

No.10-34/2007-BS-I
Government of India
Ministry of Communications & Information Technology
Department of Telecommunications
(Carrier Services Group)
Sanchar Bhawan, 20 Ashoka Road, New Delhi-100 001.

Dated the 24th September, 2008.

GUIDELINES FOR ISSUE OF LICENSE FOR 'RESALE OF IPLC' SERVICE

The broad guidelines for issue of license for 'Resale of IPLC' Service in India:-

1. The applicant must be an Indian company, registered under the Companies Act' 1956.
2. The applicant company shall submit the application in the prescribed Application form.
3. The applicant company can apply for only one license for 'Resale of IPLC' service.
4. The license for ILD service shall be issued on non-exclusive basis, initially for a period of 10 years, extendible by a period of 5 years subject to satisfactory performance in accordance with terms & conditions of the license particularly in regard to Quality of Service (QoS) parameters.

5.0 The licensee shall ensure that the total foreign equity in the paid up capital of the licensee company does not, at any time during the entire license period, exceed 74% of the total equity subject to the following FDI norms:

(i) Both direct and indirect foreign investment in the licensee 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 licensee 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.

(ii) FDI up to 49 percent will continue to be on the automatic route. FDI in the licensee 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.

(iii) FDI shall be subject to laws of India and not the laws of the foreign country/countries."

5.1 The Chief Officer Incharge of technical operations and the Chief Security Officer should be a resident Indian citizen. The officers/officials of the Reseller companies dealing with the lawful interception of messages will be resident Indian citizens.

5.2 The majority Directors on the Board of the company shall be Indian citizens. 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 Reseller.

5.3 The Company shall not transfer the following to any person/place outside India:- (a) Any accounting information relating to subscriber. (Note: it does not restrict a statutorily required disclosure of financial nature); and (b) User information.

5.4 In order to maintain the privacy of communication, Lawful Interception & Monitoring shall only be upon authorisation by the Union Home Secretary or Home Secretaries of the States/Union Territories as prescribed in Rule 419(A) of Indian Telegraph Rules 1951.

5.5 For monitoring traffic, the Reseller shall provide access of their facilities as well as to books of accounts to the security agencies.

5.6 In case the Reseller requires Remote Access to the network, prior permission of the Licensor shall be necessary. The approval for locations would be given by the licensor in consultation with the Security Agencies, subject to the compliance of related requirement.

5.7 In case of not adhering to License conditions envisaged in the license, the license granted to the company shall be deemed as cancelled and the licensor shall have the right to encash the financial bank guarantee(s) and the licensor shall not be liable for loss of any kind.

6. The applicant company shall pay one time non-refundable Entry Fee of Rs 1 crores before the signing of the License in the form of Demand Draft/Pay Order payable at New Delhi in favour of Pay & Accounts Officer (Headquarter), Department of Telecommunications, New Delhi.

7. The applicant company itself shall have a networth as well as paid up capital of Rs 2.5 crores on the date of application and shall submit the certificate to that effect from Company Secretary / Company's statutory Auditor alongwith the application for license. The networth shall mean as the sum total, in Indian rupees, of paid up equity capital and free reserves of the licensee company only and the networth of shareholders shall not be counted for determining the networth of the company for this purpose. The minimum networth & paid up capital shall be maintained during currency of license.

8. In addition to entry fee described above, the annual license fee of Rs. 5 Lakhs or revenue share @ 6% of the Adjusted Gross Revenue (AGR), whichever is higher shall be payable. The license fee includes 5% of AGR as USO contribution. AGR is as defined in the definition. The license fee shall be payable from the date of commencement of service or from the date of completion of one year from effective date of license agreement, whichever is earlier. Full details of the settlement regime through accounting rate mechanisms shall be required to be filed by the LICENSEE with the Licensor on regular basis. All bilateral settlements between the 'Resale of IPLC' service licensee and other operator shall be through normal banking channels in a transparent manner.

9. The LICENSEE company shall submit Financial Bank Guarantee (FBG) of Rs. 1 crores within one year from the Effective Date of license agreement or before the commencement of service whichever is earlier in the prescribed Proforma given in the License Agreement. The FBG shall be valid for a period of one year and shall be renewed from time to time for such amount as may be directed by the Licensor. The amount of FBG for subsequent period shall be equivalent to the estimated sum payable for two quarters towards license fee.

10. Change in the name of the applicant company or the licensee, as the case may be, shall be permitted in accordance with the provisions under the Companies Act, 1956.
11. The application shall be decided, so far as practicable, within 15 days of the submission of the application. The applicant company shall be informed accordingly. In case the applicant is found to be eligible for grant of license for 'Resale of IPLC' service, the applicant shall be required to deposit non-refundable Entry Fee and submit Bank Guarantees / other documents including no dues certificate in respect of outstanding amount against any license granted to the applicant company or partners/promoters or associate/sister concerns (minimum 10% of common equity) etc. and sign the license agreement immediately within a period of three months from the date of issue of the letter failing which it will be presumed that the applicant is no longer interested and the application will stand rejected.
12. In case the applicant is found to be not eligible for the grant of license for Resale of IPLC service, the applicant shall be informed accordingly, whereafter he can file a fresh application removing the deficiencies.
13. The LICENSE shall be granted to provide SERVICE as defined below, on a non-exclusive basis, and others can also be granted LICENSE for the said SERVICE. Provided further that the LICENSOR, of its own or through a DESIGNATED AUTHORITY, shall always have a right to operate the SERVICE.
- (a) The Resale of IPLC Provider is permitted to provide end-to-end International Private Leased Circuit (IPLC) between India and country of destination for any capacity denomination.
- (b) The licensee have to take IPLC from International Long Distance Service Providers (ILDOS) licensed under section 4 of the Indian Telegraph Act, 1885.
- (c) The Licensee shall be permitted to enter into an arrangement for leased line with Access Providers, National Long Distance Service Providers and International Long Distance Service Providers for provision of IPLC to end consumers.
- (d) The Licensee can access the subscribers for provision of IPLC only and not for any other purpose.
- (e) Licensee is allowed to sell bandwidth on retail basis with, or, without, value addition to end consumers.
- (f) The Licensee shall not sell the bandwidth to other licensee of 'Resale of IPLC' License.
- (g) Co-location of the equipment of the licensee at cable landing station should be on the same terms and conditions as may be made applicable from time to time for licensed International Long Distance Operators.
- (h) The licensee is allowed to create own infrastructure for multiplexing, de-multiplexing, billing system and related to customer management.
- (i) Public network is not to be connected with IPLC.
14. 'Resale of IPLC' Service provider may provide either itself or through Access Provider billing services to its customers. For this purpose, a suitable technical/commercial arrangement can be mutually made with the access providers/National Long Distance Service providers.
15. Licensee shall comply with any direction on interconnection regulations issued by the TRAI under TRAI Act, 1997.
16. The charges for access or interconnection with other networks shall be based on mutual agreements between the service providers subject to the restrictions issued from time to time by TRAI under TRAI Act, 1997.

17. Reseller shall take IPLC from the licensed ILDOs. The interception and monitoring of Resellers circuits shall take place at the Gateway of the ILDO from whom the IPLC has been taken by the Reseller.

18. The provisioning for Lawful Interception & Monitoring of the Resellers' IPLC shall be done by the ILDO and the concerned ILDO shall be responsible for Lawful Interception and Monitoring of the traffic passing through the IPLC. The Resellers shall extend all cooperation in respect of interception and monitoring of its IPLC and shall be responsible for the interception results. The Reseller shall be responsible to interact, correspond and liaise with the licensor and security agencies with regard to security monitoring of their traffic.

19. The Reseller shall, before providing an IPLC to the customer, get the details of services/equipment to be connected on both ends of IPLC, including type of terminals, data rate, actual use of circuit, protocols/interface to be used etc. The Resellers shall permit only such type of service/protocol on the IPLC for which the concerned ILDO has capability of interception and monitoring.

20. Without prejudice to the liability of ILDO, the Reseller shall pass on any direct request placed by security agencies on him for interception of the traffic on their IPLC to the concerned ILDOs within two hours for necessary actions.

21. The Reseller shall ensure protection of privacy of communication and ensure that unauthorized interception of messages does not take place. The Reseller shall take adequate and timely measures to ensure that the information passed through IPLC is secure and protected.

22. The Reseller shall not employ any bulk encryption equipment to their IPLC. Any customer of the Reseller desirous of employing encryption equipment for specific requirement has to have prior evaluation and approval of the Licensor or officer specially designated for the purpose. The reseller shall make a column in the customer application form whereby the customer has to disclose the intention of using encryption equipment.

23. The Reseller shall provide a list of their customers to authorized security agencies directly as well as to the ILD Operator from whom the IPLC has been taken and to the licensor; this should be updated at quarterly intervals. Additions and deletions in customers list should be reported on monthly basis.

24. The Reseller shall provide necessary facilities depending upon the specific situation at the relevant time to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity.

25. The Licensor or its authorized agency shall have the right to take over the services of the Reseller or revoke/terminate/suspend the license either in part or in whole as per direction if any, issued in the public interest, or in case of emergency or war or low intensity conflict or any other eventuality. Provided any specific orders or direction from the Licensor issued under such conditions shall be applicable to the Reseller and shall be strictly complied with.

26. The Reseller is obliged to provide, without any delay, tracing facility to trace nuisance, obnoxious, offensive or malicious communications transported through its IPLC.

27. In case any confidential information is divulged to the Reseller for proper implementation of the Agreement, it shall be binding on the Reseller and its employees and servants to maintain its secrecy and confidentiality.
28. The Reseller shall adopt all means and facilitate in every manner the application of the Indian Telegraph Act, 1885 and Indian Wireless Telegraphy Act, 1933 as modified or replaced from time to time or the rules framed thereunder. The service shall be provided in accordance with the provisions of Indian Telegraph Rules as modified and amended from time to time.
29. All foreign personnel likely to be deployed by the Reseller for purpose of providing the service shall be security cleared by the Government of India prior to their deployment. The security clearance will be obtained from the Ministry of Home Affairs, Government of India.
30. A format would be prescribed by the Licensor to delineate the details of information required before enrolling a customer which shall be used by the Reseller for enrolling the customers. Identification of customer /organizations supported by proper documents shall be pre-requisite before providing the service.
31. The licensor or its authorized representative shall have right to inspect the sites of the Reseller, if any.
32. Active support must be extended by the Reseller to the Telecom Enforcement, Resource and Monitoring (TERM) Cell of DoT for detection of clandestine / illegal telecommunications facilities. For this purpose, names of the Nodal officers & alternate Nodal Officers, as communicated to the Intelligence Agencies for monitoring of telecommunications, should also be forwarded to DDG(Security), DoT. The TERM Cell of DoT will contact the Nodal Officer / alternate Nodal officer, and till the time such nomination is received or in case of non-availability of such officer, the DoT's TERM Cell will contact the Chief Officer Incharge of Technical Operations of the Reseller, for such support / coordination.
33. The 'Resale of IPLC' service licensee shall be obliged to furnish all information to the Licensor as may be called upon from time to time. The licensee shall also submit information to TRAI as per any order or direction or regulation issued from time to time under the provisions of TRAI Act, 1997 or any amended or any modified statute.
34. The Licensor reserves the right to modify at any time the terms and conditions of the license, if in the opinion of the Licensor it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of service. The decision of the Licensor shall be final in this regard.
35. The Licensor reserves the right to suspend the operation of the license in whole or in part, at any time, if, in the opinion of the Licensor, it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of service. License Fee payable under clause No.8 to the Licensor will not be required to be paid for the period for which the operation of this license is suspended in whole.
- 36.(i) The Licensor may, without prejudice to any other remedy available to it for the breach of any conditions of Resale of IPLC service license, by a written notice of 60 days issued to the licensee at its registered office, terminate the license under any of the following circumstances :
- If the licensee :
- (a) fails to perform any obligation(s) under the LICENSE including timely payments of Fee and other charges due to the LICENSOR;

(b) does not rectify the failure, within the notice period, as may be pointed out to the LICENSEE by the LICENSOR

(c) becomes bankrupt/ goes in liquidation or is declared insolvent or is ordered to be wound up.

(d) is recommended by TRAI for termination of LICENSE for non compliance by the LICENSEE, of the terms and conditions of the LICENSE.

(e) fails to comply with FDI norms as indicated in para 1.1 above.

36.(ii) The Licensor may also impose a financial penalty not exceeding Rs. 50/- crores for violation of terms and conditions of the license agreement.

37. The Licensor reserves the right to revoke the Resale of IPLC service license at any time in the interest of public by giving a notice of 60 days.

38. The provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933, and the Telecom Regulatory Authority of India Act, 1997 as modified from time to time or any other statute on their replacement shall govern the Resale of IPLC service license.

39. The licensee shall furnish all necessary facilities as required for the application of provisions of Section 5(2) of the Indian Telegraph Act, 1885, whenever occasion so demands. Nothing provided and contained anywhere in the Resale of IPLC Service License Agreement shall be deemed to affect adversely anything provided or laid under the provisions of Indian Telegraphs Act, 1885 or any other law in force.

40. The 'Resale of IPLC' service licensee shall not engage on the strength of this license in the provision of any other Service, other than service as defined in the License Agreement.

41. The applicant company shall pay a processing fee, along with the application of Rs. 15,000/- in the form of Demand Draft/Pay Order payable at New Delhi in the name of Pay & Accounts Officer (Headquarter) DOT and the same will not be refunded for any reason whatsoever.

42. The detailed terms and conditions applicable to the license for 'Resale of IPLC' service are given in the License Agreement.

43. The application is to be submitted to the Director(CS-III), Department of Telecommunications, Room No.707, Sanchar Bhavan, , 20 Ashoka Road, New Delhi-110 001.

(S.T.Abbas)
Director (CS.III)
For and on behalf of President of India

**GOVERNMENT OF INDIA
 MINISTRY OF COMMUNICATIONS & INFORMATION TECHNOLOGY
 DEPARTMENT OF TELECOM.
 (CS CELL)
 SANCHAR BHAVAN, 20 ASHOKA ROAD, NEW DELHI-110 001.**

APPLICATION FOR LICENSE FOR OPERATION OF 'RESALE OF IPLC' SERVICE

1. Name of the Applicant Company : _____

2. Complete postal address with Telephone/FAX Nos./E-mail

i) Corporate Office _____

ii) Registered Office _____

3 Name of Authorised contact person, his designation and Telephone/FAX Nos./E-mail _____

4 Details of payment of processing fee (Demand Draft/Pay Order to be enclosed in a separate envelop)

5 Proof of Registration (Certified copy of Certificate of Registration duly certified by the Registrar of Companies to be enclosed)

6(a) Name of Promoters / Partners/Shareholders in the Company with 10% or more direct or indirect equity in applicant company:

S.No.	Name of Promoter / Partner/Shareholder	Indian / Foreign	Equity
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(b) Equity details
 Indian _____
 Foreign _____
 Total _____

(Certificate from Company Secretary / Company's statutory Auditor to be attached)

7. Networth of the applicant company (Copy of the Annual Report or Certificate from Company Secretary/Company statutory Auditor to be provided).

8. Certified copy of Agreement between the Indian company and foreign partner(s), If applicable

9. Certified copy of approval of Government of India for terms of Foreign Collaboration or copy of application submitted to SIA/Government in this regard with proof of submission.

10. Details of business plan along with the funding arrangement for financing the project.

11. Resolution of Board of Directors / other proof that the person signing the application is authorized signatory

11(a) Names of Chairman / Managing Director / Directors of the applicant Company	Nationality
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(b) Details of Chief Executive Officer / Chief Technical Officer /Chief Finance Officer

Name	Designation	Nationality
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Certificates:

I hereby certify that I have carefully read the guidelines of 'Resale of IPLC' Service and I undertake to fully comply with the terms and conditions therein.

I understand that this application if found incomplete in any respect or found with conditional compliance or not accompanied with the processing fee shall be summarily rejected.

I understand that processing fee is non-refundable irrespective of any reason whatsoever.

I undertake to sign the License Agreement within the time notified failing which my application shall be taken as rejected.

I understand that all matters relating to the application will be subject to jurisdiction of courts in Delhi / New Delhi only.

I understand that if at any time any averments made or information furnished for obtaining the license is found to be incorrect then my application and the license if granted thereto on the basis of such application shall be cancelled.

I hereby certify that I have cleared dues in respect of all payments arising out of any license granted under Section 4 of Indian Telegraph Act, 1885, (including Indian Wireless Telegraphy Act, 1933) to the applicant company or any promoters/partners thereof or associate/sister concern.

Date: _____
Place: _____

Signature and name of the
Authorised Signatory: _____
(Company's seal)