

**AGREEMENT
FOR
SUPPORT FROM USO FUND
TOWARDS
PROVISIN OF VILLAGE PUBLIC**

**TELEPHONES N REVENUE VILLAGES
AS PER CENSUS 19991 WITHOUT ANY
PUBLIC TELEPHONE FACILITY**

UNDER

**THE INDIAN TELEGRAPH (AMENDMENT) RULES, 2004
NO.30-130/2004-USF-DATED 10/11/2004**

IN ORISSA SERVICE AREA

TOTAL PAGES-28

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

**AGREEMENT
FOR
PROVISION OF VPTs**

This Agreement is entered into on the 10th day of November, 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, acting through Shri H. C.Pant. Company secretary and G.M (Legal), the authorized signatory (hereinafter called the Universal Service provider or USP which expression shall, unless repugnant to the context, include its successor in business, administrators 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 VPTs in revenue villages, as per census 1991 without any public telephone facility, in the service area describe in SCHEDULE-1 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 agreements for provision of VPTs IN the contracted service area as described in SCHEDDDULE-1 appended hereto.
2. This Agreement will remain valid for 8 (eight) years from the Effective data unless revoked earlier for any reason whatsoever.
3. The USP hereby agrees and unequivocally undertakes t fully comply with all terms and conditions stipulated in this Agreement without any deviation or reservation or reservation of any kind.
4. Effective data of this Agreement shall be 10.11.2004.
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. Unless otherwise mentioned or appearing from the context, the tender Documents 30-130/2004-USF issued for provision of Villages without any public telephone facility and clarification to the tender Document 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 10th NOVEMBER, 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 Shri. H.C. Pant, authorized signatory and holder of general power of Attorney dated 06.08.2003 executed in accordance with the Resolution No. Nill, dated 02.08.2003, passed by the board of directors.

In the presence of:

Witnesses

Signature:

Name

Occupation:

Address: BSNL Corporate office

Place: New Delhi

Signature

Name: RAM SAJIVAN

Occupation: Asst Administrator (T), USF

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

Place: New Delhi

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SCHEDULE -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 **Scope of the Agreement**

2.1 The Universal service provider shall provide, operate and maintain all VPTs as per Annexure–I in the SSA (s) in the service Area for which this Agreement has been entered into. These VPTs may generally be STD enabled from the data of operation.

2.2 The Universal service provider shall be solely responsible for provision and operation of necessary equipment and systems, 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 Agreements**

3.1 The Agreement shall be valid for a total period of 8(Eight) years from the effective data unless revoked earlier of reasons as specified elsewhere in the document.
The Subsidy support shall be extended up to a maximum period of 5 (Five) years from the data the VPT 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 VPT shall lie on the owner operator.

5.0 **Modification 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, 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 provision 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 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, 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 VPTs shall also be deemed to be terminated forthwith.

7.2.1 The Administrator reserves the right to revoke the Agreement at any time in public interest by giving a notice of 60 day 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 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 conditions of the Agreement, during the period of notice for 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, entered 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 encased and forfeited. Additionally, if it is found that the Universal service provider had received any payment in excess of the amounts under the Agreements 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 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. **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 matter, 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 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 (hereinafter referred to as EVENT is given by the affected party to the other, within 10 calendar days from the data of occurrence thereof, neither party shall bay 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 . provided SERVICE under the Agreement shall be resumed as soon as practicable, after such EVENTS 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 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 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 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 Indian Telegraph (Amendment) 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/users as per the TRAI Tariff orders/directions issued in this regard to VPTs in rural areas from time to time. These VPTs shall not be charged any rental, fixed monthly charges or any other charges from the custodian. The Universal service provider shall also fulfill requirements regarding publication of tariffs, notifications and provision of information as per the provisions of TRAI Act, 19997 as replaced or amended from time to time.

14.2 All rates must be prominently displayed in (me) 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/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.

The VPTs provide on any wireless technology, except those provided on satellite based technology, shall use fixed wireless terminal (Fats) 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 VPTs at any time during. The tenure of the AGREEMENT. The Universal Service provider shall provide ingress and other Support including documents, instruments, Equipment etc. for carrying out such performance Tests and evaluations of Quality of service Parameters.

16.4 The Universal service provider will keep a record of VPTs 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 when and In whatever from 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 VPT and its regular testing. Print out of line tests of VPTs 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 VPTs are given in **Annexure-I**.

PART IV

FINANCIAL CONDITIONS

17.0 Subsidy from Universal service obligation fund (USOF)

17.1 SSA-wise Representative rate, at which subsidy is disbursable, shall be as follows:
The list of villages is attached with this Agreement.

Representative rate per VPT							
Sl.No.	Name of SSA	Total no.ofVPTs to be provided on		Front loaded subsidy		Equated annual subsidy	
		Satellite media	Other than satellite	Satellite media	Other than satellite	Satellite media	Other than satellite
1	BALASORE(KENDUJ HAR	4		1,00,000		6223*5	
2	BARIPADA(MAYURBHANJ)	86		1,00,000		6272*5	
3	BHUBANESWAR (PURI	293		1,00,000		6223*3	
4	BOLANGIR	138		1,00,000		5978*5	
5	CUTTACK	12		1,00,000		6272*5	
6	DHENKANAL	194		1,00,000		6272*5	
7	BHAWANIPATANA (KALAHANDI)	200		1,00,000		12800*5	
8	KORAPUT	1681		1,00,000		16400*5	
9	PHULBANI	1250		1,00,000		12800*5	
10	SAMBHALPUR	115		1,00,000		6468*5	
11	GANJAM	638		1,00,000		6419*5	
12	SUNDERGARH	288		1,00,000		6223*5	
	TOTAL	4899					

17.2 The Universal service provider shall receive the subsidy from the data the VPT 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 data VPT 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 of the quarter in which VPT 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 ending 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 VPTs 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 hard copy in the formats of attachment 1 and enclosure to Attachment 1 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 MS 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 the Audit Report but not later than 30th September of the following year.
- 18.6 The VPTs 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 subsidy payable shall be reduced proportionately for the total no. of days the VPT remains faulty during the quarter.

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

18.7 VPTs that register no incremental meter reading/calls or remain disconnected due to non-payment during 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 cherub, 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 in the subsidy 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) state bank of India prevalent on days 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 providers shall be subject to such scrutiny as may be prescribed by the Administrator so as to facilitate independent verification of the subsidy claimed.

18.13 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 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 the Agreement has been entered into and it shall fully comply with orders Directions or regulations as may be issued from time toTime 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 aPeriod of THREE years from the data 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 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 of the amount due 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 mutant.

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 option, 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 reprehensive (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 mayConduct any inquiry either soot or on a complaint, to determine whether there has been any breech in compliance of terms & conditions of the Agreement by the Universal service provider, and during such inquiry the Universal service provider, and during such inquiry the Universal service provider shall extended 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 during the validity of the Agreement under intimation to the Administrator. No subsidy support towards relocation of VPT shall be payable to the USP.

24.0 Change of Technology

24.1 The USP may replace the VPTs based on any approved technology 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 same Representative Rate except that on replacement of VPTs installed on satellite based technology, the Representative Rate for non-satellite based VPTs in that SSA, shall be applicable.

25.0 **Roll out**

At least 20% of the VPTs shall be provided by the Universal service provider within one year from the effective data of the Agreement and a minimum of 60% of VPTs shall be provided by the end of 2nd year. The balance of the VPTs shall be provided by the end of third year from the effective data of Agreement. For the VPTs that are not provided as per the roll –out required to the achieved by the end of second and third year respectively from the effective data 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 VPTs provided during the month.

Provided further, that for the VPTs that are provided within 30 calendar days of the expiry of the relevant period from the effective data, the Administrator shall accept the services without levy of the L.D. charges. For the shortfall in providing the required number of VPTs by the end of second and third year respectively, the Administrator shall be entitled to recover Liquidated Damages at the rate of 5% of front loaded subsidy payable for those VPTs for each calendar month of dalai or part thereof, subject to a maximum of 10% of the front loaded subsidy thus payable for those VPTs. For the purpose of charging the liquidated Damages, the Representative rate for the front loaded subsidy applicable for the respective SSA in the service Area , where the relevant rollout obligation of providing VPTS has not been fulfilled, shall be taken in to 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 Basic service License 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

DEFINITIONS

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 obligations on the basis of the outcome of the binding process.

30.3 **BENCHMARK:** is the rate that shall from 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 VPT minus annual revenue.

30.4 **CAPEX** means capital Expenditure incurred in providing VPTs. The expenditure shall include the cost incurred on the VPTs 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 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 data on which this Agreement comes into effect.

30.9 **FRONT LOADED SUBSIDY** is the amount payable at the end of quarter in which the VPT is installed and made functional.

30.10 **LICENCE** means a license granted or having effect as if granted under sections 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 for 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 to the 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 subscriber served, the mean time to restore (MTTR), and faults carried over beyond the MTTR and the satisfactory disposal thereof.

30.15 **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.

30.16 **SERVICE AREA:** Service Area means the territorial jurisdictions as specified under the Basic Service License expect the areas that may be notified to be excluded from time to time.

30.17 **SUBSIDY from Universal service obligations fund (USOF)** means the disbursements made from USOF towards meeting the Universal service obligations in terms of the Agreement.

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

30.19 **UNIVERSAL SERVICE PROVIDER (USP)** means such entities which have entered into an Agreement with the Administrator for provisions of specified Universal service.

30.20 **USO** means Universal service obligation as enunciated in Indian Telegraph (Amendment) Act, 2003 and the Rules framed there under.

30.21 **USO FUND** means the fund established under Indian Telegraph (Amendment) Act, 2003 and Rules framed there under.

30.22 **VPT** means the first public telephone installed in a village.

ANNEXURE-I

GUIDELINES FOR PROVISION O VPT SERVICE

MAINTENANCE AND PERFORMANCE MONITERING OF THE VPTs:

Provision of fault free and efficient VPT 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 VPTs.

1. Testing of VPTs 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 cheeked fortnightly 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. 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 Administration.
7. Meeting should be held with villagers to sort out the grievances.
8. VPTs 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 VPT on account of their less accessible location etc., USPs are authorized to relocate VPTs in grocery shops and such other locations etc.
11. In cases where meter reading remains 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.
12. The VPT should be available to general public without discrimination for at least 12Hrs preferably from 7AM to 7PM.
13. The VPTs provided by using any wireless technology shall use fixed wireless Terminal (FWT) only as customer premises Equipment.

AFFIDAVIT AND FORMAT OF STATEMENT FOR SUBSIDY CLAIM

Agreement no. 30-130/2004-USF dated -11.2004 for VPTs

AFFIDAVIT (ON STAMP PAPER)

1. I.....aged aboutyears son of shri
Resident of..... do solemnly affirm and 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 Rest (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 VPTs provided were functional from the data of
installation show in the statements (Attachments ... of Annexure).
5. Any VPT remaining non-functional either on the account of Fault. Disconnected due to
nonpayment (DNP) or Non Incremental Meter Reading (NIMR) in the claimed period has been
correctly reflected in the claim.
6. That excess payment or shortage, in the subsidy received shall be adjusted in the following
year based on 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 (Fats).
8. The subsidy for the VPTs have not been claimed under any other Agreement entered into with
the Administrator for the same service Area.
9. That the VPTs are available for use by general public at a specified location in the village
against which it has been shown as installed.
10. That the VPTs 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.....onthat 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

Encloser to Attachment I to Annexure II

CLAIM STATEMENT OF SUBSIDY FOR VIPTS FOR SSA OFSERVICE AREA
 AGREEMENT NO 30-130/2004 –USF DATED .11.2004 for the VPTs

NAME OF THE SERVICE PROVIDER:

FOR QUARTER BEGINNING..... to QUARTER ENDING....

REPRESENTATIVE RATAE FOR THE SSA:

(I) Front Loaded subsidy:

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14
SI NO.	Name of village	VPT No. with STD code as prefix	Technology used	Date of installation	Front loaded subsidy payable for VPTs installed during the quarter	Non functional category (fault/D NP/NIM R)	Period for which the VPT remained nonfunctional	No. of days VPT remained nonfunctional*	No. of days of existence of VPT in the quarter	Subsidy payable for the period in column 11	Subsidy deduction for VPT Remaining nonfunctional (as per agreement bsidy	Net subsidy payable (col. 6+c ol.1 2- col.13))	
							From	TO					

(Signature of Authorized Signatory with company with company seal.)

NOTE:

Please refer detailed norms given at Attachment 2 to Annexure II

The VPTs provided in the previous quarters (effective from the data of Agreement) should also be included in the claim for the current quarter.

The VPTs in the above format should be sorted by the data of installation in ascending order.

For fault, all incidences when the VPT remained faulty during the quarter should be added up and shown.

NORMS FOR PREPARATION OF SUBSIDY CLAIM FOR VPTS

1. The numbers of VPTs as per Agreement only will be considered for subsidy claim.
2. The total subsidy admissible along with the front loaded subsidy on installations of the VPTs 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 VPT (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 VPTs provided in the previous quarter, the no. of days of existence would be equal to the total no. of days in the 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-rata subsidy in case of quarterly subsidy actual number of days in the quarter shall be considered i.e.
Subsidy for quarter X Actual number of days of existence of
The VPT in the quarter.
.....
No. of days in the quarter
7. For deduction of subsidy on account of VPT remaining non- functional, both days 'from & to' will be included.
8. No subsidy for that quarter shall be admissible for the VPT 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 in individual cases.
10. Rough work , corrections or overwriting in the Attachments 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 purposes. The Attachment 1 and Enclosure to Attachment 1 of Annexure II should contain the signature of the authorized representative with company seal.

PROFROMA FOR PERFROM BANK GUARANTEE

To

The president of India
Acting the Administrator (USF)

1. IN Consider ation 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 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 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 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 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 demur, merely on a demand from te Administrator stating that the amount claimed is due by way of loss or damage caused or would be caused to or suffered by the Admini8strator 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 of the Administrator as to whether the Universal service provider has failed to or neglected to performed or discharge 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 extent time of performance o 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 forbear 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 ti the said Universal service provider or forbearance act or omission on the part of the Administrator or any ondulgence by the Administrator to the 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-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 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 document No. 30.130/ 2004- USF for subsidy Disbursement for provision of VPTs in revenue village without any public telephone facility.
Under Universal service Obligation, stream I.

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. In our opinion and to the best of our knowledge and belief and according to the explanation given to us, the statements have been prepared in accordance with the conditions contained in the said tender document/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 VPTs 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)

STATEMENT OF VPTS INSTALLED DURING THE MONTH

NAME OF THE SERVICE PROVIDER:

NAME OF THE SERVICE AREA:

FOR THE MONTH ENDING:

S.NO (1).	NAME OF THE SSA (2)	NAME OF THE VILLAGE (3)	TEL.NO.OF VPT WITH STD CODE (4)	DATAO INSTALLATION (5)	TECHNOLOGY USED FOR INSTALLATION (6)

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

SIGNATURE OF THE AUTHORIZED SIGNATORY

FOR AND BEHALF OF (NAME OF THE COMPANY).