



भारतीय दूरसंचार विनियामक प्राधिकरण  
TELECOM REGULATORY AUTHORITY OF INDIA  
भारत सरकार / Government of India



No. R/(2)/2022-FEA-II

Date: 19 September 2023

To

**The Secretary,**  
**Department of Telecommunications,**  
Ministry of Communications, Sanchar Bhawan,  
Ashoka Road, New Delhi - 110 001

**Subject: Recommendations on 'Rationalization of Entry Fee and Bank Guarantees' - regarding**

The Department of Telecommunications (DoT), through its letter dated 3<sup>rd</sup> March 2022, inter-alia, requested TRAI, under section 11(1)(a) of the TRAI Act of 1997, to furnish recommendations on "Rationalization of Entry Fee and Bank Guarantees".

2. In view of the reference, a Consultation Paper on 'Rationalization of Entry Fee and Bank Guarantees' was released on 26<sup>th</sup> July 2022 providing the background information and seeking inputs of the stakeholders. Comments/counter comments were received from 20 (twenty) and 1 (one) stakeholder. An Open House Discussion (OHD) was conducted through video conference on 9<sup>th</sup> December 2022.

3. Based on the comments/inputs received from the stakeholders and on its own analysis, TRAI has finalized its Recommendations on '**Rationalization of Entry Fee and Bank Guarantees**'. The salient features of the recommendations include: -

- (i) Reduction of entry fee from the present levels for Unified License (UL).
- (ii) The entry fee for UL (VNO) authorizations reduced substantially to promote competition and improved provision of services.
- (iii) No entry fee for M2M ("A"/ "B"/ "C"), Audio conferencing/ Audiotex/ Voice mail service, ISP "C".
- (iv) Rationalization of entry fee for UL authorizations (Access service, NLD and ILD, PMRTS, ISP "B", ISP "A" )
- (v) No entry fee at the time of renewal of licenses.

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- (vi) For Unified License, merger of Financial Bank Guarantee (FBG) and Performance Bank Guarantee (PBG) into a single Bank Guarantee for securitizing the dues, to cover the violation of license conditions and to ensure the performance under license agreement.
- (vii) Similarly, merger of FBG and PBG for Mobile Number Portability license into a single Bank Guarantee.
- (viii) For enhancing the ease of doing business, the process for submission of electronic bank guarantee (eBG) should be adopted.

4. In an environment of rapid technological transformation in the telecommunications sector, in order to facilitate the orderly growth of the telecom sector and Ease of Doing Business. It is expected that reductions in entry fee will lead to the entry of new service providers in the market, increase investment and enhance competition in telecom sector. The merging of bank guarantees will encourage ease of doing business and enable licensees to make investments in the sector thereby ushering the growth in the sector. Both these measures will improve the quality of service and enhance consumer welfare.

5. The recommendation of no entry fee at the time of renewal of license will ease the financial burden on existing, as well as new entrants, and will be beneficial for UL (VNO) licensees especially.

6. In keeping with the practice, a copy of this letter, along with the recommendations, is being placed on the website of TRAI ([www.trai.gov.in](http://www.trai.gov.in)).

**Encl.:** As above



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