR for licensees holding GSM and CDMA spectrum but no specific recommendation has been made with respect to minimum presumptive AGR for UAS/ISP licensees holding BWA Spectrum.

6. TRAI is therefore requested to give its recommendations with respect to minimum presumptive AGR for BWA Spectrum holders under ISP/Unified Access Service licence(s) keeping in view the provisions of NIA for 3G/BWA spectrum auction.

Further, TRAI is requested to examine the issue related to presumptive AGR in case of other licences with or without spectrum, including access service licences, while giving their recommendations.

In addition, TRAI is requested to give its recommendations with respect to requirement of separate stream wise AGR accounting for each type of spectrum.

7. In view of above, I have been hereby directed to seek the recommendations of Telecom Regulatory Authority of India, under Section 11(1)(a)(ii) of TRAI Act, on

(i) The definition of AGR in the ISP License Agreements for provision of Internet Services, and amendment in the licence(s) thereof, in the following categories:-

- ISP licence(s) granted under 1998 guidelines (ISP Category Licence)
- ISP licence(s) granted under 2002 guidelines and subsequently under 2007 guidelines (ISP-IT Category Licence)

(ii) Applicability of minimum presumptive AGR and value, if applicable, for BWA Spectrum holders under Internet Service /Access Service licence(s), keeping in view the provisions of NIA of 3G/BWA spectrum auction and in case of other licences with or without spectrum, including access service licences.

(iii) Amendment in the "Format of Statement of Revenue and Licence Fee" to be reported by various categories of Internet Service Licensees and UAS Licensees.

8. While considering the matter above, TRAI may keep in view the feasibility/desirability of maintaining stream-wise AGR in multi band scenario for various types of licences (unliberalised and future liberalised spectrum scenario in same band may also be considered).


22/10/12
(Ritu Pande)
Dir(DS-III)

Government of India
Ministry of Communications and IT
Department of Telecommunications
(Data Services Wing)
Sanchar Bhawan, 20, Ashoka Road, New Delhi-110117

No. 820-01/2006-LR (Vol-II)Pt.

To,

All Internet Service Providers (ISPs)

Dated : 29.06.2012

Subject: Amendment with respect to Licence Fee (LF)-regarding

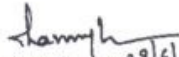
In pursuance of the right of Licensor to modify at any time the terms and conditions of the License Agreement for provision of Internet Services, in public interest or for the proper conduct of the service, the Licensor hereby intimates that:

A uniform licence fee rate of 8% of "Adjusted Gross Revenue (AGR)" shall be adopted for all ISP and ISP-IT licences, in two steps starting from 01.07.2012 as follows:

| Category of licence | Details | Annual Licence Fee rate as % of AGR | |
|---------------------|---|--|------------------------------|
| | | For the period from 01.07.2012 to 31.03.2013 | For year 2013-14 and onwards |
| ISP | Licence for provisioning of Internet services issued under 1998 guidelines (without Internet Telephony) | 4% | 8% |
| ISP-IT | Licence for provisioning of internet services (including Internet Telephony) issued under 2002 guidelines, Licence for provisioning of Internet services issued under 24.08.2007 guidelines | 7% | 8% |

Shamsh
29/6/12

2. Revenue for the purpose of licence fee for ISP Category shall provisionally include all types of revenue from Internet services, allowing only those deductions available for pass through charges and taxes/levies as in the case of access services, without any set-off for expenses. Revenues from Internet services will also be included in the definition of applicable AGR provisionally for ISP-IT category till government takes a final decision after obtaining TRAI recommendations in this regard.
3. Necessary amendment(s) to the Licence Agreement(s) to above effect will be issued in due course of time.
4. Please acknowledge receipt.


(Sanjay Kumar) 29/6/16
ADG(ISP-I)

Copy to:

1. Secretary TRAI, New Delhi
2. Sr. DDG(AS)/DDG(CS)/DDG(Security-TERM)/ Sr. DDG WPF/ DDG (LF-I/II)/WA /DOT
- ✓ 3. Director (IT) for uploading on the DOT Site
4. ISPAI
5. DG P&T Audit
6. Secy...., MOF

Annexure II

Format of Statement of Revenue and Licence Fee
_____ (Name and address of operator)
ISP Licence No.
in _____ (Service Area)
Statement of Revenue and Licence Fee for the Quarter
.....
of the financial year.....

(AMOUNT IN RUPEES)

| S.N. | PARTICULARS | ACTUALS FOR THE PREVIOUS QUARTER | ACTUALS FOR THE CURRENT QUARTER | CUMULATIVE UPTO THE CURRENT QUARTER. |
|----------|---|----------------------------------|---------------------------------|--------------------------------------|
| 1 | Revenue from services | | | |
| A | Revenue from Internet Access Service: | | | |
| A1. | Post paid options: | | | |
| i | Rentals | | | |
| ii | Activation Charges | | | |
| iii | Service Tax | | | |
| iv | Service charges | | | |
| V | Charges on account of any other value added services. Supplementary Services etc. | | | |
| vi | Any other income/ miscellaneous receipt from post paid options. | | | |
| A2. | Pre-paid options: | | | |
| i. | Sale of pre-paid option including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| B | Revenue from Internet Content Service: | | | |
| B1. | Post paid options: | | | |
| I | Rentals | | | |
| li | Activation Charges | | | |
| lii | Service Tax | | | |
| Iv | Service charges | | | |
| V | Charges on account of any other value added services. Supplementary Services etc. | | | |

| | | | | |
|----------|---|--|--|--|
| vi | Any other income/ miscellaneous receipt from post paid options. | | | |
| | | | | |
| B2. | Pre-paid options: | | | |
| i. | Sale of pre-paid option including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| | | | | |
| C | Revenue from Internet Telephony Service: | | | |
| C1. | Post paid options: | | | |
| i | Rentals | | | |
| ii | Activation Charges | | | |
| iii | Service Tax | | | |
| iv | Service charges | | | |
| v | Charges on account of any other value added services. Supplementary Services etc. | | | |
| vi | Any other income/ miscellaneous receipt from post paid options. | | | |
| | | | | |
| C2. | Pre-paid options: | | | |
| i. | Sale of pre-paid option including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| | | | | |
| | | | | |
| D | Revenue from any other value added service | | | |
| | | | | |
| 2 | Income from trading activity (all including of sales tax) | | | |
| (i) | Sale of Terminal Equipments | | | |
| (ii) | Sale of accessories etc. | | | |
| (iii) | Any other income/ miscellaneous receipt from trading activity. | | | |
| | | | | |
| | | | | |
| 3 | Income from investments | | | |

| | | | | |
|-----------|--|--|--|--|
| (i) | Interest income | | | |
| (ii) | Dividend income | | | |
| (iii) | Any other miscellaneous receipt from investments. | | | |
| 4 | Non-refundable deposits from subscribers | | | |
| | | | | |
| 5 | Revenue from franchisees /resellers including all commissions and discounts etc. excluding the revenues already included in IA&IB | | | |
| | | | | |
| 6 | Revenue from sharing/ leasing of infrastructure | | | |
| | | | | |
| 7 | Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc. | | | |
| | | | | |
| | | | | |
| 8 | Miscellaneous revenue | | | |
| | | | | |
| AA | GROSS REVENUE OF THE LICENSEE COMPANY: (Add 1-8) | | | |
| | | | | |
| B | DEDUCT: | | | |
| 1 | Revenue from Internet Access Service | | | |
| 2 | Revenue from Internet Content Service | | | |
| 3 | Service Tax paid to the Government | | | |
| 4 | Sales Tax paid to the Government | | | |
| BB | TOTAL DEDUCTIBLE REVENUE (1+2+3+4) | | | |
| CC | ADJUSTED GROSS REVENUE (AA-BB) | | | |
| | REVENUE SHARE @ ----- OF ADJUSTED GROSS REVENUE | | | |

Annexure III

Format of Statement of Revenue and Licence Fee
 _____(Name and address of operator)
ISP Licence No.
 in _____(Service Area)
Statement of Revenue and Licence Fee for the Quarter

of the financial year.....

(AMOUNT IN RUPEES)

| S.N. | PARTICULARS | ACTUALS FOR THE PREVIOUS QUARTER | ACTUALS FOR THE CURRENT QUARTER | CUMULATIVE UPTO THE CURRENT QUARTER. |
|----------|---|----------------------------------|---------------------------------|--------------------------------------|
| 1 | Revenue from services | | | |
| A | Revenue from Pure Internet Service (Internet Access and Content Service): | | | |
| A1. | Post paid options: | | | |
| i | Rentals | | | |
| ii | Activation Charges | | | |
| iii | Service Tax | | | |
| iv | Service charges | | | |
| V | Charges on account of any other value added services. Supplementary Services etc. | | | |
| vi | Any other income/ miscellaneous receipt from post paid options. | | | |
| | | | | |
| A2. | Pre-paid options: | | | |
| i. | Sale of pre-paid option including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| | | | | |
| B | Revenue from Internet Telephony Service: | | | |
| B1. | Post paid options: | | | |
| i | Rentals | | | |
| ii | Activation Charges | | | |
| iii | Service Tax | | | |
| iv | Service charges | | | |

| | | | | |
|----------|--|--|--|--|
| v | Charges on account of any other value added services. Supplementary Services etc. | | | |
| vi | Any other income/ miscellaneous receipt from post paid options. | | | |
| | | | | |
| B2. | Pre-paid options: | | | |
| i. | Sale of pre-paid option including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| | | | | |
| | | | | |
| C | Revenue from any other value added service | | | |
| | | | | |
| 2 | Income from trading activity (all including of sales tax) | | | |
| (i) | Sale of Terminal Equipments | | | |
| (ii) | Sale of accessories etc. | | | |
| (iii) | Any other income/ miscellaneous receipt from trading activity. | | | |
| | | | | |
| | | | | |
| 3 | Income from investments | | | |
| (i) | Interest income | | | |
| (ii) | Dividend income | | | |
| (iii) | Any other miscellaneous receipt from investments. | | | |
| 4 | Non-refundable deposits from subscribers | | | |
| | | | | |
| 5 | Revenue from franchisees /resellers including all commissions and discounts etc. excluding the revenues already included in IA&IB | | | |
| | | | | |
| 6 | Revenue from sharing/ | | | |

| | | | | |
|-----------|---|--|--|--|
| | leasing of infrastructure | | | |
| | | | | |
| 7 | Revenue from sale/ lease renting of bandwidth, links, R&G cases, turnkey projects etc. | | | |
| | | | | |
| 8 | Revenue from Roaming | | | |
| i | Roaming facility revenue from own subscribers. | | | |
| ii | Roaming revenue from own subscriber visiting other networks. | | | |
| iii | Roaming Commission earned. | | | |
| iv | Roaming revenue on account of visiting subscribers from other networks. | | | |
| V | Service Tax if not included above. | | | |
| vi | Any other income/miscellaneous receipt from roaming | | | |
| | | | | |
| 9 | Revenue from IPTV Services | | | |
| | | | | |
| 10 | Revenue from other Operators on account of provisioning of interconnection | | | |
| | | | | |
| 11 | Miscellaneous Revenue | | | |
| | | | | |
| AA | GROSS REVENUE OF THE LICENSEE COMPANY :(Add 1-11) | | | |
| | . | | | |
| B | DEDUCT: | | | |
| 1 | Revenue from Pure Internet Service | | | |
| 2 | Service Tax paid to the Government | | | |
| 3 | Sales Tax paid to the Government | | | |
| 4. | Roaming revenue actually | | | |

| | | | | |
|-----------|--|--|--|--|
| | passed on to other eligible/entitled telecom service provider. | | | |
| BB | TOTAL DEDUCTIBLE REVENUE (1+2+3+4) | | | |
| CC | ADJUSTED GROSS REVENUE (AA-BB) | | | |
| | REVENUE SHARE @ ----- ----- OF ADJUSTED GROSS REVENUE | | | |

Annexure-IV

Format of Statement of Revenue and Licence Fee
 _____(Name and address of operator)
Unified Access Services in _____ (Service Area)
Statement of Revenue and Licence Fee for the Quarter

of the financial year.....

(AMOUNT IN RUPEES)

| S.N. | PARTICULARS | ACTUALS FOR THE PREVIOUS QUARTER | ACTUALS FOR THE CURRENT QUARTER | CUMULATIVE UPTO THE CURRENT QUARTER. |
|----------|---|----------------------------------|---------------------------------|--------------------------------------|
| 1 | Revenue from services | | | |
| A | Revenue from wireline subscribers: | | | |
| (i) | Rentals | | | |
| (ii) | Call revenue within service area | | | |
| (iii) | National LONG DISTANCE CALL revenue | | | |
| (iv) | International LONG DISTANCE CALL revenue | | | |
| (v) | Pass thru revenue for usage of other networks (give OPERATOR-wise details) | | | |
| (vi) | Service tax | | | |
| (vii) | Service charges | | | |
| (viii) | Charges on account of any other value added services, Supplementary Services etc. | | | |
| (ix) | Any other income / miscellaneous receipt from wireline subscribers. | | | |
| | | | | |
| B | Revenue from WLL subscribers : (Fixed) | | | |
| (i) | Rentals | | | |
| (ii) | Call revenue within service area | | | |
| (iii) | National LONG DISTANCE CALL revenue | | | |
| (iv) | International LONG DISTANCE CALL revenue | | | |
| (v) | Pass thru revenue for usage of other networks (give | | | |

| | | | | |
|--------------|---|--|--|--|
| | OPERATOR-wise details) | | | |
| (vi) | Service tax | | | |
| (vii) | Service charges | | | |
| (viii) | Charges on account of any other value added services, Supplementary Services etc. | | | |
| (ix) | Any other income / miscellaneous receipt from WLL subscribers. | | | |
| C | Revenue from WLL subscribers : (handheld) | | | |
| (i) | Rentals | | | |
| (ii) | Call revenue within service area | | | |
| (iii) | National LONG DISTANCE CALL revenue | | | |
| (iv) | International LONG DISTANCE CALL revenue | | | |
| (v) | Pass thru revenue for usage of other networks (give OPERATOR-wise details) | | | |
| (vi) | Service tax | | | |
| (vii) | Service charges | | | |
| (viii) | Charges on account of any other value added services, Supplementary Services etc. | | | |
| (ix) | Any other income / miscellaneous receipt from WLL subscribers. | | | |
| | | | | |
| D | Revenue from Mobile Services: | | | |
| D (a) | Revenue from GSM based Mobile Services: | | | |
| D(a) 1. | Post paid options: | | | |
| i. | Rentals | | | |
| ii | Activation Charges | | | |
| iii. | Airtime Revenue | | | |
| iv. | Pass through charges | | | |
| v. | Service Tax | | | |
| vi. | Roaming charges | | | |
| vii | Service charges | | | |
| viii. | Charges on account of any other value added services. Supplementary Services etc. | | | |
| ix. | Any other income/ | | | |

| | | | | |
|--------------|---|--|--|--|
| | miscellaneous receipt from post paid options. | | | |
| | | | | |
| D(a) 2. | Pre-paid options: | | | |
| i. | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| | | | | |
| D(a) 3. | Revenue from Mobile Community phone service including full value of all components charged therein. | | | |
| i. | Revenue from Mobile Community phone service including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from Mobile Community phone service. | | | |
| | | | | |
| D (b) | Revenue from CDMA based Mobile Services: | | | |
| D(b) 1. | Post paid options: | | | |
| i. | Rentals | | | |
| ii | Activation Charges | | | |
| iii. | Airtime Revenue | | | |
| iv. | Pass through charges | | | |
| v. | Service Tax | | | |
| vi. | Roaming charges | | | |
| vii | Service charges | | | |
| viii. | Charges on account of any other value added services. Supplementary Services etc. | | | |
| ix. | Any other income/ miscellaneous receipt from post paid options. | | | |
| | | | | |
| D(b) 2. | Pre-paid options: | | | |
| i. | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| | | | | |
| D(b) 3. | Revenue from Mobile | | | |

| | | | | |
|----------|---|--|--|--|
| i. | Community phone service including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from Mobile Community phone service. | | | |
| | | | | |
| E | Revenue from Voice Mail /any other value added service | | | |
| | | | | |
| 2 | Income from trading activity (all including of sales tax) | | | |
| (i) | Sale of handsets | | | |
| (ii) | Sale of accessories etc. | | | |
| (iii) | Any other income/ miscellaneous receipt from trading activity. | | | |
| | | | | |
| 3 | Revenue from roaming. | | | |
| i. | Roaming facility revenue from own subscribers. | | | |
| ii. | Roaming revenue from own subscriber visiting other networks including STD/ISD/pass thru charges for transmission of incoming call during roaming. | | | |
| iii. | Roaming Commission earned. | | | |
| iv. | Roaming revenue on account of visiting subscribers from other networks. | | | |
| v. | Service Tax if not included above. | | | |
| vi. | Any other income/miscellaneous receipt from roaming. | | | |
| | | | | |
| 4 | Income from investments | | | |
| (i) | Interest income | | | |
| (ii) | Dividend income | | | |
| (iii) | Any other miscellaneous receipt from investments. | | | |

| | | | | |
|-----------|--|--|--|--|
| 5 | Non-refundable deposits from subscribers | | | |
| 6 | Revenue from franchisees /resellers including all commissions and discounts etc. excluding the revenues already included in IA&IB | | | |
| 7 | Revenue from sharing/ leasing of infrastructure | | | |
| 8 | Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc. | | | |
| 9 | Revenue from other OPERATORS on account of pass through call charges. | | | |
| 10 | Revenue from other OPERATORS on account of provisioning of interconnection | | | |
| 11 | Miscellaneous revenue | | | |
| AA | GROSS REVENUE OF THE LICENSEE COMPANY: (Add 1-11) | | | |
| BB | DEDUCT: | | | |
| 1 | Charges actually paid to other SERVICE PROVIDER(s) (OPERATOR-wise) | | | |
| 2. | Roaming revenues actually paid to other CMSPs And GMPCS service providers. (operator-wise) | | | |
| 3 | Service Tax paid to the Government | | | |
| 4 | Sales Tax paid to the Government | | | |
| BB | TOTAL DEDUCTIBLE | | | |

| | | | | |
|-----------|--|--|--|--|
| | REVENUE (1+2+3+4) | | | |
| CC | ADJUSTED GROSS REVENUE (AA-BB) | | | |
| | REVENUE SHARE @ ----- ----- OF ADJUSTED GROSS REVENUE | | | |

Annexure-V

Format of Statement of Revenue and Licence Fee
 _____ (Name and address of operator)
Unified Access Services in _____ (Service Area)
Statement of Revenue and Licence Fee for the Quarter
of the financial year.....

(AMOUNT IN RUPEES)

| S.N. | PARTICULARS | ACTUALS FOR THE PREVIOUS QUARTER | ACTUALS FOR THE CURRENT QUARTER | CUMULATIVE UPTO THE CURRENT QUARTER. |
|-------------|---|---|--|---|
| 1 | Revenue from services | | | |
| A | Revenue from wireline subscribers: | | | |
| (i) | Rentals | | | |
| (ii) | Call revenue within service area | | | |
| (iii) | National LONG DISTANCE CALL revenue | | | |
| (iv) | International LONG DISTANCE CALL revenue | | | |
| (v) | Pass thru revenue for usage of other networks (give OPERATOR-wise details) | | | |
| (vi) | Service tax | | | |
| (vii) | Service charges | | | |
| (viii) | Charges on account of any other value added services, Supplementary Services etc. | | | |
| (ix) | Any other income / miscellaneous receipt from wireline subscribers. | | | |
| | | | | |
| B | Revenue from WLL subscribers : (Fixed) | | | |
| (i) | Rentals | | | |
| (ii) | Call revenue within service area | | | |
| (iii) | National LONG DISTANCE CALL revenue | | | |
| (iv) | International LONG DISTANCE CALL revenue | | | |
| (v) | Pass thru revenue for usage of other networks (give OPERATOR-wise details) | | | |
| (vi) | Service tax | | | |
| (vii) | Service charges | | | |
| (viii) | Charges on account of any other value added services, Supplementary Services etc. | | | |
| (ix) | Any other income / miscellaneous receipt from WLL subscribers. | | | |
| | | | | |
| C | Revenue from WLL subscribers : (handheld) | | | |
| (i) | Rentals | | | |

| | | | | |
|----------------|--|--|--|--|
| (ii) | Call revenue within service area | | | |
| (iii) | National LONG DISTANCE CALL revenue | | | |
| (iv) | International LONG DISTANCE CALL revenue | | | |
| (v) | Pass thru revenue for usage of other networks (give OPERATOR-wise details) | | | |
| (vi) | Service tax | | | |
| (vii) | Service charges | | | |
| (viii) | Charges on account of any other value added services, Supplementary Services etc. | | | |
| (ix) | Any other income / miscellaneous receipt from WLL subscribers. | | | |
| | | | | |
| D | Revenue from Mobile Services: | | | |
| D (a) | Revenue from GSM and 3G spectrum based Mobile Services: | | | |
| D(a) 1. | Post paid options: | | | |
| i. | Rentals | | | |
| ii | Activation Charges | | | |
| iii. | Airtime Revenue | | | |
| iv. | Pass through charges (provide operator-wise details) | | | |
| v. | Service Tax | | | |
| vi. | Roaming charges | | | |
| vii | Service charges | | | |
| viii. | Charges on account of any other value added services. Supplementary Services etc. | | | |
| ix. | Any other income/ miscellaneous receipt from post paid options. | | | |
| | | | | |
| D(a) 2. | Pre-paid options: | | | |
| i. | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| | | | | |
| D(a) 3. | Revenue from Mobile Community phone service including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from Mobile Community phone service. | | | |
| | | | | |
| D (b) | Revenue from CDMA based Mobile Services: | | | |
| D(b) 1. | Post paid options: | | | |
| i. | Rentals | | | |
| ii | Activation Charges | | | |
| iii. | Airtime Revenue | | | |

| | | | | |
|----------------|--|--|--|--|
| iv. | Pass through charges (provide operator-wise details) | | | |
| v. | Service Tax | | | |
| vi. | Roaming charges | | | |
| vii. | Service charges | | | |
| viii. | Charges on account of any other value added services. Supplementary Services etc. | | | |
| ix. | Any other income/ miscellaneous receipt from post paid options. | | | |
| | | | | |
| D(b) 2. | Pre-paid options: | | | |
| i. | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| | | | | |
| D(b) 3. | Revenue from Mobile Community phone service including full value of all components charged therein. | | | |
| i. | | | | |
| ii. | Any other income/ miscellaneous receipt from Mobile Community phone service. | | | |
| | | | | |
| D (c) | Revenue from BWA Services: | | | |
| D(c) 1. | Post paid options: | | | |
| i. | Rentals | | | |
| ii. | Activation Charges | | | |
| iii. | Airtime Revenue | | | |
| iv. | Pass through charges (provide operator-wise details) | | | |
| v. | Service Tax | | | |
| vi. | Roaming charges | | | |
| vii. | Service charges | | | |
| viii. | Charges on account of any other value added services. Supplementary Services etc. | | | |
| ix. | Any other income/ miscellaneous receipt from post paid options. | | | |
| | | | | |
| D(c) 2. | Pre-paid options: | | | |
| i. | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| ii. | Any other income/ miscellaneous receipt from pre-paid options. | | | |
| | | | | |
| D(c) 3. | Revenue from Mobile Community phone service including full value of all components charged therein. | | | |
| i. | | | | |

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|----------|---|--|--|--|
| ii. | Any other income/ miscellaneous receipt from Mobile Community phone service. | | | |
| E | Revenue from Voice Mail /any other value added service | | | |
| 2 | Income from trading activity (all including of sales tax) | | | |
| (i) | Sale of handsets | | | |
| (ii) | Sale of accessories etc. | | | |
| (iii) | Any other income/ miscellaneous receipt from trading activity. | | | |
| 3 | Revenue from roaming. | | | |
| i. | Roaming facility revenue from own subscribers. | | | |
| ii. | Roaming revenue from own subscriber visiting other networks including STD/ISD/pass thru charges for transmission of incoming call during roaming. | | | |
| iii. | Roaming Commission earned. | | | |
| iv. | Roaming revenue on account of visiting subscribers from other networks (provide operator-wise details). | | | |
| v. | Service Tax if not included above. | | | |
| vi. | Any other income/miscellaneous receipt from roaming. | | | |
| 4 | Income from investments | | | |
| (i) | Interest income | | | |
| (ii) | Dividend income | | | |
| (iii) | Any other miscellaneous receipt from investments. | | | |
| 5 | Non-refundable deposits from subscribers | | | |
| 6 | Revenue from franchisees /resellers including all commissions and discounts etc. excluding the revenues already included in IA&IB | | | |
| 7 | Revenue from sharing/ leasing of infrastructure | | | |
| 8 | Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc. | | | |
| 9 | Revenue from other OPERATORS | | | |

| | | | | |
|-----------|---|--|--|--|
| | on account of pass through call charges (provide operator-wise details). | | | |
| 10 | Revenue from other OPERATORS on account of provisioning of interconnection (provide operator-wise details) | | | |
| 11 | Miscellaneous revenue | | | |
| AA | GROSS REVENUE OF THE LICENSEE COMPANY: (Add 1-11) | | | |
| BB | DEDUCT: | | | |
| 1 | Charges actually paid to other SERVICE PROVIDER(s) (OPERATOR-wise) | | | |
| 2 | Roaming revenues actually paid to other CMSPs And GMPCS service providers. (operator-wise) | | | |
| 3 | Service Tax paid to the Government | | | |
| 4 | Sales Tax paid to the Government | | | |
| BB | TOTAL DEDUCTIBLE REVENUE (1+2+3+4) | | | |
| CC | ADJUSTED GROSS REVENUE (AA-BB) | | | |
| | REVENUE SHARE @ ----- OF ADJUSTED GROSS REVENUE | | | |