

The Department of Telecommunications (DoT) has issued guidelines for ISPs proposing to offer virtual private network (VPN) services. Under the guidelines, ISPs can offer layer 2 and layer 3 VPN services over their network in their licensed service areas.

They cannot, however, provide layer 1 VPN services. To offer these services, there is a one-time refundable entry fee of Rs 100 million, Rs 20 million and Rs 10 million for categories A, B and C ISPs respectively. The annual licence fee will be charged at the rate of 8 per cent of the adjusted gross revenue generated under the licence. Initially, a financial bank guarantee (FBG) of Rs 10 million, Rs 2 million and Rs 10 million for categories A, B and C ISPs respectively will have to be furnished. Thereafter, the FBG amount will be equivalent to the estimated sum payable equivalent to the licence fees of two quarters and other dues. The tariffs will be prescribed by the Telecom Regulatory Authority of India (TRAI) from time to time.

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