

AGREEMENT
FOR SUBSIDY DISBURSEMENT FOR
OPERATION AND MAINTENANCE
OF VPTs

UNDER

UNIVERSAL SERVICE
OBLIGATION

IN ORISSA SERVICE AREA

No.30-101/2002-USF DATED 28/03/2003

TOTAL PAGES-30

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & INFORMATION TECHNOLOGY
DEPARTMENT OF TELECOMMUNICATIONS
OFFICE OF ADMINISTRATOR (USF)
20, ASHOKA ROAD, NEW DELHI-110 001 INDIA.

AGREEMENT

FOR

OPERATION AND MAINTENANCE OF VPTs

This Agreement is entered into on the 28th day of March ,2003 by and between the President of India acting through Shri N.K.Joshi, Dy.Administrator (USF),Department of Telecommunications (DOT),Sanchar Bhavan,20,Ashoka Road, New Delhi-110 001(herein after called the Administrator)of the FIRST PARTY.

AND

M/s Bharat Sanchar Nigam Limited, a company registered under the Companies Act 1956, having its registered office at 20 Ashoka Road, Sanchar Bhawan, New Delhi, acting through Shri.Anil Kumar the authorized signatory (hereinafter called the Universal Service Provider or USP which expression shall, unless repugnant to that context, include its successor in business, administrators, liquidators and assigns or legal representatives) of the SECOND PARTY.

WHEREAS the USP has requested and the Administrator agreed to enter into Agreement for operation and maintenance of VPTs in the service area described in SCHEDULE_I appended hereto on the terms and conditions recorded hereinafter in these presents.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In consideration of the performance of all the terms and conditions mentioned in this Agreement on the part of the USP, the Administrator does, enter into this Agreement for operation and maintenance of VPTs in the contracted service area described in SCHEDULE-I appended hereto.
2. This Agreement will remain valid for 7 (Seven) years from the Effective date unless revoked earlier for any reason whatsoever.
3. The USP hereby agrees and unequivocally undertakes to fully comply with all terms and conditions stipulated in this Agreement without any deviation or reservation of any kind.
4. Effective Date of this Agreement shall be 28th March, 2003.
5. More Agreements in USPs Service Area viz., Orissa may also be entered into from time to time in future without any restriction on number of USPs at the sole decision of Administrator.
6. This Agreement in any way does not modify the obligations for providing VPTs under the Basic Service License No.10-3/2000 –BS-II Dated 29.09.2000 for all India Service Areas.

7. Unless otherwise mentioned or appearing from the context ,the Tender Document and clarification to the Tender Document or Letter of Intent shall form part and parcel of this Agreement, Provided that in case of conflict or inconsistency on any issue relating to this Agreement, the terms set out in the body of this Agreement with schedules thereto shall prevail.

IN WITNESS WHEREOF the parties hereto have this Agreement to be executed through their respective authorized representative on the 28th March, 2003.

Signed for and on behalf of President of India

By (N.K.Joshi)
Dy.Administrator (USF), Department of Telecommunications.

Signed on behalf of M/s.BSNL by Anil Kumar, Jt.DDG (GP), authorized signatory and holder of general Power of Attorney dated 28.03.2003, executed in accordance with the Resolution No. 67, dated 28.03.2003 passed by the Board of Directors.

In the presence of:

Witness:

1.
Signature

Name Arvind Bajaj

Occupation Jt.DDG (WLL)

Address BSNL Corporate Office, Statesman House, Barakhamba Road

Place New Delhi

2.
Signature

Name S.K.Srivastava

Occupation Asst.Administrator (Tech), USF

Address O/o Administrator (USF), DOT

Place New Delhi

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SCHEDULE-I

SCHEDULE OF SERVICE AREA

This Service Area for which this Agreement is entered into is given below:

ORISSA

Schedule-II
TERMS AND CONDITIONS
PART I
GENERAL CONDITIONS

1.0 Transfer, Assignment or Franchising of the Agreement entered into, shall be subject to relevant conditions of Basic Service License

2.0 **Scope of the Agreement**

The Universal service Provider shall operate and maintain all the VPTs for which this Agreement has been entered into.

2.1 The Universal Service Provider shall be solely responsible for operation of necessary equipment and systems, redressal of user's/customer's complaints, Collection of call –charges and issue of receipts thereof, attending to claims and damages arising out of its operations.

3. **Duration of Agreement**

3.1 The Agreement shall be valid for a period of 7 (Seven) years from the effective date unless revoked earlier for reasons as specified elsewhere in the document.

4.0 **Extension of Agreement**

4.1 The Administrator may extend, if deemed expedient, the validity of this Agreement for such period and on such terms as may be mutually agreed which shall be reviewed during the fifth shall back on the owner operator, till an alternate arrangement is put I place by the Administrator.

4.2 On termination of the Agreement, the responsibility of operation & maintenance of the VPTs shall fall back on the owner operatot; till an alternate arrangement is put I place by the Administrator.

5.0 **Modifications in the Terms and Conditions of Agreement**

5.1 The Administrator reserves the right to modify at any time the terms and conditions of the Agreement, if in the opinion of the Administrator it is necessary or expedient to do so in public interest of the security of the State or for the proper conduct of the SERVICE. The decision of the Administrator shall be final in this regard.

6.0 **Requirement to furnish information**

6.1 The Universal Service Provider shall furnish to the Administrator, on demand, such documents, accounts, estimates, returns, reports or other information as may be called for by

the Administrator. The Universal Service Provider 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 as amended, modified or replaced

From time to time.

7.0 **Suspension, Revocation or Termination of the Agreement.**

7.1 The Administrator reserves the right to suspend the operation of the Agreement in whole or in part, at any time, if, in the opinion of the Administrator it is necessary or expedient to do so in public interest or in the interest of the security of the State. However, the Administrator shall not be responsible for any damage, claim or loss caused or arising out of such action. The suspension of the Agreement will not be a cause or ground or arising out of such action. The suspension of the Agreement will not be a cause or ground for extension of the period of the Agreement and suspension Period will be counted towards period spent under the validity of Agreement.

7.2 The Administrator may, prejudice to any other remedy available for the breach of any conditions of Agreement, by a written notice of 90 calendar days issued to the Universal Service Provider at its registered office, Terminate the Agreement under any of the following circumstances. The Universal Service Provider:

- A) Fails to perform any obligations(s) under the Agreements.
- b) Fails to rectify, within the time prescribed, any defect as may be pointed Out by the Administrator.
- c) Goes into liquidation or is ordered to be wound up.

Provided that if the respective Basic Service license of the USP is terminated, then the Agreement for Operation and Maintenance of VPTs provided under such license shall also be deemed to be terminated forthwith.

7.3 The Administrator reserves the right to revoke the Agreement at any time in public interest by giving a notice of 60 days counted from the date of issue of such notice.

7.4 Wherever considered appropriate, the Administrator may conduct an inquiry to determine whether there has been any breach in compliance of the terms and conditions of the Agreement by the Universal Service Provider and for such inquiry the Universal Service Provider shall extend all reasonable facilities and shall endeavor to remove hindrance of every type.

7.5 It shall be the responsibility of the Universal Service Provider to maintain the Quality of Service as per conditions of the Agreement, during the period of notice for termination of Agreement; otherwise this shall be a cause for invocation and forfeiture of PBG.

8.0 **Actions pursuant to Termination of the Agreement**

8.1 Wherever the Agreement is terminated or not extended, the Administrator may, at his sole discretion, in order to ensure continuity of Service, enter into an Agreement with another operator for running the Service or entrust the job to the owner of the VPTs who will be paid subsidy at the Representative rate of the USP.

8.2 On termination before the expiry period of the Agreement, the Bank Guarantee shall be released to the Universal Service Provider after ensuring that:

(i)QoS had been maintained as per standard prescribed hereto, and

(ii)Universal Service Provider has not received any payment in excess of the amounts due to him under the Agreement.

In case the Universal Service Provider has received amounts in excess, the excess amounts shall be realized through encashment of the Bank Guarantee without prejudice to any other action available for recovery.

9.0 **INDEMNITY**

9.1 The Universal Service Provider shall indemnify the Administrator in respect of any damages, claims, loss or action against Administrator for acts of commission or Omission on the part of the Universal Service Provider, its agents or servants.

10.0 **Disputes Settlements:-**

10.1 In the event of any question, dispute or difference arising under the Agreement, or in connection thereof, except as to the matter, the decision of which is specifically provided elsewhere under this Agreement, the same shall be referred to an Arbitral Tribunal, hereinafter called the "TRIBUNAL" consisting of sole Arbitrator to be appointed upon nomination made by Secretary, Legal Affairs, Ministry of Law & Justice, Government of India.

10.2 The venue of Arbitration shall be New Delhi or anywhere I India, as may be fixed by the TRIBUNAL. The Arbitration proceedings shall be conducted I accordance with provisions of Arbitration and Conciliation Act 1996 as amended or replaced from time to time.

11.0 **Force-Majeure**

11.1 If at any time, during the continuance of the Agreement, the performance in whole or in part, by either party, of any obligation under this is prevented or delayed, by reason of war, or hostility, acts of the public enemy, civic commotion, sabotage, Act of State or direction from Statutory Authority, explosion, epidemic, quarantine restriction, strikes and lockouts (not Limited to the establishments or facilities of the Universal Service Provider) Fire, floods, natural calamities or any act of GOD (herein after referred to as EVENT), provided notice of happenings of any such EVENT is given by the affected party to the other, within 10 Calendar days from the date of occurrence thereof, neither party shall, by reason of such event, be entitled to terminate the Agreement, nor shall either party shall, by reason of such event, be entitled to terminate the Agreement, nor shall either party have any such claims for damages against the other, in respect of such Non-performance or delay in performance. Provided SERVICE under the Agreement shall be resumed as soon as practicable, after such EVENT comes to an end or ceases to exist.

The decision of the Administrator as to whether the service may be so resumed (and the time frame within which the service may be resumed) or not, shall be final, binding and conclusive.

11.2 However, the Force Majeure events noted above will not in any way cause extension in the period of the Agreement.

12.0 **SET OFF CLAUSE**

12.1 In the event any sum of money or claim becomes recoverable from or payable by the Universal Service Provider to the Administrator either against that Agreement or otherwise in any manner, such money or claim can be (without restricting any right of set off for counter claim given or employed by law)deducted or adjusted against any amount or sum of money then due or which at any time thereafter may become due to the Universal Service Provider under this Agreement or under any other Agreement or Contract between the Administrator and the Universal Service Provider.

12.2 The aforesaid sum of money payable to the Universal Service Provider shall include any valuable security which can be converted into money.

12.3 After exercising the right of set off, a notice shall always be given immediately by the Administrator to the Universal Service Provider.

13.0 **OTHER OBLIGATIONS**

13.1 The Universal Service provider shall be bound by the terms and conditions of the Agreement as well as by such orders/directions/regulations of TRAI as per provisions of the TRAI Act, 1997 as amended from time to time and instructions as are issued by the Administrator.

13.2 The Statutory provisions and the rules made under Indian Telegraph Act 1885 or Indian wireless Telegraphy Act, 1993 or any order passed under these statutes, so far applicable, shall be binding on the Universal Service Provider.

PART II

COMMERCIAL CONDITIONS

14.0 Tariffs

14.1 The Universal Service Provider will charge the tariffs for the SERVICE as per the TRAI Tariff orders/regulations/directions issued in this regard from time to time. The Universal Service Provider shall also fulfill requirements regarding publication of tariffs, notifications and provision of information as per the Provisions of TRAI Act, 1997 as replaced or amended from time to time.

14.2 All rates must be prominently displayed in (i) local language, and (ii) Hindi and / Or English near each public access telephone facility operated by the Universal Service Provider. The USP shall also display the names and particulars of the concerned person with whom the customer/user of the VPT Service may lodge their Complaints/grievances. The USP should also display Toll free Public Utility Telephone numbers such as Fire ,Police, and Ambulance etc. A complaint book shall also be available at each VPT site and shall be produced for inspection by the Administrator and/or persons/organizations authorized in this regard.

PART-III

TECHNICAL CONDITIONS

15.0 TECHICAL CONDITIONS

15.1 The Universal Service Provider shall work within the framework of the Technical conditions of the Basic Service License.

16.0 Quality of Service Parameters

The Quality of Service Parameters for Basic Telecommunication Services as prescribed by TRAI shall prevail.

16.1 The Universal Service Provider shall ensure the Quality of Service (QoS) as prescribed by the TRAI from time to time .The Universal Service Provider shall adhere to such QoS standards and provide timely information as required therein.

16.2 The ADMINISTRATOR or TRAI may carry out performance tests either directly by them or through authorized agency or also evaluate the QoS parameters for the VPTs at any time during the tenure of the Agreement. The Universal Service Provider shall provide ingress and other support including documents, instruments, equipments etc. for carrying out such performance tests and evaluation of Quality of Service parameters.

16.3 The Universal Service Provider will keep a record of number of faults and rectification reports and other related details in respect of the service rendered, which will be produced before the Administrator or TRAI as and when required and in whatever form desired.

16.4 The Universal Service Provider shall be responsive to the complaints lodged by his customers. It shall rectify the anomalies within the MTTR specified and maintain The history sheets for each installation, statistics and analysis on the overall maintenance status.

16.5 Some mechanism should also be put in place for reporting/booking faulty Votes and its regular testing. Print out of line tests shall be got conducted on daily basis and data on metered call units(Mucus) should be preserved by the Universal Service Provider for a period of at least one year or till the final settlement of subsidy claimed, which ever is later.

PART IV
FINANCIAL CONDITIONS

17.0 Subsidy from Universal Service Fund (USF)

17.1 SSA-wise representative rate, at which Subsidy is disbursable, shall be as follows

Sl No.	Name of SSA	Total No. of VPTs	Technology	Representative Rate per VPT per annum (in Rs)
1.	BALASORE	1377	LANDLINE	4300
		939	MARR	6800
		1394	WLL	5000
2.	BARIPADA	849	LANDLINE	4400
		902	MARR	7000
		1709	WLL	5100
		1	INMARSAT	45900
3.	BERHAMPUR	1647	LANDLINE	4700
		1053	MARR	7300
		671	WLL	5300
4.	PHULBANI	831	LANDLINE	4600
		247	MARR	7100
		637	WLL	5200
5.	BOLANGIR	761	LANDLINE	4000
		720	MARR	6600
		913	WLL	5000
6.	KALAHANDI	877	LANDLINE	4600
		729	MARR	7100
		795	WLL	5200
7.	BHUBANESHWAR	1489	LANDLINE	4500
		1000	MARR	7000
		1587	WLL	5100
8.	CUTTACK	2894	LANDLINE	4500
		964	MARR	7000
		2286	WLL	5100
		1	INMARSAT	46000
9.	DHENKANAL	1920	LANDLINE	4500
		1146	MARR	7100
		1312	WLL	5200
		1	INMARSAT	46000
10.	KORAPUT	1175	LANDLINE	7200
		1835	MARR	10300
		1300	WLL	7200
		1	INMARSAT	57700
11.	SUNDERGARH	534	LANDLINE	4400
		568	MARR	6900
		220	WLL	5100
		1	INMARSAT	45900
12.	SAMBALPUR	1279	LANDLINE	4900
		1210	MARR	7500
		756	WLL	5400

Provided that. The representative rate of subsidy shall be reviewed during the third year of the Agreement, as STD facility would have been provided on the VPTs as per recommendations of the Regulator. The modified rate of subsidy will be determined based on the review taking into consideration inter-alia, the increase in revenue receipts due to provision of STD facility. The modified representative rate for subsidy support based on review shall be review Shall be applicable from the 4th year of the Agreement.

17.2 The Universal Service Provider shall receive the Subsidy from the date of the operation and Maintenance of the VPTs or 1.4.2002, which ever is later.

NOTE: For the VPTs are yet to be installed in the uncovered villages in the Service Area as per Census 1991, subsidy towards OPEX at the representative rate of the technology as established through the bidding process or the benchmark indicated in the tender as applicable, shall also be given with effect from the date, such VPTs are physically installed And made operational. The Technology adopted should be the most suitable and cost effective for that SSA. The decision of the Administrator in this regard shall be final .The Representative rate for all wireless technologies and C-DOT PMP shall be the Representative rate for WLL in the SSA .Representative rate for V-SAT and INMARSAT technologies shall be considered only in the event no other technology is feasible.

18.0 Schedule for disbursement of Subsidy.

18.1 For the purpose of the disbursement of funds from USF the 1st year shall end on 31st March following the date of commencement of the Agreement and the disbursement for the First year shall be determined on a pro-rata basis for the actual of the “year”. From second year onwards the year shall be Twelve English calendar months from 1st April to the 31st March.

EXPLANATION: The disbursement of funds for the first year and last quarter of the last year of the Agreement will be computed with reference to the actual number of days after excluding the other quarters, each being of three months.

18.2 The Subsidy from USF shall be disbursed in four quarterly installments during each financial year. Each installment shall be disbursed quarterly in arrears, generally within thirty Days of receipt of a valid claim for the VPTs maintained up to the Close of the previous quarter.

18.3 The Universal Service Provider shall submit its claim for quarterly Subsidy in a STATEMENT in the prescribed form given as Attachments to Annexure showing the computation of Subsidy for the quarter, by 15th of the month following the quarter. The claim shall be duly certified with an Affidavit (as per Annexure II) by a representative of the Universal Service Provider duly authorized by a Resolution of the Board of Directors.

18.4 The aforesaid quarterly STATEMENTS of each year shall be required to be audited by the Auditors of the Universal Service Provider appointed under Section 224 of the Companies’ Act, 1956. The report of the Auditors should be in the prescribed form given in Annexure-III to be filled with the Administrator within 7(seven) calendar days

of the date of signing of the Audit Report but not later than 30 the September of the following financial year.

- 18.5 The VPTs that remain faulty for more than 7 (seven) days in a quarter, shall not be reckoned for the purpose of disbursement of full subsidy from USF, and subsidy payable shall be reduced proportionately for the total number of days they remained faulty during the quarter.
- 18.6 All claims for subsidy shall be accompanied by a stamped pre-receipted bill. Disbursement of Subsidy shall be by cheques, through the Office of the Administrator or Controller of Communications Accounts, of the respective Telecom Circles or any other designated Authority.
- 18.7 The Administrator shall pay the subsidy for a quarter after making adjustments, if any, for the payments made in the previous quarter.
- 18.8 Final adjustment, if any in respect of excess or shortage in the Subsidy disbursed shall be made in the following year based on the quarterly Statements duly certified by the Auditors of the Universal Service Provider.
- 18.9 In case the total amount disbursed for a financial year, based on the quarterly self-assessment claims of the Universal Service Provider, results in excess payment by more than 10% of the actual Subsidy due to him. The entire amount of excess payment shall be recovered along with an interest at the Prime Lending Rate (PLR) of State Bank of India, prevalent on the day the respective disbursement was made. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purposes of calculation of interest. (Month for this purpose shall be taken as an English calendar month). The excess payment together with interest shall be recovered by way of adjustment from the further subsidy due to the USP, in case it is not refunded by the USP. No interest shall be payable by the Administrator for the short claims, if any made by the USP under the self-assessment claims.
- 18.10 The disbursement of Subsidy shall be made for the period of the Agreement, unless terminated or revoked earlier. Provided further, that MARR VPTs on replacement shall not be eligible for Subsidy under this Agreement.
- 18.11 The relevant records of the Universal Service Provider shall be subject to such scrutiny as may be prescribed by the Administrator so as to facilitate independent verification of the amount due to the USP as subsidy.
- 18.12 The Administrator, to ensure proper and correct verification of Subsidy paid, can if deemed necessary modify, alter, or substitute and amend whatever is stated herein.

19.0 **BANK GUARANTEES:**

19.1 There is no requirement for submission of Performance Bank Guarantee (PBG) by BSNL, as long as it is a 100% Government owned Company.

20.0 **Maintenance of records**

20.1 The Universal Service Provider will draw, keep and furnish accounts for the VPTs for which it has signed the Agreement and shall fully comply with orders, directions or regulations as may be issued from time to time by the Administrator and/ or by the TRAI.

20.2 (a) The Administrator or the TRAI, as the case may be, shall have a right to call for, and the Universal Service Provider shall be obliged to maintain, supply and provide for examination of the books of accounts and records of faults. The Universal Service Provider shall also be required of the business carried on to provide the service(s) under this Agreement at any time.

(b) The Universal Service Provider shall invariably preserve all accounting records and other records (electronic as well as hard copy) for a period of THREE years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the Agreement.

20.3 The Service Provider shall submit annually by 30th September of the following financial year the actual cost and revenue details for the Services provided in the format prescribed in Annexure-V.

20.4 The relevant records of the Universal Service Provider will be subject to such scrutiny as may be prescribed by the Administrator so as to facilitate independent verification of the amount due to the Universal Service Provider as subsidy from the USF.

PART –V

OPERATING CONDITIONS

21.0 Customer Service

21.1 The terms and conditions of the Basic Service Licence Agreement shall prevail and shall be binding mutatis mutandis.

22.0 Right to inspect

22.1 The Administrator or his authorized representative shall have the right to inspect the sites used for extending the Service and in particular but not limited to, have the right to have access to leased lines, junctions, terminating interfaces, hardware/software, memories of semiconductor, magnetic and optical varieties, wired or wireless options, distribution frames and conduct the performance test including entering into dialogue with the system through Input/Output devices or terminals. The Universal Service Provider will provide the necessary facilities at own cost for continuous monitoring of the system, as required by the Administrator or his authorized representatives(s).The Inspection will ordinarily be carried out after reasonable notice except in circumstances where giving such a notice will defeat the very purpose of the inspection.

22.2 Wherever considered appropriate Administrator may conduct any inquiry either suo motu or on a complaint, to determine whether there has been any breach in compliance of terms & conditions of the Agreement by the Universal Service Provider, and during such inquiry the Universal Service Provider shall extend all reasonable facilities without any hindrance.

23.0 Location of VPTs

23.1 The Universal Service Provider may change the location of the VPTs to provide better access to the public within the geographical boundaries of the same village under intimation to the Administrator. No cost towards relocation of VPT shall be payable to the USP.

24.0 Confidentially of information

24.1 *The terms and conditions of the* Basic Service License shall be binding mutatis mutandi.

25.0 Prohibition of certain Activities by the Universal Service Provider

25.1 The terms and conditions of the Basic Service License shall be binding mutatis mutandi.

26.0 Security Conditions

26.1 The terms and conditions of the Basic Service License shall be binding mutatis mutandi.

27.0 Application of Indian Telegraph Act

27.1 The terms and conditions of the Basic Service License shall be binding mutatis mutandi.

PART VI
DEFINITIONS

28.0 Interpretation of Terms/ Definitions

Unless the context otherwise requires, the different terms and expressions used shall have the meaning assigned to them in the following paragraphs:

28.1 **ADMINISTRATOR** means the Administrator, Universal Service Fund in the office of the Administrator,USF under Department of Telecommunications, Ministry of Communications & IT.

28.2 **BENCHMARK:** Benchmark is the rate that shall form the upper ceiling for submission of bids.

28.3 **AGREEMENT** shall mean the Agreement signed by the Universal Service Provider with the Administrator ,related to Universal Service Obligation on the basis of the outcome of the bidding process.

28.4 **CUSTOMER** includes any subscriber which subscribes to /avails of the service from the service Provider.

28.5 **DESIGNATED MONITORING AGENCIES**, refers to the agencies authorized by the Administrator to carry out inspection of the records, claims and installations including physical verification in order to ensure compliance with conditions of the Agreement.

28.6 **EFFECTIVE DATE** is the date on which this Agreement comes into effect.

28.7 **LICENCE** means a Licence granted of having effect as of granted under section 4 of the Indian Telegraph Act 1885 and Indian Wireless Act 1933.

28.9 **NET COST:** Net cost for the purpose of this Agreement shall be Annual operating expense minus Annual Revenue

For the purpose of arriving at revenue, no deduction of any kind whatsoever except service tax, if any, paid to the Government is allowed.

28.10 **OPEX** refers to Operating Expense involved in operation and maintenance of VPTs terminal equipment, line (wire or wireless) up to, and inclusive of the line card in the telephone exchange. It shall include the staff cost, office and administrative expenses, expenditure on maintenance, licenses fees and spectrum charges paid to the Government and commission paid to the custodian for running the VPT.

28.11 **QUALITY OF SERVICE (QoS)** is evaluated on the basis of observable measure on the grade of service or the response time and also includes acceptable grade of number of faults per unit population of the subscriber served, the mean time to restore (MTTR), faults carried over beyond the MTTR and the satisfactory disposal thereof.

28.12 **REPRESENTATIVE RATE** is the rate of particular technology namely (i) land line,(ii)Wireless in Local Loop (WLL) which includes all WLL Technologies including CDMA, Cor-DECT, GSM and C-DOT PMP, (iii) GSM wherever specified,(iv)V-SAT, and (v) INMARSAT, which emerges as the lowest rate of the successful bidder and at which Subsidy is disburseable for such technology.

28.13 **SERVICE AREA:** Service Area means the territorial jurisdiction as specified under the Basic Service Licence except the areas that may be notified to be excluded from time to time.

28.14 **SECONDARY SWITCHING AREA (SSA):** SSA is one of the several areas into which the country is divided by the Telecom Authority and declared as such for the purpose of charging for trunks calls which generally is co-terminus with Long Distance Charging Area (LDCA).

28.15 **SUBSIDY from USF** means the disbursements made from USF towards meeting the universal service obligations in terms of the Agreement.

28.16 **TRAI** means Telecom Regulatory Authority of India constituted under the TRAI Act, 1997 as amended from time to time.

28.17 **USO** means Universal Service Obligation as enunciated in NTP-99 and the guidelines issued by the DOT as amended from time to time.

28.18 **VPT** means the first public telephone installed in a village which till then did not have any telephone.

ANNEXURE-I

GUIDELINES FOR PROVISION OF VPT SERVICE

MAINTENANCE AND PERFORMANCE MONITORING OF THE VPTs:

Provision of fault free and efficient VPT service is one of the prime concerns of the Administrator. Following broad guidelines should be followed by the Universal Service Providers (USPs) to ensure proper functioning of VPTs:

1. Testing of VPTs should be carried out daily from the exchange .Any VPT not responding on two consecutive days should be treated as faulty.
2. Testing of MARR and WLL links should be carried out daily from Base Station.
3. Meter reading should be checked fortnight and low reading should be taken as indication of the system not performing properly and subsequently be checked.
4. VPT Custodians should be advised to book their fault at telephone exchange and/or the nominated nodal officer.
5. Repair Centers should be set up in each Service Area.
6. Sufficient spare units should be procured and stocked.
7. Annual Repair Contract/AMC should be entered into with supplier of the systems as far as possible.
8. Inspection schedules as may be formulated by Universal Service Provider and should be strictly adhered to.
9. Monthly/Weekly performance report should be maintained for monitoring and kept ready for inspection by USF Administration.
10. Meetings should be held with villagers to sort out the grievances.
11. VPTs disconnected for non-payment may be shifted to new location/custodian.
12. Un-serviceable components of the system should be replaced.
13. In case of public complaints about no-availability of VPT on account of their location in Panchayat Bhawan etc, USPs are authorized of VPTs.
14. In cases where meter readings remain zero due to non use VPTs for a prolonged time and not due to faults, USPs are authorized to shift VPTs to other suitable location. Selection of alternate custodian/location in the same village in this situation should be made by USP, at any convenient public place like grocery shop etc.
15. The VPT should be available to general public without discrimination for at least 12 Hrs preferably from 9AM to 9PM.

(Applicable to claims for Operation and Maintenance of VPTs from QE 30/09/2004)

ANNEXURE -II

AFFIDAVIT (ON STAMP PAPER)

Agreement No. ----- Dated-----For—(Name of Agreement)

1. I.....,aged aboutyears son of Shri.....,resident of.....do solemnly affirm and state as under:
2. That I amof..... (Name of the Company), Universal Service Provider in.....Service Area and I am duly authorized by the resolutions dated.....passed by Board of Directors of the Company to furnish affidavit on behalf of.....(Name of the Company).
3. That a claim of Rs.....(Rupees.....)is being made for the periodto.....The details of calculation of subsidy are as per Attachments enclosed.
4. That the contents of Attachments-----&-----to Annexure II are true and correct to the best of my knowledge, based on the records of the company, which are available for further verification by the appropriate authorities and that the VPTs provided were functional from the date of installation/replacement shown in the Statements (Attachments.....&.....of Annexure II).
5. Any VPT remaining non-functional either on the account of Fault, Disconnected due to Non-Payment (DNP)or Non Incremental Meter Reading (NIMR) in the claimed period has been correctly reflected in the claim.
6. That excess payment or shortage, if any, in the subsidy received shall be adjusted in the following year based in the quarterly statements duly certified by the Auditors of the Company and scrutiny as prescribed by the Administrator.
7. That the VPTs on any wireless technology have been provided by using fixed wireless terminals (FWTs).
8. That the VPTs provided are available for use by general public at a specified location in the village against which it has been shown as installed.

Deponent.

VERIFICATION

Verified aton.....that the contents of the affidavit and Attachments&.....to Annexure II are true and correct to the best of my knowledge no part of it is false and nothing has been concealed there from.

Deponent.

AFFIDAVIT (on stamp paper)

I....., aged aboutyears son of Shri resident of....., do solemnly affirm and state as under:

2 That I amof(Name of the Company), Universal Service Provider ofin..... Service Area and I am duly authorized by the resolutions dated Passed by Board of Directors of the Company to furnish affidavit on behalf of..... (Name of the Company).

3. That in compliance of Condition No.....of schedule Partand Annexure.....of the Agreement No.....signed between the Company and the Administrator Department of Telecommunications, for claiming subsidy from USF, a claim of Rs.....(Rupees.....) Is being made for the period to.....The details of calculation of subsidy is as per Attachments.....(attached).

4. That the contents in para 2 & 3 and Statement made in Attachments----- are true and correct to the best of my knowledge, based on the records of the company.

Deponent.

VERIFICATION

Verified at On That the contents of paragraphs 1 to 3 of the affidavit and Attachment ----- are true and correct to my knowledge, no part of it is false and nothing has been concealed therefrom.

Deponent.

STATEMENT FOR CLAIM OF SUBSIDY

NAME OF THE U.S.P

SERVICE AREA

NAME OF THE SSA

QUARTER ENDING

SL NO.	TECHNOLOGY	(A)LAND LINE	(B)WLL	(C)MARR	(D)VSAT	(E)OTHERS* (SPECIFY)
1.	SUBSIDY PER VPT AS PER AGREEMENT/4					
2.	NUMBER OF VPTs QUALIFYING FOR SUPPORT FOR THE FULL QUARTER					
3.	AMOUNT OF SUBSIDY=SL.NO.(1*2)					
4.	**PRORATA SUBSIDY FOR PART OF THE QUARTER					
5.	TOTAL SUBSIDY(3+4)					
6.	DEDUCT (a)Proportionate Subsidy towards period for which VPTs were faulty more than 7 days but less than 45 days. (b)Full quarters Subsidy for VPTs that remained faulty for 45 days or more during the quarter.					
7.	Total Deduction=(a)+(b) Above					
8.	Net Subsidy for the quarter=(5-7)					
9.	Total Subsidy (A to E) Of Sl.No.8					

Note1:Please enclose statement in the form ATTACHMENT(2/4) giving details of the VPTs that remained faulty during the quarter.

Note2:Where the subsidy claimed is for less than a quarter,the claim shall be submitted on a pro-rata basis for the actual duration during the quarter.

**Note3(a) For the VPTs that are installed in the uncovered villages,during the quarter,please enclose Statement in the format attachment(3/4).

(b)MARR VPTs on replacement shall not qualify for Subsidy,under this Agreement,from the date of their replacement.Please enclose statement in the form attached as (4/4).

(c) The Subsidy for the first quarter of the first year and the last quarter of the last year to be computed with reference to the actual number of days.

. Legend:Each of the “other”technologies should be shown in separate columns.

(Signature of Authorised representative along with company’s seal)

ATTACHMENT (PAGE 2/4) TO ANNEXURE II

LIST OF VPTS OUT OF ORDER IN THE QUARTER ENDING

NAME OF THE U.S.P

SERVICE AREA

NAME OF THE SSA

TOTAL NUMBER OF VPTs

SL. NO	VPT NO. WITH STD CODE	TECHNOLOGY	NAME OF THE VILLAGE	PERIOD OF FAULT (5)	NO. OF DAYS (6)	DURATION OF FAULT(DAYS) (7)	REMARKS (8)
(1)	(2)	(3)	(4)	(FROM) TO		MO 45 RE DAYS THA OR N 7 MORE DAY S BUT LES S THA N 45	

SUB TOTAL
OF EACH VPT

GRAND
TOTAL:

NOTE:

1. WHILE ARRIVING T DURATION OF FAULT IN COL.(NO.OF DAYS) EACH INCIDENCE OF FAULT, CONSECUTIVE OR OTHERWISE, FOR EVERY VPT SHALL BE ADDED UP.

2. IN COLUMN(2), COMPLETE AREA CODE, OPERATOR CODE AND TELEPHONE

NUMBER OF VPT SHPULD BE GIVEN.

(Signature of Authorised representative along with company's seal)
Attachment page(3/4) to annexure-II

Statement of VPTs eligible for OPEX installed during the Quarter

Name of the Service provider:

Name of the Service Area:

Name of the SSA:

For the quarter ending:

For the financial year:

S.No.	Name of Village	Tel .No.with STD code	Technology used	Date of Installation
-------	-----------------	--------------------------	--------------------	-------------------------

Note:In col (3),complete area code,operator code and telephone number of VPT should be given.

(Signature of Authorised representative along with company's seal)

Statement of MARR VPTs replaced during the Quarter

Name of the Service Provider:

Name of the Service Area:

Name of the SSA:

For the quarter ending:

For the financial year:

S.No.	Name of Village	Tel.No. with STD code	Technology used in replacement	Date of Replacement
-------	-----------------	--------------------------	--------------------------------------	------------------------

Note:In col (3),complete area code ,operator code and telephone number of VPT should be given.

(Signature of Authorised representative along with company's seal)

Formal Of Auditors’s Report On Statement Of Claim for Subsidy from USF

To
The Board Of Directors
.....
.....

We have examined the attached Statements(s) of claim for subsidy from USF of(tha name of the Universal Service Provider) for the quarter(s) ending-----. We understand that the aforesaid statement (s) is/are to be furnished to the Central Government for assessment of the subsidy payable to the Universal Service Provider by the Government,in terms of the Agreement No..... Signed between the Universal Service Provider and the Administrator.

We report that:

- 1.We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 2.Inour opinion and to the best of our knowledge and belief and according to the explanations given to us,the Statement has been in accordance with the conditions contained in the said Agreement in this behalf and gives a true and fair view of the subsidy claimed for the period computed on the basis of the aforesaid conditions.
- 3.In our opinion and to the best of information .record of faults is kept in such a manner as to reflect the correct position,for the purpose of claiming subsidy under the Agreement.

(NAME AND SIGNATURE WITH COMPANY’S SEAL)

PROFORMA FOR PERFORMANCE BANK

To
 The President of India
 Acting through the Administrator(USF)

In consideration of the President of India (hereinafter referred to as 'the Administrator') having agreed to enter into an Agreement with M/s
 Of.....(hereinafter called the 'the Universal Service Provider')
 To maintain and operate VPTs under the Agreement for the Universal Service Obligation (hereinafter called 'the SERVICE') as per Letter of Intent/Agreement No..... dated------(hereinafter called 'the said Agreement) on the terms and conditions contained in the said Agreement which inter-lia provides for production of a Bank Guarantee to the extent of Rs.....(I words-----) for the service by way of security for the due observance and performance of the terms and conditions of the said Agreement. We.....(indicate the name and address and other particulars of the Bank)(hereinafter referred to as 'the Bank') at the request of the Universal Service Provider hereby irrevocably and unconditionally guarantee to the Administrator that the Universal Service Provider shall render all necessary and efficient services which may be required to be rendered by the Universal Service Provider in connection with and/ or for the performance of the said Agreement and further guarantees that the service which shall be provided by the Universal Service Provider under the said Agreement shall be actually performed in accordance with terms & conditions of the Agreement to the satisfaction of the Administrator.

2. We, the Bank, hereby undertake to pay the Administrator an amount not exceeding Rs.----- (Rupees-----) against any loss or damage caused to or suffered or would be caused to or suffered by the Administrator by reason of any breach by the said Universal Service Provider of any of the terms and conditions contained in the said Agreement including non extension of the validity of this guarantee.

3. We, the Bank hereby, in pursuance of the terms of the said Agreement absolutely, irrevocably and unconditionally guarantee as primary obligor and not merely as surety the payment of an amount of Rs.----- (Rupees----- Only) to the Administrator to secure due and faithful performance by the Universal Service Provider of all his/ their obligations under the said Agreement.

4. We, the Bank hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Administrator stating that the amount claimed is due by way of loss or damage caused or would be caused to or suffered by the Administrator by reason of breach by the said Universal Service Provider of any of the terms or conditions contained in the said Agreement or by reason of the Service provider's failure to perform any of its obligations under the said Agreement.

5. We, the Bank, hereby that the decision of the Administrator as to whether the Universal Service Provider has failed to or neglected to perform or discharge his duties and obligations

as aforesaid and/or whether the service is free from deficiencies his duties and obligations as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said Agreement and as to the amount payable to the Administrator by the Bank hereunder shall be final and binding on the Bank.

6. WE, THE BANK, DO HEREBY DECLARE AND AGREE that:

(a) the Guarantee herein contained shall remain in full force and effect for a period of one Year from the date hereof and that it shall continue to be enforceable till Administrator certifies that the terms and conditions of the said Agreement have been fully and properly carried out by the said Universal Service Provider and accordingly discharged this guarantee.

(b) the Administrator shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Agreement or to extend time of performance of any obligations by the said Universal Service Provider from time to time or to postpone for any time or from time to time any of the powers exercisable by the Administrator against the said Universal Service Provider and to fear or to enforce any of the terms and conditions relating to the said Agreement and we shall not be relieved from our liability by reason of any variation or extension being granted to the said Universal Service Provider or for bearing act or omission on the part of the Administrator or any indulgence by the Administrator to the said Universal Service Provider or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) any claim which we have against the Universal Service Provider shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Administrator exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the Universal Service Provider.

7. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of the Administrator in writing.

SIGNED and SEALED with the common seal of Bank on

Dated----- day----- for-----
(Name of the Bank)

Witness:

1.....
.....
.....

2.....
.....
.....

.....

ANNEXURE-V

FORMAT FOR SUBMISSION OF ANNUAL COST AND REVENUE DETAILS

FOR THE FINANCIAL YEAR

SERVICE AREA

NAME OF THE SSA

SL.NO.	Description	(A)LANDLINE		(B)WLL		©VSAT		(D)OTHERS (Pl.Specify)	
		STD	NON-STD	STD	NON-STD	STD	NON-STD	STD	NON-STD
1.	No.of VPTs								
2.	Average Annual Revenue per VPT (Net of Service Tax)								
3.	Average Annual OPEX per VPT (a)License Fee (b)Spectrum Charges (c) Staff Cost (d)Office & Admn.exp. (e)Maintenance expenditure (f)Commission paid to custodian (g)Others(to be specified)								
	TOTAL:								

(Signature of Authorised representative along with company's seal)

Government of India
Ministry of Communications and IT
Department of Telecommunications
Office of the Administrator(USF)
Sanchar Bhavan,20,Ashoka Road ,New Delhi-110001

Dated:03.07.2003

F.No 30-101/2002-USF/VOL-IV/13

To
Chairman and Managing Director,
Bharat Sanchar Nigam Limited,
Statesman House,
Barakhamba Road,New Delhi

Sub:Modification in the Attachments to the Annexure II of the Agreement No. 30-101/2002-USF dated 28/03/2003 for subsidy disbursement for Operation and Maintenance of existing VPTs under Universal Service Obligation for Orima Service Area.

Sir,

The Administrator ,Universal Service Fund has decided to amend the Attachments to Annexure II of the above said Agreement to ensure proper and correct verification of subsidy payable.

2. Therefore,you are required to submit the claims for quaterly for the first quarter of year 2003-2004 onwards ,in the Statements (modified Attachment pages 1/3,2/3 and 3/3 to Annexure II to the Agreements)enclosed.These Attachments supersede the earlier Statements (Attachments pages 1/4,2/4,3/4 and 4/4 to Annexure II to the Agreement).The proforma for Affidavit as per Annexure II remains unchanged.

The hard copy of the Attachments is required to be signed by the Authorized Signatory of the Company.In addition to hard copy you should also submit the claim in the Modified Statesman appended with this letter on CD ROM in MS EXCEL format separately for each service area.The Authorized Signatory of the Company should also put his signature and seal of the Company on the CD ROM Disc.

3. The above may please be noted for compliance.

Please acknowledge receipt of this letter.

Yours sincerely,

(N.K.JOSHI)
DY.ADMINISTRATOR(TECH).USF

Encl:as above.

No.1-1/2003-USF
Government of India
Department of Telecommunications
Sanchar Bhawan,20,Ashoka Road,New Delhi

Dated 28.08.2003

To

The CDM.BSNL
Statesman House
New Delhi

Sir,

Kindly refer to this office letter of even number dated 18-8-2003 requesting for getting the submission of subsidy claims for Operation and Maintenance of VPTs for the first quarter of the current financial year expedited.

2. In the mean time,the visit of the officers of the USF branch to select SSAa in Andhra Pradesh and Rajasthan circle,have revealed that proportionate subsidy for VPTs which have remained disconnected on account of non-payment for more than seven days in a quarter may not have been deducted in the claims preferred for the financial year 2002-03.

3. The clarifications to the queries raised against Annexure 10,SCHEDULE OF TARIFF AND GUIDELINES FOR PROVISION OF VPT SERVICE,of the tender document,had addressed this aspect ,and it was clarified that no subsidy can be paid for a VPT remaining non-functional for any reason.All cases thereof ,of VPTs remaining non-functional for any reason .All cases therefore,of VPTs remaining non-functional for any reason what so ever including faults,disconnection for non-payment,etc,beyond 7 days in a quarter will qualify for deduction of subsidy in terms of the condition no.18.5,Part IV Financial conditions,of the Agreement.

4. It is therefore requested that the field units be advised to take this into account while preferring the claims for the first quarter of the current financial year.In so for as the claims for the financial year 2002-03 are concerned ,the quarter wise details of VPTs remaining non-functional beyond 7 days in a quarter for reasons as mentioned in para 3 above ,other than those for which deductions have already been shown in the claims submitted earlier may also be furnished by he end of September '2003 for final settlement of claims.

Receipt of this letter may kindly be acknowledged.

(R.Asha Thampi)
Dy.Administrator(F)USF

Copy to:
Sr.DDG(RN),BSNL,Corporate Office,New Delhi.

