

F. No. 30-174-2/2014-BB-USOF (Vol. II)
Government of India
Ministry of Communications
Department of Telecommunications
Universal Service Obligation Fund
Sanchar Bhawan, 20, Ashoka Road, New Delhi

Dated: 20/11/2018

Shri Anupam Srivastava
Chairman & Managing Director,
Bharat Sanchar Nigam Limited
Bharat Sanchar Bhawan
Harish Chandra Mathur Lane
Janpath, New Delhi-110001

Subject: Augmentation of Satellite bandwidth by BSNL for Lakshadweep Islands- Regarding modification/additions in the MoU signed on 29/03/2017.

Reference is invited to this office letter No. 30-176-1/2015-USOF-BB (Vol. III) (Pt.) dated 18/09/2018 regarding Augmentation of Satellite Bandwidth from 318 Mbps to 1.71 Gbps by BSNL for Lakshadweep Islands.

2. MoU No. 30-176-2/2014-BB-USOF was signed between USOF and BSNL on 29/03/2017 for subsidy disbursement towards CAPEX for satellite bandwidth augmentation in Lakshadweep Islands.

3. The under signed has been directed to convey the approval of the Administrator, USO Fund to modify following clauses of the MoU No. 30-176-1/2014-BB-USOF dated 29/03/2017, signed between USOF and BSNL and addition of new clauses, in exercise of powers conferred **under clause 11 of the MoU dated 29/03/2017**, as below:

Existing Condition	Modified Condition
After the clause 3.6	New clause inserted as 3.7. BSNL shall upgrade satellite bandwidth from 318 Mbps to 1.71 Gbps in accordance with the Report of Recommendations of the Technical Group, constituted for vetting of Technical Requirements and Detailed Cost Estimates for augmentation of satellite system for Lakshadweep Islands as per the timelines given in Annexure-A2.
After the clause 3.7	New clause inserted as 3.8. BSNL shall submit monthly report to Administrator, USOF and its Designated Monitoring Agency (DMA) viz. Controller of Communication Accounts office (CCA), Kerala about the progress of the work.
After the clause 4.4	New clause inserted as 4.5. 10% of the estimated cost of Rs. 25.75 crore will be paid as mobilization advance, adjusted against total CAPEX subsidy payable, for preparatory activities and would be released within 4 weeks from issue of this addendum.


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After the clause 5.11	Annexure 'X' & 'A2' regarding Financial Conditions from Universal Service Obligation Fund & Timelines respectively is enclosed.
New Clauses added	5.12: "BSNL shall submit the details of the satellite links commissioned and the bandwidth augmented to CCA, Kerala and USOF".
10. This MoU will be valid for a period of ONE Years from the date of signing	This MoU will be valid for a period of TWO years from the date of signing.

4. The approved DPR is enclosed.
5. All other terms and conditions of the aforesaid Agreement shall remain unchanged.
6. It is requested to convey your acceptance for the same immediately.

This issues with the approval of the Administrator, USOF

Encl.: As above.


 for (Vilas Burde)
 Director (VSB), USOF

Copy to:

1. CCA, Kerala for necessary action. A copy of the MoU dated 29/03/2017 is enclosed herewith along with this addendum.
2. Jt. Administrator (F) USOF.
3. Shri P. K. Pandey, PGM (Radio), BSNL Corporate Office, New Delhi.

Copy for kind information to: Administrator USOF.

SECTION –VI
FINANCIAL CONDITIONS

1 SUBSIDY FROM UNIVERSAL SERVICE OBLIGATION FUND

- 1.1** Funding from USOF shall be limited to the Capital Expenditure (CAPEX) approved by DoT/TC and actually incurred for the project in accordance with the approved DPR.
- 1.2** BSNL shall intimate the market discovered costs to USOF and subsequent to its approval, in case it exceeds the estimated amount, funding shall be done. In this regard, funding shall be on actuals.
- 1.3** BSNL shall submit claim linked to segment and various stages of milestones, along with the physical and financial progress report and other supporting documents in prescribed affidavit format (Annexure-I), as per the following disbursement schedule:

S. No.	Payment Stages	Payment Milestone	Physical Progress	Documentary Evidence
1	Mobilization Advance	10% of the estimated cost of Rs. 25.75 crore.	Preparatory Activities	1. Receipt of signed copy of MoU
2	CAPEX Subsidy claim for Q1	20% of tender discovered CAPEX shall be claimed as subsidy by end of the quarter. (Payment made under S. No.1 shall be adjusted)	NA	1. Subsidy claim statement as per prescribed Affidavit Proforma (Annexure-I) on a stamp paper which should be dully signed by the Authorized signatory of the company duly authorized by a Board Resolution of the Company. The claim for subsidy shall be accompanied by a pre-receipted bill with revenue stamp. 2. Work done certificate as per prescribed proforma (Annexure-A1) along with apportionment of tender discovered cost link-wise as per approved DPR. 3. Relevant POs & APOs 4. Utilization certificate(Annexure-III) of previously sanctioned fund against the total CAPEX subsidy payable for augmentation of satellite connectivity in Lakshadweep Islands up to 1.71 Gbps. 5. Link wise commissioning certificate and the bandwidth augmented as per details given in Annexure-A1
3	CAPEX Subsidy claim for Q2	10% of tender discovered CAPEX shall be claimed as subsidy by end of the quarter.	Bandwidth augmentation at 10% of total sites.	1. Subsidy claim statement as per prescribed Affidavit Proforma (Annexure-I) on a stamp paper which should be dully signed by the Authorized signatory of the company duly authorized by a Board Resolution of the Company. The claim for

S. No.	Payment Stages	Payment Milestone	Physical Progress	Documentary Evidence
				<p>subsidy shall be accompanied by a pre-receipted bill with revenue stamp.</p> <p>2. Work done certificate as per prescribed proforma (Annexure-A1) along with apportionment of tender discovered cost link-wise as per approved DPR.</p> <p>3. Relevant POs & APOs</p> <p>4. Utilization certificate(Annexure-III) of previously sanctioned fund against the total CAPEX subsidy payable for augmentation of satellite connectivity in Lakshadweep Islands up to 1.71 Gbps.</p> <p>5. Link wise commissioning certificate and the bandwidth augmented as per details given in Annexure-A1</p>
4	CAPEX Subsidy claim for Q3	10% of tender discovered CAPEX shall be claimed as subsidy by end of the quarter.	Bandwidth augmentation at 20% of total sites.	<p>1. Subsidy claim statement as per prescribed Affidavit Proforma (Annexure-I) on a stamp paper which should be dully signed by the Authorized signatory of the company duly authorized by a Board Resolution of the Company. The claim for subsidy shall be accompanied by a pre-receipted bill with revenue stamp.</p> <p>2. Work done certificate as per prescribed proforma (Annexure-A1) along with apportionment of tender discovered cost link-wise as per approved DPR.</p> <p>3. Relevant POs & APOs</p> <p>4. Utilization certificate(Annexure-III) of previously sanctioned fund against the total CAPEX subsidy payable for augmentation of satellite connectivity in Lakshadweep Islands up to 1.71 Gbps.</p> <p>5. Link wise commissioning certificate and the bandwidth augmented as per details given in Annexure-A1</p>
5	CAPEX Subsidy claim for Q4	10% of tender discovered CAPEX shall be claimed as subsidy by end of the quarter.	Bandwidth augmentation at 30% of total sites.	<p>1. Subsidy claim statement as per prescribed Affidavit Proforma (Annexure-I) on a stamp paper which should be dully signed by the Authorized signatory of the company duly authorized by a Board Resolution of the Company. The claim for subsidy shall be accompanied by a pre-receipted bill with revenue stamp.</p> <p>2. Work done certificate as per prescribed proforma (Annexure-A1) along with apportionment of tender discovered cost link-wise as per approved DPR.</p>

S. No.	Payment Stages	Payment Milestone	Physical Progress	Documentary Evidence
				3. Relevant POs & APOs 4. Utilization certificate(Annexure-III) of previously sanctioned fund against the total CAPEX subsidy payable for augmentation of satellite connectivity in Lakshadweep Islands up to 1.71 Gbps. 5. Link wise commissioning certificate and the bandwidth augmented as per details given in Annexure-A1
6	CAPEX Subsidy claim for Q5	10% of tender discovered CAPEX shall be claimed as subsidy by end of the quarter.	Bandwidth augmentation at 40% of total sites.	1. Subsidy claim statement as per prescribed Affidavit Proforma (Annexure-I) on a stamp paper which should be duly signed by the Authorized signatory of the company duly authorized by a Board Resolution of the Company. The claim for subsidy shall be accompanied by a pre-receipted bill with revenue stamp. 2. Work done certificate as per prescribed proforma (Annexure-A1) along with apportionment of tender discovered cost link-wise as per approved DPR. 3. Relevant POs & APOs 4. Utilization certificate(Annexure-III) of previously sanctioned fund against the total CAPEX subsidy payable for augmentation of satellite connectivity in Lakshadweep Islands up to 1.71 Gbps. 5. Link wise commissioning certificate and the bandwidth augmented as per details given in Annexure-A1
7	CAPEX Subsidy claim for Q6	15% of tender discovered CAPEX shall be claimed as subsidy by end of the quarter.	Bandwidth augmentation at 55% of total sites.	1. Subsidy claim statement as per prescribed Affidavit Proforma (Annexure-I) on a stamp paper which should be duly signed by the Authorized signatory of the company duly authorized by a Board Resolution of the Company. The claim for subsidy shall be accompanied by a pre-receipted bill with revenue stamp. 2. Work done certificate as per prescribed proforma (Annexure-A1) along with apportionment of tender discovered cost link-wise as per approved DPR. 3. Relevant POs & APOs 4. Utilization certificate(Annexure-III) of previously sanctioned fund against the total CAPEX subsidy payable for augmentation of satellite connectivity in Lakshadweep Islands up to 1.71 Gbps. 5. Link wise commissioning certificate and the bandwidth augmented as per details given in Annexure-A1

S. No.	Payment Stages	Payment Milestone	Physical Progress	Documentary Evidence
8	CAPEX Subsidy claim for Q7	15% of tender discovered CAPEX shall be claimed as subsidy by end of the quarter.	Bandwidth augmentation at 75% of total sites.	<ol style="list-style-type: none"> 1. Subsidy claim statement as per prescribed Affidavit Proforma (Annexure-I) on a stamp paper which should be duly signed by the Authorized signatory of the company duly authorized by a Board Resolution of the Company. The claim for subsidy shall be accompanied by a pre-receipted bill with revenue stamp. 2. Work done certificate as per prescribed proforma (Annexure-A1) along with apportionment of tender discovered cost link-wise as per approved DPR. 3. Relevant POs & APOs 4. Utilization certificate(Annexure-III) of previously sanctioned fund against the total CAPEX subsidy payable for augmentation of satellite connectivity in Lakshadweep Islands up to 1.71 Gbps. 5. Link wise commissioning certificate and the bandwidth augmented as per details given in Annexure-A1
9	CAPEX Subsidy claim for Q8	10% of tender discovered CAPEX shall be claimed as subsidy by end of the quarter.	Bandwidth augmentation at 100% of total sites.	<ol style="list-style-type: none"> 1. Subsidy claim statement as per prescribed Affidavit Proforma (Annexure-I) on a stamp paper which should be duly signed by the Authorized signatory of the company duly authorized by a Board Resolution of the Company. The claim for subsidy shall be accompanied by a pre-receipted bill with revenue stamp. 2. Work done certificate as per prescribed proforma (Annexure-A1) along with apportionment of tender discovered cost link-wise as per approved DPR. 3. Relevant POs & APOs 4. Utilization certificate(Annexure-III) of previously sanctioned fund against the total CAPEX subsidy payable for augmentation of satellite connectivity in Lakshadweep Islands up to 1.71 Gbps. 5. Link wise commissioning certificate and the bandwidth augmented as per details given in Annexure-A1

S. No.	Payment Stages	Payment Milestone	Physical Progress	Documentary Evidence
10	Following year after project (augmentation of bandwidth from 318 Mbps to 1.71 Gpbs)(Payment shall be made after adjustment of the Mobilization Advance & quarterly payments given to the BSNL)	Remaining amount/adjustment (If any)	NA	1. Auditor's Report on Statement of Subsidy from USOF by the auditors of the BSNL (As per Annexure-II)

2 Release of fund:

- a) The funding towards Capex shall be disbursed by the Controller of Communication Accounts Office, TamilNadu, the Designated Monitoring Agency, in accordance with the aforesaid schedule and other provisions of the Agreement, with each quarter ending on 30th June, 30th of September, 31st of December and 31st of March. Any advance payment shall be adjusted against the quarterly claim. The claim for a part of quarter will be computed with reference to the actual number of days in that quarter.
- b) The claim in the prescribed format along with the supporting documents should be submitted, at the office of Controller of Communication Accounts Office, within one month of the end of the quarter. Condonation of delay for claims received after this date may be considered under exceptional circumstances as per prevailing instructions.
- c) The claims of BSNL would be said to be settled only after adjustment & recovery of any pending LD, penalties, outstanding dues, etc. as per the Agreement or recovery of inadmissible/excess funding as ascertained on the basis of scrutiny, sample physical verification conducted by CCA office to authenticate the claims during the Agreement period, as per instructions issued thereunder or as per the report of the IMA.

- 3 Annual Audit:** The aforesaid quarterly claim statements for each financial year shall be required to be audited by the auditors of BSNL appointed under Section 139 or any other relevant section of the Companies Act, 2013. The report of the Auditors should be in the prescribed form given in Annexure-II to be filed with the designated Controller of Communication Account Offices within 7 (seven) calendar days of the date of signing the audit report but not later than 30th September of the following year.

- 4 The funding for a quarter shall be paid after making adjustments, if any, for the payments made in the previous quarter(s).
- 5 Final adjustment, if any in respect of excess or shortage in the disbursed amount shall be made in the following year based on the quarterly statements duly certified by BSNL.
- 6 In case BSNL is found to have claimed and received in excess of 10% of the amount due to them, the entire amount in excess shall be recovered along with an interest from the date of disbursement at the prime lending rate (PLR) of State Bank of 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 funding shall be disbursed until final adjustment of the excess payment.
- 7 No interest shall be payable for any short/late payment made to BSNL by the Administrator USOF or concerned Controller of Communication Accounts Office.
- 8 The guidelines regarding inspection of sites and verification of claims regarding the project will be communicated separately.
- 9 All the relevant records, systems, relevant NOC (Network Operation Centre)/ Network Management System (NMS) data, logbooks, books of accounts of BSNL shall be subject to such scrutiny & examination as may be prescribed by the Administrator so as to facilitate independent verification of the claims and disbursed/paid amount.
- 10 Administrator, USOF reserves the right to issue instructions, prescribe procedures, formats and certificates with respect to physical and financial progress of the project, financial reports for reconciliation and verification. Depending on the stage of completion of the project and requirements, the same may be prescribed which has to be furnished by BSNL.
- 11 In order to ensure proper utilization of funds released and verification thereof, the Administrator can issue instructions/directions & even modify, alter, or substitute and amend, if deemed necessary, whatever is stated herein.
- 12 Bank Guarantees: Performance Bank Guarantee (PBG) is not required from BSNL so long as BSNL continues to be wholly owned by the Government of India.
- 13 **Maintenance and Supply of Records:**
 - a) The Administrator shall have the right to call for and BSNL shall be obliged to maintain, supply and provide for examination the relevant NOC (Network Operation Centre) data, books of accounts, measurement books, log books and any record(s) relating to Provision of Augmentation of Satellite Bandwidth from 1 Gbps to 2 Gbps in Andaman & Nicobar Islands.

- b) BSNL 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 and approved accounts of the company. Any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give cause for cancellation of the Agreement.
- c) The relevant records of BSNL shall be subject to such scrutiny as may be prescribed by the Administrator so as to facilitate independent verification of the amount due to BSNL.

Annexure-A2

Timelines for satellite bandwidth augmentation in
Lakshadweep Islands in accordance with the decision taken by
Telecom Commission in the meeting held on 31.08.2018

Sl. No.	Cumulative Bandwidth	Time Lines
1	102 Mbps to 318 Mbps	March, 2018
2	318 Mbps to 1.71 Gbps	March, 2019