

AGGEMENT
FOR
SUBSIDY DISBURSEMENT
TOWARDS
PROVISION OF RURAL COMMUNITY
PHONES (RCPs) IN SPECIFIED VILLAGES
WHERE POPULATION EXCEEDS 2000
(AS PER CENSUS 1991
UNDER
THE INDIAN TELEGRAPH (AMENDMENT) RULES,2004
NO.30-133/2004 –USF DATED 30/09/2004

IN ORISSA SERVICE AREA

TOTAL PAGES-28

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS &IT
DEPARTMENT OF TELECOMMUNICATIONS
OFFICE OF ADMINISTRATOR (USF)
20, ASHOKA ROAD, NEW DELHI-110001 INDIA

AGREEMENT
FOR
PROVISION OF RCPs

This Agreement is entered into on the 50th day of September, 2004 by and between the president of India acting through shri. S. Mani. Deputy Administrator (Tech) USF, Department of telecommunications (DoT), Sanchar Bhawan, 20, Ashoka Road, New Delhi- 110001 (hereinafter 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 Sanchar Bhawan, 20, Ashoka Road. New Delhi-110001, (hereinafter called the Universal service provider or USP which expression shall, unless repugnant to the 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 provision of Rural Community phones ((RCPs) 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 provision of RCPs in the contracted service area as described in SCHEDULE-I appended hereto.
2. This Agreement will remain valid for 8 (Eight) years from the Effective date unless revoked earlier for any any reason whatsoever.
3. The USP hereby agrees and unequivocally under takes 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 30/9/2004.
5. More Agreement in USP s 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. Unless otherwise mentioned or appearing from the context, the Tender Documents 30-133/2004 – USF issued for provision of Rural community phones and clarification to the Tender Documents shall from 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 annexed thereto shall prevail.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorized representatives on the 30th September, 2004.

Signed for and on behalf of president of India.

By (S. Mani)
Deputy Administrator (USF) Department of Telecommunications.

Signed on behalf of M/s. BSNL by Mr SHRI. H.C. Pant, authorized signatory and holder of General power of Attorney dated 06.08.2003, executed in accordance with the Resolution no. Nil, dated 02.08.2003, passed by the Board of Directors.

In the presence of :

Witnesses:

1.

Signature

Name : Jiwan Das

Occupation: ADG (USO)-

ADDRESS: BSNL corporate office.

Place. New Delhi

2.

Signature

Name: Ram Sajivan

Occupation : Asst. Administrator (T),USF.

ADDRESS: O/o Administrator (USF) DOT, Sanchar Bhawan,

Place: New Delhi

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SCHEDULES –I
SCHEDULE OF SERVICE AREA

The service Area for which this Agreement is entered into is given below:

SERVICE AREA: 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 the Basic service License.
- 2.0 Sope of the Agreement
 - 2.1 The Universal service provider shall provide, operate and maintain all RCPs as per Annexure-I in the SSA (s) in the service Area for which this Agreement has been entered into. These RCPs may generally be STD enabled from the date of operation.
 - 2.2 The Universal service provider shall be solely responsible for provision and operation of necessary equipment and system, treatment of subscriber complaints, collection of call charges and issue of receipts thereof, attending to claims and damages arising out of his operations.
- 3.0 Duration of Agreement
 - 3.1 The Agreement shall be valid for a total period of 8 (Eight) years from the effective date unless revoked earlier for reasons as specified elsewhere in the documents. The subsidy support shall be extened upto a maximum period of 5 (five) years the date the RCP is installed and made functional.
- 4.0 Extension of Agreement
 - 4.1 The Administrator may extend, if deemed expedient, the validity of Agreement for such period and on such terms as may be mutually agreed which shall be reviewed during the fifth year of the Agreement. The decision of the Administrator shall be final in this regard. On expiry of the Agreement period, the responsibility of operation & maintenance of the RCP shall lie on the owner operator.
- 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 or in the interest of the state or for the proper conduct of the SERVICE. The decision of the Administrator shall be 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 directions 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 Suspensions, Revocation or Termination of 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 for extension of the period of the Agreement and suspension will be counted towards period spent under the validity of Agreement.

7.2 The Administrator may, without 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:

- (a) Failure to perform any obligation (s) under the Agreement.
- (b) Failing to rectify, within the time prescribed, any defect as may be pointed out by the Administrator.
- (c) Going into liquidation or is ordered to be wound up.

Provided that if the respective Basic/cellular/unified Access service license of the USP is terminated then the Agreement for provision of RCPs shall also be deemed to be terminated forth-with.

7.2.1 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.

7.3 Wherever considered appropriate, 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 upon such inquiry the Universal service provider shall extend all reasonable facilities and shall endeavor to remove the hindrance of every type.

7.4 It shall be the responsibility of the Universal service provider to maintain the quality of service as per condition 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 Agreement

8.1 Wherever the Agreement is terminated prematurely, 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, who will be paid subsidy at the Representative Rate determined under the Agreement based on this tender.

8.2.1 If the QoS had not been maintained as per standard prescribed hereto during the notice period then no subsidy for the notice period shall be payable.

8.2.2 In case of termination of the Agreement before the expiry period, the prescribed PBG will be encashed and forfeited. Additionally, if it is found that the Universal service provider had received any payment in excess of the amount under the Agreement prior to termination, then such amount shall be paid back immediately on demand by the USP to the Administrator.

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 settlement:

10.1 In the event of any question, dispute or difference arising under the Agreement, or in connection thereof, except as to the decision of which is specifically provided elsewhere under the 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, Department of Legal Affairs, Ministry of Law & Justice, Government of India.

10.2 The venue of Arbitration shall be New Delhi or anywhere in India, as may be fixed by the TRIBUNAL. The Arbitration proceedings shall be conducted in accordance with provision of Arbitration and Conciliation Act 1996 as amended 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 (hereinafter 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 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), shall be final, 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 the 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 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, 1933 or Indian Telegraph (Agreement) Act, 2003 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 from the customer/user as per the TRAI Tariff orders/regulations 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 persons with whom the customer/user of the RCP 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 RCP site and shall be produced for inspection by the Administrator and/ or person /organizations authorized in this regard.

PART III TECHNICAL CONDITIONS

- 15.0 Technical conditions
 - 15.1 The Universal service provider shall work within the framework of the Technical conditions of the Basic service License.
 - 15.2 The RCPs provided on any wireless technology shall use fixed wireless terminal (FWTs) as custodian premises equipment.
- 16.0 Quality of service parameters:
 - 16.1 The Quality of service parameters for Basic Telecommunication service as prescribed by TRAI shall prevail.
 - 16.2 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.
 - 16.3 The ADMINISTRATOR or TRAI may carry out performance tests either directly by themselves or through authorized agency and also evaluate the QoS parameters for the RCPs at any time during the tenure of the AGREEMENT. The Universal service provider shall provide ingress and other support including documents, equipment etc. for carrying out such performance tests and evaluation of quality of service parameters.
 - 16.4 The Universal service provider will keep a record of RCPs indicating 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 in whatever form desired.
 - 16.5 The Universal service provider shall be responsive to the complaints lodged by its customers. They shall rectify the deficiencies and maintain the history sheet for each installation, statistics and analysis on the overall maintenance status.
 - 16.6 Proper arrangement should be made by the USPs for reporting/booking faulty RCP and its regular testing. Print out of line tests of RCPs and record of metered call units (MCUs) should be preserved by the Universal service provider for a period of at least six months or till the final settlement of subsidy claimed, whichever is later. The broad guidelines for maintenance of RCPs are given in Annexure I.

- 17.2 The Universal service provider shall receive the subsidy from the date the RCP is provided and made functional. The equated annual subsidy payable quarterly in arrears shall be given up to a maximum period of FIVE years from the date RCP is installed and made functional.
- 18.0 Schedule for disbursement of subsidy by the Administrator to the Universal service provider.
- 18.1 The Universal service provider shall be eligible to submit the claim for front loaded subsidy at the end quarter in which RCP is installed and made functional. The equated annual subsidy from USOF shall be disbursed in four quarterly installments during each financial year, with each quarter on 30th of June, 30th of September, 31st of December and 31st of March. The claim for a part of the quarter will be computed with reference to the actual number of days in that quarter. Each installment shall be disbursed quarterly in arrears generally within 30 days of receipt of a valid claim for the RCPs maintained up to the close of previous quarter.
- 18.2 The Universal service provider shall submit their claim for quarterly subsidy in a STATEMENT in the prescribed form given in Attachment 1 & Enclosure to Attachment 1 to Annexure II showing the computation of subsidy for the quarter, within 30 days of the end of the quarter. Claims received after this date shall be rejected unless under exceptional circumstances an extension up to 15 days is allowed by the Administrator. The STATEMENT along with Annexure II shall be furnished by USP even if the claim for a quarter is NIL.
- 18.3 The SSA wise subsidy claim should be submitted as prescribed in hardcopy in the formats of attachment 1 and Enclosure to Attachment I to Annexure II, which should be duly signed by the Authorized signatory of the company. In addition to the hard copy, the USP should also submit the claim on a CD ROM in MA EXCEL format for each service Area. The Authorized signatory of the company should put his signature and seal of the company on the CD ROM Disc.
- 18.4 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 Board resolution of the Universal service provider. In preparation of the statement, the norms as per Attachment 2 to Annexure II shall be followed.
- 18.5 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 IV to be filed with the Administrator or designated authority as specified within 7 (seven) calendar days of the date of signing of the Audit Report but not later than 30th September of the following year.
- 18.6 The RCPs that remain faulty for more than 7 days in a quarter, shall not be reckoned for the purpose of disbursement of full subsidy from USF and payable shall be reduced proportionately for the total no. of days the RCP remains faulty during the quarter.

Provided further that if a RCP remained faulty for forty-five days or more during the quarter, no subsidy for the entire quarter for that RCP shall be disbursed.

- 18.7 RCPs that register no incremental meter reading / calls or remain disconnected due to non-payment during an entire an entire quarter shall not qualify for subsidy support for that quarter.
 - 18.8 All claims for subsidy shall be accompanied by a pre-receipted bill with revenue stamp. Disbursement of subsidy shall be by cheque, through the office of the Administrator or controller of communication Accounts, of the respective Telecom circles or any other designated Authority.
 - 18.9 The Administrator shall pay the subsidy for a quarter after making adjustments, if any, for the payments made in the previous quarter.
 - 18.10 Final adjustment, if any in respect of excess or shortage 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.
 - 18.11 In case the Universal service provider is found to have claimed and received in excess of 10% of the subsidy due to them, the entire amount in excess shall be recovered along with an interest from the date of disbursement at the prime Lending Rate (PLR) of state Bank of Indian prevaalent on the day the 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). No further subsidy shall be disbursed until final adjustment of the excess payment. No interest shall be payable for any short payment made to the USP by the Administrator.
 - 18.12 The records of the Universal service provider shall be subject to such scrutiny as may be prescribed by the Administrator so as to facilitate verification of the subsidy claimed.
 - 18.13 The Administrator, or 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 RCPs for which the Agreement has been entered into and it shall fully comply to orders,directions or regulations as may be issued from time to time by the Administrator.

- 20.2 (a) The ADMINISTRATOR or the TRAI, as the case may be, shall have the right to call for, and the Universal service provider shall be obliged to maintain, supply and provide for examination the books of accounts and records of faults. The Universal service provider shall also be required to supply and provide for examination any other records that it maintains in respect 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 thereon 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 relevant records of the Universal service provider will be subject to such scrutiny as may be prescribed by the ADMINISTRATOR or TRAI 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 License Agreement shall prevail and shall be binding mutatis mutandi.

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 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 monitoring of the system, as required by the Administrator or its authorized representative (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 moto 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 RCPs

23.1 The Universal service provider may change the location of the RCPs to provide better access to the public within the geographical boundaries of the same village during the validity of the Agreement under intimation to the Administrator. No subsidy support towards relocation of rcp shall be payable to the USP.

24.0 Change of Technology

24.1 The USP may provide RCPs based on new technology in place of the RCPs already provided by it as a part of maintenance effort during the validity of the Agreement provided it meets all other performance parameters of quality of service. The subsidy shall however be disbursed at the Representative rate.

25.0 Roll out

At least 20% of the RCPs shall be provided by the Universal service provider within one year from the effective date of the Agreement and a minimum of 60% of RCPs shall be provided by the end of 2nd year. The balance of the RCPs shall be provided by the end of their tear from the effective date of Agreement. For the RCPs that are not provided as per the Roll-out required to be achieved by the end of second and third year respectively from the effective date of the Agreement, without prior written concurrence of the Administrator, the delayed period shall entail recovery of liquidated Damages (L.D). The USP shall provide a monthly statement in Annexure-V containing details of the RCPs provided during the month .

Provided further, that for the RCPs that are provided within 30 calendar days of the expiry of the relevant period from the effective date, the Administrator shall accept the service without levy of the L.D. charges. For the shortfall in providing the required number of RCPs by the end of second and third tear respectively, the Administrator shall be entitled to recover Liquidated Damages at the rate of 5% of front loaded subsidy payable for those RCPs for each calendar month of delay of part thereof, subject to a maximum of 10% of the frontloaded subsidy thus payable for those RCPs. For the purpose of charging the Liquidated Damages, the Representative rate for the front loaded subsidy applicable for the respective SSA in the service roll out obligation of providing RCPs has not been fulfilled, shall be taken into account. The Administrator may also decide to invite fresh bids in respect of unfulfilled roll out.

26.0 Confidentiality of information

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

27.0 Prohibition of certain Activities by the Universal service provider

27.1 The terms and conditions of the Basics service Licence shall be binding mutatis mutandi.

28.0 Security conditions

28.1 The terms and conditions of the Basic service License shall be binding mutatis mutandi.

29.0 Application of Indian Telegraph Act.

29.1 The terms and conditions of the Basic service License shall be binding mutatis mutandi.

PART VI
DEFINATIONS

30.0 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.

- 30.1 ADMINISTRATOR means the Administrator , Universal service obligation fund in the Department of Telecommunications under Ministry of Communications & IT.
- 30.2 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 binding process.
- 30.3 BENCHMARK: is the rate that shall form the upper ceiling for submission of bids. It will comprise of a front loaded subsidy and a total subsidy amount based on capital recovery annualized over a period of seven years and annual operation and maintenance expenditure of the RCP minus annual. Revenue.
- 30.4 CAPEX means capital Expenditure incurred in providing RCPs . The expenditure shall include the cost incurred on the RCPs terminal equipment, solar panel/batteries, line (wired or wireless) up to, and inclusive of line card in the telephone exchange.
- 30.5 CAPITAL RECOVERY means the aggregate of interest on debt taking into account front loaded subsidy; and depreciation and return on equity on the capital cost, annualized over a period of seven years.
- 30.6 CUSTOMER includes any subscriber which subscribes to/ avails of the service from the service provider.
- 30.7 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.
- 30.8 EFFECTIVE DATE is the date on which this Agreement comes into effect.
- 30.9 FRONT LOADED SUBSIDY is the amount payable at the end of quarter in which the REP is installed and made functional.
- 30.10 LICENCE means a Licence granted or having effect as if granted under section 4 of the Indian telegraph Act 1885 and Indian Wireless Act 1933.
- 30.11 LICENSEE: A registered Indian Company that has been awarded License to provide the service (Basic and /or CMTS and or Unified Access Service), within the geographical boundaries of the specified Service Area.

- 30.12 NET COST: Net cost the purpose of this Agreement takes into account the capital recovery. Annual operating Expenses minus Annual revenue.
- 30.13 OPEX means the Annual operating expense incurred on operation and maintenance of VPTs , terminal equipment, line (wired 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. License fees and spectrum charges paid Government and commission paid to the custodian for running the VPT.
- 30.14 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 subscribed served, the mean time to restore (MTTR), faults carried over beyond the MTTR and the satisfactory disposal thereof.
- 30.15 RURAL COMMUNITY PHONE (RCP) means a public phone installed in a village with population exceeding 2000 as per 1991 census and where no public call office exists.
- 30.16 SECONDARY SWITCHING AREA (SSA): SSA means one of the several areas into which the country is divided by the telegraph Authority and is generally co-terminus with a long Distance charging Area.
- 30.17 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.
- 30.18 SUBSIDY from Universal service obligation Fund (USOF) means the disbursements made from USOF towards meeting the Universal service obligations in terms of the Agreement.
- 30.19 TRAI means Telecom Regulatory Authority of India constituted under the TRAI Act,1997 as amended from time to time.
- 30.20 UNIVERSAL SERVICE PROVIDER (USP) means such entities which have entered into an Agreement with the Administrator for provision of specified Universal service.
- 30.21 USO means Universal service obligation as enunciated in India Telegraph (Amendment) Act,2003 and Rules framed there under.
- 30.22 USO FUND means the fund established under Indian Telegraph (Amendment) Act, 2003 and Rules framed there under.
- 30.23 VPT means the first public telephone installed in a village.

ANNEXURE –I

GUIDELINES FOR PROVISION OF RCP SERVICE MAINTENANCE AND PERFORMANCE MONITORING OF THE RCPs:

Provision of faults free and efficient RCP service is one of the prime concerns of the Administrator. The broad guidelines given below should be followed by the universal service provider (USP) to ensure proper functioning of RCPs.

1. Testing of RCPs should be carried out regularly from the exchange.
2. Testing of WLL links should be carried out daily from Main Exchange.
3. Meter reading should be checked fortnightly and low reading should be taken as indication of the system not performing properly and subsequently be checked.
4. RCP custodians should be advised to book their fault at telephone exchange and/ or the nominated nodal officer.
5. Inspection schedules should be formulated by Universal service provider and should be strictly adhered to.
6. Monthly / Weekly performance report should be maintained for monitoring and kept ready for inspection by USF Administrator.
7. Meeting should be held with villagers to sort out the grievances.
8. RCPs disconnected for non-payment may be shifted to new location/custodian.
9. Un-serviceable components of the system should be replaced.
10. In case of public complaints about non-availability of RCPs in grocery shops and such other locations etc.
11. In cases where meter readings remain zero due to non-use of RCPs for a prolonged time and not due to faults, USPs are authorized to shift RCPs to other suitable location. Selection of alternate custodian/location in the same village in this situation should be made by USP.
12. The RCP should be available to general public without discrimination for at least 12 Hrs preferably from 7 AM to 7 PM.
13. The RCPs provided by using any wireless technology shall use fixed wireless Terminal (FWT) only as customer's Equipment.

Annexure II

AFFIDAVIT AND FORMAT OF STATEMENT FOR SUBSIDY CLAIM.

Agreement no.30-133/2004 USF dated 9.2004 for RCPs

AFFIDAVIT (ON STAMP PAPER)

1. I-----, aged about ----- years son of shri-----
--resident of-----, do solemnly affirm ad state as under:
2. That I am ----- of -----(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 period-----
- to ----- . 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 new RCPs provided were
functional from the date of installation shown in the statements
(Attachment --- of Annexure II).
5. Any RCP 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 susidy received shall
be adjusted in the following tear based on the quarterly statements duly
certified by the Auditors of the company and scrutiny as prescribed by
the Administrator.
7. That the RCPs on any wireless technology have been provided by
using fixed wireless terminals (FWTs).
8. The subsidy for the RCPs have been claimed under any other
Agreement entered into with the Administrator for the same service
Area.
9. That the RCPs are available for use by general public at a specified at
a specified location in the village against which it has been shown as
installed.
10. That the RCPs that have been installed but for which no claim for
subsidy has been preferred are being maintained as per the terms and
conditions of the Agreement.

Deponent.

VERIFICATION

Verified at ----- on ----- 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.

Attachment 1 to Annexure II
**SUMMARY STATEMENT OF SUBSIDY FOR RCPs PROVIDED FOR
 THE --- SERVICE AREA**

AGREEMENT NO. 30-133/2004 –USF DATED 9.2004 for RCPs

NAME OF THE SERVICE PROVIDER:
 FOR THE QUARTER BEGINNING:_____

Sl. No.	Name of the SSA	Opening Balance (RCPs provided till the end of the previous quarter effective from the date of Agreement)	RCP provided during the quarter	Total No. of RCPs for which subsidy has been claimed (closing Balance i.e., (3)+(4))	Subsidy payable for the quarter (in Rs)			Subsidy deduction on account of fault, DNP nd NIMR	Net subsidy payable (col. 8- col. 9)
					Forntloaded subsidy for RCPs installed (shown in col 4)	Quarterly subsidy (for RCP shown in col 5)	Total subsidy payable (col 6+col 7)		

Enclosure to Attachment 1 to Annexure II

**CLAIM STATEMENT OF SUBSIDY FOR RURAL COMMUNITY PHONES (RCPS)
 FOR ---SSA OF ----- SERVICE AREA
 AGREEMENT NO 30-133/2004 –USF DATED .9.2004 for the RCPs**

NAME OF THE SERVICE PROVIDER:

FOR QUARTER BEGINNING----- to QUARTER ENDING-----

REPRESENTATIVE RATE FOR THE SSA:

(i) Front loaded subsidy:

(ii) Quarterly subsidy (Equated annual subsidy /4):

2	1	3	4	5	6	7	8	9	10	11	12	13	14
Name of village	S. no	RCP No. with STD code as prefix	Technology used	Date of installation	Front loaded subsidy payable for RCPs installed during the quarter	Non functional category (fault/D NP/NIM R	Period for which the RCP remained non functional		No . of days RCP remained non functional	No. of days OF Existence of rcp in the quarter	Subsidy payable for the period in column II	Subsidy deduction for RCP remaining non-functional (as per agreement)	Net subsidy payable (col.6+col.12-col.13)
							From	To					

NOTE:

1. Please refer detailed norms given at Attachment 2 to Annexure II.
2. The RCPs provided in the previous quarter (effective from the date of Agreement) should also be included in the claim for the current quarter.
3. The RCPs in the above format should be sorted by the date of installation in ascending order.
4. For fault, all incidences when the RCP remained faulty during the quarter should be added up and shown.

Attachment 2 of Annexure II

NORMS FOR PREPARATION OF SUBSIDY CLAIM FOR RCPs

1. The number of RCPs as per Agreement only will be considered for subsidy claim.
2. The total subsidy admissible alongwith the front loaded subsidy on installations of the RCPs should be presented in Attachment 1. The details of quarterly subsidy may be shown in the Enclosure to Attachment 1 of Annexure II.
3. The No. of days of existence of the RCP (column No. 10 of Enclosure to Attachment 1) shall include all the days from the date of installation till the end of the quarter. In the case of RCPs provided in the previous quarter.
4. All the dates in enclosure to Attachment I should be presented as DD/MM/YY uniformly throughout the claim.
5. Actual number of days in the quarter may be taken for calculation of subsidy i.e. 90 or 91 or 92, as the case may be.
6. For calculation of pro-rate subsidy in case of quarterly subsidy actual number of days in the quarter shall be considered i.e.
Annual Equated subsidy for quarter x Actual number of days of existence of
The RCP in the quarter.

No. of days in the quarter.
7. For deduction of subsidy on account of RCP remaining non-functional, both days 'from & to' will be included.
8. No subsidy for that quarter shall be admissible for the RCP remaining DNP/NIMR for the entire quarter.
9. Rounding off to the nearest rupee may be done only in the total of each Attachment and not individual cases.
10. Rough work, corrections or overwriting in the Attachment will not be accepted.
11. Only claims submitted SSA wise as per the list of SSAs provided in the Agreement shall be accepted. Claims submitted Separately for Revenue Districts or any other category shall be rejected.
12. Page number should be indicated on each page of the claim and should contain the initials in original, of an officer authorized for this purpose. The Attachment and Enclosure to Attachment 1 of Annexure II should contain the signature of the authorized representative with company seal.

Annexure-III

PROFORMA FOR PREFORMANCE BANK GUARANTEE

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

_____ (hereinafter called ' the Universal service

provider') to provide, operate and maintain RCPs under the Agreement for the Universal service obligation (hereinafter called 'the SERVICE') as per latter of Intent/ Agreement No. _____ dated _____ (hereinafter called ' the said Agreement) on the terms and conditions in the said Agreement which inter-alia provides for production of a Bank Guarantee to the extent of Rs. _____ (in 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 _____ only) 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 amount due and payable under this guarantee without any 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 it's obligations under the said Agreement.
5. We, the Bank , hereby agree that the decision 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 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.

ANNEXURE –IV

Format of Auditor’s Report on statement of claim for subsidy from USOF

To

The Board of Directors

We have examined the attached statement(s) of claim for subsidy from USF of ----- (The 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 Tender documents No. 30 133/2004 –USF for subsidyDisbursement for provision of Rural community phone in villages having population more than 2000 under Universal service obligation, stream1.

We report that:

1. We have obtained all the information and explanations, to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the statements have been prepared in accordance with the conditions contained in the said Tender documents /Agreement and clarification thereon 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 RCPs remaining nonfunctional is kept in such a manner as to reflect the correct position, for the purpose of claiming subsidy.

(NAME AND SIGNATURE WITH COMPANY’S SEAL)

ANNEXURE –V

STATEMENT OF RCPS INSTALLED DURING THE MONTH

NAME OF THE SERVICE PROVIDER:

NAME OF THE SERVICE AREA:

FOR THE MONTH ENDING:

Sl.No.	NAME OF THE SSA	NAME OF THE VILLAGE .	TEL.NO RCPWITH STD CODE	DATE OF INSTALLATION	TECHNOLOGY USED FOR INSTALLATION
(1)	(2)	(3)	(4)	(5)	(6)

Note: In column (4) complete area code, operator code and telephone No. of RCP should be given.

SIGNATURE OF THE AUTHORIZED SIGNATORY.

FOR AND ON BEHALF OF (NAME OF THE COMPANY).

Government of India
Ministry of Communications & IT.
Department of Telecommunications
Universal service obligation fund
Sanchar Bhawan, 20 Ashoka Road, New Delhi-110001

No. 30-17/2004USOF (Vol-II)

Dated: 5th April,2005

To

DDG(RN)
BSNL, Coporate office
Statesman House New Delhi.

Subject: Creation of separate code in billing for RCPs and vptS IN uncovered village.

On verification of the billing records in the SSAs, it was found that separate category for VPTs exists in the billing system, which facilitates generating reports relating to VPTs. Agreements have been signed for providing Rural community phones and VPTs in uncovered villages where representative rates are different from the VPT OPEX rates. The representative rates under these agreements also include frontloaded subsidy component. For ease in preparation of claim and verification of information relating to date of installation, Non –incermental meter reading, DNP, etc furnished in the claims separate category for RCPs and VPTs in the uncovered villages in the billing and commercial system is required. In the DOTSOFT system in Andhra Pradesh, the code 'PCSCP' is being used for rcps.

You are requested to take necessary action in this regard and intimate the category codes under the various billing packages to this office.

Copy to:

All CCAs/Jt. CCAs.
