AGREEMENT

FOR

SUBSIDY SUPPORT TOWARDS RURAL HOUSEHOLD DIRECT EXCHANGE LINES (RDELs) IN SPECIFIED SHORT DISTANCE CHARGING AREAS (SDCAs) INSTALLED BETWEEN 01.04.2002 AND 31.03.2005

UNDER

THE INDIAN TELEGRAPH (AMENDMENT) RULES, 2004

No. 30-145/2004-USF

DATED 26/08/2005

SERVICE AREA

HARYANA

UNIVERSAL SERVICE PROVIDER

M/s RIL

TOTAL PAGES - 28

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF TELECOMMUNICATIONS
OFFICE OF ADMINISTRATOR (USF)
20, ASHOKA ROAD, NEW DELHI-110 001 INDIA
AGREEMENT
FOR
RURAL HOUSEHOLD DELs INSTALLED BETWEEN 01.04.2002 TO 31.03.2005

This Agreement is entered into on the 26th day of August, 2005 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 – 110 001 (hereinafter called the Administrator) of the FIRST PARTY.

AND

M/s. Reliance Infocomm Limited, a company registered under the Companies Act 1956, having its registered office at EO1, Reliance Greens, Village Motikhadvi, P.O. Digvijaygram, District: Jamnagar-Gujarat 361140, acting through Shri Sridhar Krish, 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, liquidators and assigns or legal representatives) of the SECOND PARTY.

WHEREAS the Universal Service Provider (USP) has requested and the Administrator agreed to enter into Agreement for Rural Household Direct Exchange Lines (RDELs) which have been installed between 01.04.2002 and 31.03.2005 in the specified SDCAs of 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 RDELs installed between 01.04.2002 and 31.03.2005 in the SDCAs specified in part IV (Condition 17.0) of the Service Area 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 reason whatsoever.

3. The USP hereby agrees and unequivocally undertakes to fully comply with all terms and conditions stipulated in this Agreement without any deviation or reservation of any kind.

4. Effective Date of this Agreement shall be 1.04.2002

5. More Agreements in USPs Service Area viz., Haryana may also be entered into from time to time in future without any restriction on number of USPs at the sole discretion of Administrator.
IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorized representatives on the 26th day of August, 2005.

Signed for and on behalf of President of India.

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


In the presence of:

Witnesses:

1. 
Signature
Name
Amit Mathur
Occupation: Vice President
Address: Reliance Infocomm Limited
Place: New Delhi.

2. 
Signature
Name
Bal Deo Sah
Occupation: Asst. Director (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:

HARYANA
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 operate and maintain all Rural Household DELs installed by it between 01.04.2002 and 31.03.2005 in the specified SDCAs in the Service Area covered under this Agreement.

2.2 The Universal Service Provider shall be solely responsible for provision and operation of necessary equipments 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 Agreement

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

4.0 Extension of Agreement

4.1 The Administrator may extend, if deemed expedient in public interest, the validity of the Agreement for such period and on such terms as may be mutually agreed which shall be reviewed during the 5th year of the Agreement. The decision of the Administrator shall be final and binding in this regard on the USP. On expiry of the Agreement period, the responsibility of operation & maintenance of the RDELS shall lie on the USP.

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 security of the State or for the proper conduct of the Service. The decision of the Administrator shall be final in this regard.

6.0 Requirement to furnish information

6.1 The Universal Service Provider shall furnish to the Administrator, on demand, such documents, accounts, estimates, returns, reports or other information as may be called for by the Administrator. The Universal Service Provider shall also submit information to TRAI as per any order or direction or regulation issued from time to time under the provisions of TRAI Act, 1997 as amended, modified or replaced from time to time.
7.0 *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 period will be counted towards period spent under the validity of the 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 Services license of the USP is terminated, then the Agreement for provision of RDELs 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 days counted from the date of receipt 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 sole responsibility of the Universal Service Provider to maintain the Quality of Service as per conditions of the Agreement, during the period of notice of 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 Rate determined under the Agreement.

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 amounts 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 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 provisions of Arbitration and Conciliation Act 1996 as amended or replaced from time to time.

11.0 **Force Majeure**

11.1 If at any time, during the continuance of the Agreement, the performance in whole or in part, by either party, of any obligation under this is prevented or delayed, by reason of war, or hostility, acts of the public enemy, civic commotion, sabotage, Act of State or direction from Statutory Authority, explosion, epidemic, quarantine restriction, strikes and lockouts (not limited to the establishments or facilities of the Universal Service Provider), fire, floods, natural calamities or any act of GOD (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.

11.2 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.

11.3 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
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 within seven days 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 Order, Regulation or Rules made under Indian Telegraph Act 1885 including Indian Telegraph (Amendment) Act, 2003 and Indian Wireless Telegraphy Act, 1933 shall be binding on the Universal Service Provider.
PART II

COMMERCIAL CONDITIONS

14.0 Tariffs

14.1 The Universal Service Provider shall not charge tariffs higher than the TRAI Tariff orders / regulations / directions issued with regard to rural household DELs from time to time from the customers / users for the service. However, before making any claim during the period of validity of the Agreement, in case the USP charges a STANDARD TARIFF package higher than that indicated in Annexure-IV, it will immediately report to the Administrator the details of the variations and the date from which the revised tariff has been effected or is proposed to be brought into effect. In such cases, Administrator may review the subsidy for the period subsequent to the implementation of the enhanced tariff. 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.
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 In addition to the RDELs installed on landlines, RDELs installed on any wireless technology and having Fixed Wireless Terminals (FWTs) as subscriber end equipments shall qualify for subsidy support.

16.0 Quality of Service Parameters:

16.1 The Quality of Service Parameters for Basic Telecommunication Services 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 RDELs at any time during the validity period 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 evaluation of Quality of Service parameters.

16.4 The Universal Service Provider will keep a record of RDELs 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 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 sheets 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 RDEL and its regular testing. Print out of line tests of RDELs 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.
PART IV
FINANCIAL CONDITIONS

17.0 Subsidy from Universal Service Obligation Fund (USOF)

17.1 SDCA-wise Rate, at which subsidy is disbursable, shall be as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the SSA</th>
<th>Name of the SDCA</th>
<th>Rate per RDEL (in Rs)</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Front Loaded Subsidy</td>
</tr>
<tr>
<td>1.</td>
<td>AMBALA</td>
<td>KALKA</td>
<td>5823</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BARARA</td>
<td>5823</td>
</tr>
<tr>
<td>2.</td>
<td>GURGAON</td>
<td>PALWAL</td>
<td>4334</td>
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<tr>
<td></td>
<td></td>
<td>FEROJPUR</td>
<td>4334</td>
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<td></td>
<td></td>
<td>NUH</td>
<td>4334</td>
</tr>
<tr>
<td>3.</td>
<td>HISSAR</td>
<td>ADAMPUR MANDI</td>
<td>4984</td>
</tr>
<tr>
<td>4.</td>
<td>JIND</td>
<td>JULANA</td>
<td>6123</td>
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<tr>
<td>5.</td>
<td>NARNAGUL</td>
<td>BAWAL</td>
<td>6984</td>
</tr>
<tr>
<td></td>
<td></td>
<td>KOSLI</td>
<td>6984</td>
</tr>
<tr>
<td>6.</td>
<td>ROHTAK</td>
<td>BAWANIKHERA</td>
<td>4984</td>
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<td></td>
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<td>MEHAM</td>
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<td>TOSHAM</td>
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<td>JHAIJAR</td>
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<td>LOHARU</td>
<td>4984</td>
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<td></td>
<td></td>
<td>SIWANI</td>
<td>4984</td>
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</tbody>
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17.2 The Universal Service Provider shall receive the Subsidy towards Rural Household DELs installed between 01.04.2002 and 31.03.2005. The equated annual subsidy where payable, shall be given up to a maximum period of five years from the date of installation of these RDELs. The one time front loaded subsidy shall be payable only for net addition of rural household DELs in a local exchange area.

Explanation: Net additions shall mean the number of RDELs added after making adjustment for RDELs closed permanently on account of surrenders, non-payments, or shifts out of the Local Exchange Area.

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 claims for subsidy for the RDELs installed by it and made functional in the prescribed forms given in Attachments
to Annexure-I for the front loaded subsidy and the eligible equated annual subsidy at one
line. Provided further that the claims for the period up to the quarter ending 31.03.2005
shall be submitted before end of September, 2005. Claims received after this date shall be
rejected unless under exceptional circumstances an extension upto 30 days is allowed by
the Administrator. Thereafter the quarterly subsidy will be paid after the end of each
quarter.

18.2 The USP shall subsequently submit their claims for quarterly Subsidy in a STATEMENT
in the prescribed form given in Attachments to Annexure I 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 I shall be
furnished by USP even if the claim for a quarter is NIL.

18.3 The equated annual subsidy for the balance period, where payable 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 RDELs maintained up to the close of previous quarter.

18.4 All claims should be submitted as prescribed in hard copy in the formats of Attachments
to Annexure I 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.

18.5 The claim shall be duly certified with an Affidavit as per Annexure I by a representative
of the Universal Service Provider duly authorized by a Board resolution of the Universal
Service Provider.

18.6 All the aforesaid quarterly STATEMENTS of each year shall be required to be audited by
the Auditors of the Universal Service Provider appointed under Section 224 of the
Companies' Act, 1956. The report of the Auditors should be in the prescribed form given
in Annexure III to be 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. For the claim submitted for the period up to quarter
ending 31.03.2005, the same should be submitted within six months after submitting the
claims.

18.7 The RDELs that remain faulty for more than 7 days in a quarter, shall not be reckoned for
the purpose of disbursement of full equated quarterly subsidy from USOF and subsidy
payable shall be reduced proportionately for the total no. of days the RDELs remain faulty
during the quarter. Provided further that if a RDEL remained faulty for forty-five days or
more during the quarter, no equated quarterly subsidy for the entire quarter for that RDEL
shall be disbursed. For those SSAs where equated annual subsidy is ZERO, Rs. 250/-
(Two Hundred and Fifty only) shall be taken as the notional rate of equated annual
subsidy, at which the deduction shall be calculated.
18.8 RDELs that are closed permanently either on account of surrenders, shifts out of the SDCA or non-payment by the customers shall receive only the eligible equated annual subsidy support from USOF from the date of installation till the date on which they are closed.

18.9 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.

18.10 The Administrator shall pay the subsidy for a quarter after making adjustments, if any, for the payments made in the previous quarter.

18.11 Final adjustment, if any in respect of excess or shortage in the Subsidy disbursed shall be made in the following year based on the quarterly Statements duly certified by the Auditors of the Universal Service Provider.

18.12 In case the Universal Service Provider is found to have claimed and received in excess of 10% of the Subsidy due to them for a financial year, the entire amount in excess shall be recovered along with interest from the date of disbursement at the Prime Lending Rate (PLR) of State Bank of India prevalent 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.

18.13 The relevant records of the Universal Service Provider shall be subject to such scrutiny as may be prescribed by the Administrator so as to facilitate independent verification of the Subsidy claimed.

18.14 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 The USP shall submit a Performance Bank Guarantee (PBG) in the prescribed Proforma (as per *Annexure-II*) valid for one year for each Service Area or part thereof, where the Agreements are entered into, from any Scheduled Bank in India or an Indian Public Financial Institution duly authorized to issue such Bank Guarantee. Initially the Bank Guarantee will be for an amount of Rs. 50 lakhs to be submitted along with the first claim. However, if 25% of the front loaded subsidy payable for the period 1.4.2002 to 31.3.2005 exceeds Rs. 50 lakhs, the bank guarantee would have to be enhanced to at least cover 25% of the front loaded subsidy before the subsidy payments are made for the relevant period.
19.2 Initially, the Bank Guarantee (s) shall be valid for a period of one year. The USP, on its own, shall extend the validity period of the Bank Guarantee(s) on similar terms at least one month prior to the day of its expiry without any demand or notice from the Administrator.

19.3 The amount of PBG from 5th year onwards and till the validity period of the Agreement shall be an amount of Rs. 50 lakhs (Rs. Fifty Lakhs). The bank guarantees shall be kept valid for an extended period of six months beyond the period of Agreement or till finalization of Accounts whichever is later. Any failure to do so, shall amount to violation of the terms of the Agreement and entitle the Administrator to encash the Bank Guarantee(s) and to convert it into a cash security without any reference to the Universal Service Provider at its risk and cost. No interest or compensation whatsoever shall be payable by the Administrator on such encashment.

19.4 Without prejudice to its rights of any other remedy, Administrator may encash bank guarantee and forfeit the amount upon any failure of performance of the terms & conditions of the Agreement by the Universal Service Provider.

20.0 **Maintenance of records.**

20.1 The Universal Service Provider will draw, keep and furnish accounts for the RDELs for which the Agreement has been entered into and it shall fully comply with 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 of the books of accounts and records of faults. The Universal Service provider shall also be required to supply and provide for examination of 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 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 verification of the amount due to the Universal Service Provider as subsidy from the USO Fund.
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 mutandis*.

22.0 Right to inspect

22.1 The Administrator or his authorized representative shall have the right to inspect the sites used for extending the Service and in particular but not limited to 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, the 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 RDELs

23.1 The Universal Service Provider may shift the Rural Household DELs during the validity of the Agreement as per demand of the customer. No subsidy support towards shift of RDELs shall be payable to the USP.

24.0 Change of Technology

24.1 The USP may replace the RDELs as per the terms and conditions of the Agreement within the concerned SDCA, during the validity of the Agreement provided it meets all the technical conditions stipulated in Part III of this Agreement. The equated annual subsidy where payable shall, however, be disbursed at the specified rate.

25.0 Confidentiality of information

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

26.0 Prohibition of certain Activities by the Universal Service Provider

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

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27.0 **Security Conditions**

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

28.0 **Application of Indian Telegraph Act**

28.1 The terms and conditions of the Basic Service License with regard to applicability of Indian Telegraph Act 1885 and rules framed there under shall be binding *mutatis mutandis*. 
PART VI

DEFINITIONS

29.0 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:

29.1 ADMINISTRATOR means the Administrator, Universal Service Obligation Fund in the Department of Telecommunications under Ministry of Communications & IT.

29.2 AGREEMENT shall mean the Agreement signed by the Universal Service Provider with the Administrator, related to Universal Service Obligation.

29.3 CAPEX means Capital Expenditure incurred in providing rural household DELs. The expenditure shall include the cost incurred on the customer premises terminal equipment, line up to and inclusive of line card in the telephone exchange.

29.4 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.

29.5 CUSTOMER includes any subscriber, which subscribes to/avails of the service from the Service Provider.

29.6 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.

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

29.8 FRONT LOADED SUBSIDY is the one time amount payable after the RDEL is installed and made functional.

29.9 LICENCE means a License granted or having effect as if granted under section 4 of the Indian Telegraph Act 1885 and Indian Wireless Act 1933.

29.10 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.

29.11 LOCAL EXCHANGE AREA is the geographical area served by an exchange or the BTS as the case may be.

29.12 NET COST: Net cost for the purpose of this Agreement takes into account the Capital recovery, Annual Operating Expenses minus Annual revenue.
29.13 OPEX means the Annual Operating Expense incurred on operation and maintenance of RDELS’ 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.

29.14 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.

29.15 RURAL HOUSEHOLD DELs for the purpose of this Agreement means the rural DELs installed during 1.4.2002 to 31.3.2005 in the rural areas as defined in conducting the Census of 2001 and located in eligible net cost positive SDCAs as indicated in the Agreement. VPTs, PCOs, RCPs and WLL Mobile including other mobile connections shall not qualify as rural household DELs for the purpose of this Agreement.

29.16 SHORT DISTANCE CHARGING AREA (SDCA): means one of the several areas into which a Long Distance Charging Area is divided and declared as such for the purpose of charging for trunk calls and within which the local call charges and local numbering scheme is applicable. SDCAs, with a few exceptions, coincide with revenue tehsil / taluk.

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

29.18 SUBSIDY from Universal Service Obligation Fund (USOF) means the disbursements made from USOF towards meeting the universal service obligations in terms of the Agreement.

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

29.20 UNIVERSAL SERVICE PROVIDER (USP) means such entities which have entered into an Agreement with the Administrator for provision of specified Universal Service.

29.21 USO means Universal Service Obligation as enunciated in Indian Telegraph (Amendment) Act, 2003 and the Rules framed there under.

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

29.23 VPT means the first public telephone installed in a village.
AFFIDAVIT AND FORMAT OF STATEMENT FOR SUBSIDY CLAIM
Agreement no.30-145/2004-USF DATED FOR RURAL Household DELs
AFFIDAVIT (ON STAMP PAPER)

1. I ........................................, aged about .............. years 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 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 I 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 RDELs provided were functional
from the quarter in which they have been shown as installed (Attachments .......... of
Annexure I).

5. That the claim pertains to the rural household DELs installed between 01.04.2002 and
31.03.2005 and does not include VPTs / PCOs/ RCPs and WLL (mobile).

6. That the DELs that have been permanently closed either on account of disconnection for
non-payment or on account of surrender by customers, or on account of shift outside the
Local Exchange Area during the quarter, have been excluded for the purpose of subsidy
from the quarter in which they were closed.

7. That excess payment or shortage, if any, 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.

8. That the RDELs installed on any wireless technology have been provided with Fixed
Wireless Terminals (FWTs) as the subscriber end equipments.

9. That the subsidy for these rural household DELs has not been claimed under any other
Agreement entered into with the Administrator for the same Service Area.

10. That the Rural household DELs that have been installed and front loaded payment
received but for which no claim for quarterly subsidy has been preferred are being
maintained as per the terms and conditions of the Agreement.

11. That subsidy has been deducted for RDELs that have remained faulty during the quarter
in terms of the condition of the Agreement.

12. That the Standard tariff for the RDELs for which the claim has been preferred is being
charged as per Annexure-IV/TRAI Tariff orders, Regulation, directions issued with
regard to rural household DELs from time to time.

Deponent.

VERIFICATION
Verified at ........................................ on ............................................ that the contents of para 1 to
12 above of the affidavit and Attachments ............... to Annexure I are true and correct to the
best of my knowledge, no part of it is false and nothing has been concealed there from

Deponent
### Summary and claim statement for Front Loaded subsidy for Rural household DELs installed between 1.4.2002 and 31.03.2005

(Agreement No. 30-145/2004-USF dated for RDELs)

Name of Service Provider:
Name of Service Area:

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<th>Sl. No.</th>
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<th>No. of RDELs permanently closed during the Qtr.</th>
<th>No. of RDELs at the end of Qtr.</th>
<th>Highest no. of RDELs in any previous Qtr.</th>
<th>Net Addition in No. of RDELs during the Qtr. (Col.6+Col.7-Col.8)</th>
<th>Front loaded subsidy payable = Co.11+ Col.5</th>
<th>Equated Quarterly subsidy payable for RDELs in exchange area (from attachment2/2 to Annexure)</th>
<th>Total Subsidy payable for RDELs for the Qtr. (Col. 12 + Col.13)</th>
<th>Remarks, if any</th>
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**Total for Service area**
Note:

1. DELs for the purpose of this statement shall be confined to only Rural household DELs on fixed landline telephony service including wireless in local loop (fixed). The Rural DELs have been defined vide condition 29.15 of this Agreement and cover the lines installed in the areas as defined in conducting the Census of 2001 and in application of rural Tariffs. VPTs, RCPs, PCOs, WLL (Mobile) and other mobile connections should be EXCLUDED from this claim.

2. Subsidy from USOF is payable for Net Addition only. In case net addition (col. 11) is negative, it may be taken as zero.

3. The source of information for filing this claim shall be the Billing Record. A certified copy of the Bill summary of concerned period, indicating No. of RDELs billed for each exchange in the eligible SDCA is required to be attached with this statement.

4. The no. of RDELs at the beginning of the 1st quarter of the 1st year of Agreement i.e. Q.E. 30.06.2004 will be the no. of RDELs existing as on 1.4.2002.

5. Permanently closed DELs include DELs closed on account of surrender or non-payment or shift out of Local Exchange Area from out of the RDELs installed under the Agreement.

Signature of Authorized Signatory with Company Seal
Claim statement for equated annual subsidy for Rural household DELs installed between 1.4.2002 and 31.03.2005
(Agreement No. 30-145/2004-USF dated ______________ for RDEL)

Name of Service Provider:
Name of Service Area:
Name of the SSA:

<table>
<thead>
<tr>
<th>SL. No.</th>
<th>Name of SDCA</th>
<th>Name of Exchange</th>
<th>Rate of Equated quarterly subsidy (Equated annual subsidy / 4)</th>
<th>RDEL No.</th>
<th>Date of Installation</th>
<th>Technology</th>
<th>Period for which RDEL remained faulty</th>
<th>No. of days RDEL remained non-functional including from and to days (both)</th>
<th>Date of permanent closure on account of DNP, shift out of exchange or surrender</th>
<th>No. of days of existence of RDEL in the Qtr. (refer note 3)</th>
<th>Quarterly equated subsidy payable = (column 4 * column 12)</th>
<th>No. of days in the Qtr.</th>
<th>Deduction on account of non-functional period, as calculated w.r.t. note 5 below</th>
<th>Net Subsidy payable=</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A</td>
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Total No. of working RDELs in the local exchange area at the end of Qtr =

<table>
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<tr>
<th>SL. No.</th>
<th>Name of SDCA</th>
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<tbody>
<tr>
<td>1</td>
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</table>
1. DELs for the purpose of this statement shall be confined to only Rural household DELs on fixed landline telephony service including wireless in local loop (fixed).
Rural DELs have been defined vide Condition 29.15 of this Agreement and cover the lines installed in the areas as defined in conducting the Census of 2001 and the application of rural Tariffs. VPTs, RCPs, PCOs, WLL (Mobile) and other mobile connections should be EXCLUDED from this claim.

2. The source of information for filing this claim shall be the Billing Record.

3. In case of new installation, the period shall be reckoned from the date of installation. For RDEL in the earlier Qtr. no. of days shall be the full Qtr. In case of permanent closure it shall be up to and including the date of closure. Where the subsidy claim is for less than a quarter, the claim shall be submitted on a pro-rata basis for the actual duration for which Rural household DEL remained functional in the quarter.

4. The subsidy deduction for faults less than 7 days is nil, for duration of faults more than 7 days but less than 45 days, prorata deduction as shown below is to be done. For faults for 45 days or more, Equated quarterly subsidy component for the entire quarter is to be deducted. For SDCAs where Equated annual subsidy is zero Rs. 25 shall be taken as the notional rate for equated annual subsidy at which deductions shall be calculated.

5. Pro-rata deduction of subsidy for fault period \[= \frac{(\text{Equated quarterly subsidy} \times \text{No of days of fault})}{\text{No. of days in the quarter}}\]

6. All RDELs installed after 1.4.02 shall be reflected in the above statement up to the date of the permanent closure, even if the equated annual subsidy is zero.

Signature of authorized signatory along with Company seal
PROFORMA FOR PERFORMANCE 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 operate and maintain the Rural household DELs provided between 1.4.2002 and 31.3.2005 (hereinafter called ‘the SERVICE’) as per Agreement No. __________ (hereinafter called ‘the said Agreement’) on the terms and conditions contained 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 amounts due and payable under this guarantee without any demur, merely on a demand from the Administrator stating that the amount claimed is due by way of loss or damage caused or would be caused to or suffered by the Administrator by reason of breach by the said Universal Service Provider of any of the terms or conditions contained in the said Agreement or by reason of the Service Provider’s failure to perform any of 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 perform 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 extend time of performance of any obligations by the said Universal Service Provider from time to time or to postpone for any time or from time to time any of the powers exercisable by the Administrator against the said Universal Service Provider and to 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 to the said Universal Service Provider or forbearance act or omission on the part of the Administrator or any indulgence by the Administrator to the said Universal Service Provider or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

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

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

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

SIGNED and SEALED with the common seal of Bank on

Dated __________ day __________ for __________________________

(Name of the Bank)

Witness:

1. ____________________________
   ____________________________

2. ____________________________
   ____________________________

26
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 USO Fund 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 Agreement No. 30-145/2004-USF for Subsidy Disbursement for provision of Rural Household DELs between 1.4.2002 and 31.3.2005 in the specified SDCAs under Universal Service Obligation, Stream II.

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 explanations given to us, the Statements have been prepared in accordance with the conditions contained in the said 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 Rural Household DELs 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)
## RURAL TELEPHONE TARIFF

### STANDARD TARIFF CHART FOR RURAL HOUSEHOLD SUBSCRIBERS

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<th>Sl. No.</th>
<th>Item</th>
<th>Rate (Rs.)</th>
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<td>Security Deposit</td>
<td>one year rental</td>
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<td>Installation charges</td>
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<td>Exchange capacity (i)</td>
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<td>Rental per month</td>
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<td>Exchange capacity (i)</td>
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<td>Exchange capacity (ii)</td>
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<td>Unit call charges</td>
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<td>(i) first 300 MCU per month</td>
<td>except free calls</td>
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<td>0.80</td>
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<td>(ii) more than 300 Call units</td>
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<td>Pulse rate for local calls</td>
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<td>Basic to Cellular</td>
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