File No. 24-32/2018-DGT/2
Government of India
Ministry of Communications
Department of Telecommunications
(DG Telecom wing)

Dated **04/02/2019**

To

Heads of all the LSAs,

Sub:- Amendment in License Agreement for replacement of the current provision of PLR+2% by MCLR+4% as the interest rate on delayed payments of LF/SUC or any other dues - regarding.

This has reference to AS Wing's recent amendment in License Agreement vide their letter No. 20-271/2010-AS-I Vol. II dated 24.10.2018 **(Annexure-I)** thereby replacing the current provision of (PLR+2%) by (MCLR+4%) as interest rate on delayed payments of LF/SUC or any other dues.

2. In this regard, this office has been receiving references from few LSAs (eg UPE and Rajasthan LSA) proposing amendment in

i. DoT guidelines No. 800-2/2011-VAS dated 12.12.2011 which, *inter-alia,* prescribe the provision of calculation of interest rate on delayed payment in case of subscriber verification and
ii. Suitable amendment in legally vetted show-cause notice imposing penalties on defaulting TSPs in case of CAF non-compliance

3. Accordingly, the matter was referred to AS Wing. In response AS Wing clarified that vide letter dated 12.12.2011, the procedure for recovery of penalty levied on subscriber non-verification was issued. In these instructions, it was, *inter-alia,* prescribed that an interest of SBI PLR (as on 1st April of the concerned year) plus 2% would be levied for any period of delay beyond the pay by date. AS Wing further clarified that **the genesis of the interest rate applicable in such cases is not the License condition but based on the recommendations of the committee headed by Advisor (Finance)**. However, the interest rate mentioned was exactly similar to the interest rate prescribed in license agreement (before issuing the above amendment dated 24.10.2018)

4. In view of above, it is clarified that all the LSAs should continue to follow the AS wing's prevailing guidelines dated 12.12.2011 for calculation of interest on delayed payment in such cases.

This issues with the approval of Competent Authority.

Signature Not Verified
Digitally Signed by
KARAN GOYAL
Date: 2019.02.04
15:25:30 IST

(Karan Goyal)
ADG (P&N)