Ministry of Communications & IT
Department of Telecommunications
(Access Services Cell)
Sanchar Bhavan, 20 Ashoka Road New Delhi

No. 800-2/2011-VAS

Dated: 13.12.2011

All DDsG TERM
(LSA TERM Cells)

Sub: Issue of Demand Notice in case of CAF Audit

Please refer to the instructions issued from this office on CAF Audit and imposition of penalty in case of violations detected with regard to subscriber verification failure.

2. In this regard, a legally vetted template for issue of penalty notice is enclosed herewith as Annexure-I. Further, a legally vetted reminder notice in case of outstanding payment is also enclosed herewith as Annexure-II. (The shaded portion of the template may be replaced with relevant details of the case).

3. The demand notices may be issued as per templates enclosed. Wherever, there is a major change in the notice from the given template due to the facts of the case, the proposed notice alongwith the fact of the case shall be referred to DoT HQ for legal vetting of such demand notice.

4. Timely delivery of copies of demand notices to the respective CCAs may be ensured and record kept accordingly.

Encl: as above

13.12.2011
(A. K. Tirkey)
ADG (AS-II)

Copy for kind information to:

1. DDG (Security-TERM), DoT
2. DDsG TERM (non-LSA TERM Cells)

Annex-I

Government of India
Ministry of Communications & IT
Department of Telecommunications
Telecom Enforcement, Resource & Monitoring Cell, Delhi
5th Floor, MTNL Telephone Exchange Building, Nehru Place, New Delhi-110009

No. 60-01/TERMD-2011/BAL/Feb-2011 **Dated: 10th August, 2011**

To,

M/s Bharti Airtel Limited
Airtel Centre
2nd floor, 'A' Wing
Plot No.16, Udyog Vihar, Phase-IV
Gurgaon.

Kind Attention: Shri. Gaurav Mohan/ Sh.R. K. Singh, Nodal Officer

Sub: Demand Notice of penalty in respect of sample CAF Audit conducted based on the subscriber base at the end of Feb 2011 for Delhi Metro Service Area.

1. WHEREAS License for the provding Unified Access Services (UAS) in **Delhi Metro** Service Area was granted to **M/s Bharti Airtel Limited** under Section 4 of Indian Telegraph Act, 1885 vide License Agreement **No. 842-544/2005-VAS dated 27.04.2007.**

2. WHEREAS as per the clause no. 41.14 in Part VI of UAS License agreement, which inter-alia provides that "The licensee shall ensure adequate verification of each and every customer before enrolling him as a subscriber; instructions issued by the licensor in this regard from time to time should be scrupulously followed".

3. WHEREAS the Licensor has issued the instructions regarding verification of subscribers from time to time and also the scheme of financial penalty for violation of terms and conditions of the licence agreement in respect of subscriber verification failure cases vide No. 800-52/2008-VAS-III(Pt.) dated 24th December 2008.

4. WHEREAS the initial report of sample CAF audit was shared with M/s Bharti Airtel Limited vide this office letter/email dated **18.07.2011** to point out any disagreement with the findings of the sample audit giving 7 days time to represent in case of disagreement.

5. AND WHEREAS **735** cases of disagreement pointed out by M/s Bharti Airtel Limited were jointly discussed on case by case basis on **27.07.2011 to 29-07-2011**. Based on such discussions the report of sample CAF audit was finalised as summarised in Annexure-I and financial penalty has been calculated as per the letter No. 800-52/2008-VAS-III(Pt.) dated 24th December 2008. The details are enclosed as 'Annexure II'. The above report on which the two Annexures are based was E-mailed at the address Delhicircle.nodalofficer@airtel.in and copy to gaurav.mohan@airtel.in

6. WHEREAS it is observed from the report of the above referred sample CAF audit that M/s Bharti Airtel Limited has failed to comply with the essential requirement of subscriber verification like photo on CAF, I.D. proof and address proof in **198** cases and in **81** cases the CAF has not been made available to the TERM Cell. The total numbers of violations are in **279** cases.

7. AND WHEREAS it is clear from the above report that proper verification has not been carried out by the Service provider at the time of providing service to these subscribers. Hence, M/s Bharti Airtel Limited has violated the terms and condition of License Agreement and the instructions issued from time to time by licensor on the subject by providing mobile connection with proper verification.

8. NOW THEREFORE, on the grounds stated above, prescribed graded financial penalty of an amount of **Rs. 2,79,000/-** (Rupees **Two Lakhs and Seventy Nine Thousands only)** on the basis of correct subscriber verification percentage as per above sample CAF Audit is hereby imposed on M/s Bharti Airtel Limited for Delhi Metro Service Area for the month of February-2011.This amount is to be deposited with CAO (Cash), O/o CCA Delhi within 21 days from the date of issue of this notice through a demand draft or pay order payable at Delhi, drawn on any scheduled bank in favour of CAO/Sr. CAO(Cash), O/o CCA Delhi failing which the amount of the penalty shall be recovered with applicable interest (2% above the Prime Lending Rate (PLR) of state Bank of India existing as on the beginning of the Financial Year (namely 1st April)) as per terms and conditions of the licence agreement for non-payment of dues. Further, the Licensor shall be at liberty to encash the Financial Bank Guarantee in case of non-payment of above mentioned amount without any further notice to the Licensee.

9. This is without the prejudice to any other action that may be taken by the Licensor.

10. Kindly acknowledge the receipt of this letter.

Encl: **Annexure –I&II**

Director (TE-1)
TERM Delhi
Tel. No. 011-26443842
Mob. No. 9868139955

Copy to:
1. CCA, (concerned)
2. DDG (Security-TERM), 403, Sanchar Bhavan, New Delhi-110001.

Annex-II

Government of India
Ministry of Communications & IT
Department of Telecommunications
Telecom Enforcement, Resource & Monitoring Cell, Delhi
5th Floor, MTNL Telephone Exchange Building, Nehru Place, New Delhi-110009

No. 60-03/TERMD-2010/RCL/July-Sep-2010 **Dated: 29-08-2011**

To,

M/s Reliance Communication Limited
7th Floor, Vijaya Building,
Barakhamba Road, Connaught Circus
New Delhi – 110 001.

Sub: Demand Notice of penalty with interest in respect of sample CAF Audit conducted based on the subscriber base at the end of Sept-2010 for Delhi Service Area.

1. WHEREAS License for the providing Unified Access Services (UAS) in **Delhi Metro** Service Area was granted to **M/s** Reliance Communication Limited under Section 4 of Indian Telegraph Act, 1885 vide License Agreement **No. 10-21/04-BS-II/RIL/Delhi dated 14.11.2003.**

2. WHEREAS a demand notice was served on M/s Reliance Communication Limited vide this office letter No/ 60-3/TERMD-2010/RCL/July-Sep 2010 dated **21.03.2011** for violation of terms and conditions of license and instructions issued on subscriber verification based on the sample audit to deposit an amount of Rs. 49,65,000/- by 12th April 2011..

3. AND WHEREAS M/s Reliance Communication Limited has not deposited the amount of Rs. 49,65,000/- against the demand notice dated 21st March 2011 mentioned above.

4. NOW THJEREFORE, M/s Reliance Communication Limited is now required to pay an amount of Rs. 49,65,000/- along with an interest @ Rs. 323607 (2% above the Prime Lending Rate (PLR) of State Bank of India existing as on the beginning of the Financial Year (namely 1st April)) for a period of 5 months as calculated below latest by 15th Sep 2011.

Sl. No	Amount Due (Rs.)	No. of Days beyond the due date	No. of months (or part thereof) interest payable	Interest payable @ %	Total amount payable (Rs)
1	49,65,000	141	4.5	15.25	52,88,607

If the above said amount including the interest is not paid by M/s Reliance Communication Limited, by date 15-09-2011, the Licensor shall be at liberty to encash the Financial Bank Guarantee, without any further notice as per the provisions of the License Agreement.

5. This is without the prejudice to any other action that may be taken by the Licensor.

6. Kindly acknowledge the receipt of this letter.

Director (TE-1)
TERM Delhi
Tel. No. 011-26443842
Mob. No. 9868139955

Copy to:
1. CCA, (Delhi)
2. DDG (Security-TERM), 403, Sanchar Bhavan, New Delhi-110001.