

Agreement

With

Bharat Sanchar Nigam Limited

For

Setting up

25,000 Wi-Fi Hotspots

At Rural Telephone Exchanges

UNDER

UNIVERSAL SERVICE OBLIGATION FUND

No. 30-185-2/2017-BB-USOF

DATED 09/06/2017

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
OFFICE OF THE ADMINISTRATOR (USOF)
20, ASHOKA ROAD, NEW DELHI-110 001, INDIA

SECTION-I
AGREEMENT

Government of India
Department of Telecommunications
Universal Service Obligation Fund
20, Ashoka Road, Sanchar Bhawan, New Delhi- 110001

The President of India, acting through the Administrator, Universal Service Obligation Fund (USOF) who for the purpose of this Agreement is being represented by Sh. Sanjay Singh, Administrator, USOF, Department of Telecommunications, under Government of India and having its office at 2nd Floor, Sanchar Bhawan, 20 Ashoka Road, New Delhi 110001, (hereinafter referred to as the "Administrator", which expression, unless repugnant to the context or meaning thereof, shall include its successors, administrators or assignees;) of the First Party

AND

M/s Bharat Sanchar Nigam Limited a company registered under the companies act 1956, having its registered office at Bharat Sanchar Bhawan, H.C. Mathur Lane, Janpath, New Delhi, acting through Sh. Anupam Shrivastava, CMD, BSNL, 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 USP has requested and the Administrator agreed to enter into an Agreement for setting up **25,000 Public Wi-Fi Hotspots at Telephone Exchanges of BSNL in rural areas using BSNL Fibre** for providing the internet services over Wi-Fi network on non-discriminatory basis to all users.

NOW THIS AGREEMENT WITNESSES 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 setting up of Wi-Fi Hotspots at 25,000 RURAL telephone exchanges.
2. This Agreement will remain valid for 42 months from the effective date unless revoked earlier for any reasons 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. The effective start date of this Agreement shall be 09.06.2017.
5. **No Partnership**— Nothing in this Agreement shall be construed to constitute a partnership or agency between the Parties and the USP shall not make any assurance, promise or covenant nor shall hold himself out as competent to do so on behalf of the Administrator nor shall pledge the credit of the Administrator for any transaction in relation to this Agreement.
6. **No Employment** – Nothing in this Agreement shall constitute an offer or assurance of employment of any nature whatsoever to the USP or any person employed by or under him for this Agreement.
7. **Indemnify the Administrator**— The USP shall indemnify and at all times keep the Administrator indemnified and harmless against any direct loss to it or any claims by any third person, for any personal injury to anybody or loss to property, movable or immovable, caused by or attributable to any act or omission of the USP or any of his officer, employee, agent or professional etc. while performing or purporting to perform this Agreement.
8. **Waiver** – Neither the failure of either Party to insist on any occasion upon the performance of the provisions of this Agreement nor time or other indulgence granted by a Party to the other Party shall be treated or deemed as waiver of such breach or acceptance of any variation or the relinquishment of any such right thereunder. Waiver by either Party of any default by the other Party in the observance or performance of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent default or of other provisions of or obligations under this Agreement nor shall affect the validity or enforceability of this Agreement in any manner.
9. **Severability of Terms** – If for any reason whatsoever, any provision of this Agreement is or becomes invalid, illegal or unenforceable or is declared by any court of competent jurisdiction or any other instrumentality to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not be affected in any manner.

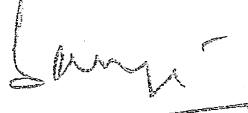


IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorized representatives on the 09.06.2017.

Signed for and on behalf of President of India

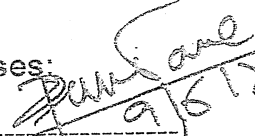

(Anupam Shrivastava)
CMD, BSNL
Bharat Sanchar Bhawan
H.C. Mathur Lane, Janpath
New Delhi - 110001

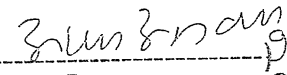
अनुपम श्रीवास्तव
ANUPAM SHRIVASTAVA
अध्यक्ष एवं प्रबंध निदेशक
Chairman & Managing Director
भारत संचार निगम लि., नई दिल्ली
B.S.N. Ltd., New Delhi


(Sanjay Singh)
Administrator
Universal Service Obligation Fund
Department of Telecommunications
Sanchar Bhawan, 20 Ashoka Road
New Delhi - 110001

(संजय सिंह)
(SANJAY SINGH)
प्रशासक सार्वभौमिक सेवा वाशित्व विधि
Administrator USO Fund
दूरसंचार विभाग, भारत सरकार
Deptt. of Telecom, Govt. of India
नई दिल्ली / New Delhi

Witnesses:


9/6/17
H.C. PANT
es & com (you)
BSNL


9/6/17
Anun Agarwal
Director, USO F
Dept. of Telecom
New Delhi

SECTION - II

GENERAL CONDITIONS

- 2.1 The Agreement shall be subject to the terms and conditions (including transfer, assignment or franchising) of Internet Service Provider (ISP) /Unified License (UL) as applicable.
- 2.2 The Universal Service Provider (USP) i.e. M/s Bharat Sanchar Nigam Limited shall be bound by the terms and conditions of the Agreement or any other instructions issued from time-to-time by the Administrator. The USP shall always be liable to perform the obligations under this Agreement for Provision of specified Services in Identified areas for which the Agreement has been entered into during the validity period of the Agreement.
- 2.3 **Scope of the Agreement**
 - 2.3.1 The objective of the scheme is to set up 25,000 public Wi-Fi hotspots at rural telephone exchanges of BSNL.
 - 2.3.2 USP shall provide broadband internet access over Wi-Fi leveraging BSNL backhaul. The target end-user devices would be smartphones, tablets, etc.
 - 2.3.3 USOF shall provide financial support as per the Financial Conditions of the Agreement.
 - 2.3.4 The infrastructure created under this project shall be owned by BSNL.
 - 2.3.5 BSNL shall select 25,000 rural exchanges from the list as placed at Appendix-I and the same shall be intimated to USOF separately.
- 2.4 **Deliverables**
 - 2.4.1 The USP shall be solely responsible for supply, installation, Testing, Commissioning, Operation & Maintenance of all the infrastructure created under the project for setting up of Wi-Fi Hotspots in 25000 rural telephone exchanges (as per Appendix-I), including their associated core network.
 - 2.4.2 USP shall provide broadband internet access services over Wi-Fi on non-discriminatory basis to all the users.
 - 2.4.3 USP shall setup 1 Access Point (AP) for each Wi-Fi Hotspots using its own backhaul network with bandwidth of at least 2 Mbps and shall fix a download limit of 4 GB per device per month.

- 2.4.4 In addition, upto 2500 Wi-Fi hotspots shall be upgraded to backhaul upto 10 Mbps, from initial 2 Mbps, and to two Access Points from one after three months of usage. This enhancement will be done on a need based basis after analysis of usage data of these public Wi-Fi hotspots for three months, subject to the approval of Administrator.
- 2.4.5 The USP shall be solely responsible for provision and operation of necessary equipment and systems, treatment of subscriber complaints, collection of charges and issue of receipts thereof, attending to claims with settlements and damages arising out of his operations.
- 2.4.6 The USP shall replace the faulty & damaged equipment, infrastructure and access points with its own cost.
- 2.4.7 The USP shall be responsible for the security of all the infrastructure including hardware and software. USP shall file Police complaints against deliberately defacing of infrastructure including theft and damage. However, USP shall be responsible for the settlement of such cases to ensure the upkeep of Wi-Fi network all the times.
- 2.4.8 The independent agency for doing impact assessment shall be appointed by BSNL and the cost of this assessment shall be borne by USOF/DoT. Also assessment may be carried out on sample basis and a sample of 4% i.e. 1000 rural exchanges may be considered. Framework or impact Assessment is at Annexure-1.

2.5 Timelines

- 2.5.1 The Rollout period for setting up 25000 Wi-Fi Hotspots shall be six months from the date of signing of the Agreement.
- 2.5.2 The Evaluation/ impact Assessment shall be carried out and submitted to USOF by USP within 6 to 12 months from the signing of the USOF agreement.
- 2.5.3 USP will operate the sites and deliver service for a minimum period of three years from the date of commissioning. Thereafter, BSNL will continue to provide services without any support from USOF.
- 2.5.4 The USP shall provide the month-wise Rollout plan to implement the project within 15 days of signing the agreement.



2.6 Duration of Agreement

2.6.1 The Agreement shall be valid for a period of 42 months from the effective date unless revoked earlier for reasons as specified elsewhere in the document.

2.7 Extension of Agreement

2.7.1 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 Last year of the Agreement. The decision of the Administrator shall be final and binding in this regard.

2.7.2 On expiry of the Agreement period, the USP shall continue to operate and maintain the infrastructure provided under this Agreement and provision of broadband access at its own cost.

2.8 Modifications in the Terms and Conditions of Agreement

2.8.1 The Administrator reserves the right to modify at any time the terms and conditions of the agreement, in consultation with the USP, if in the opinion of the Administrator, it is necessary or expedient to do so in the 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.

2.9 Requirement to furnish information

2.9.1 The USP 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 USP 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.

2.10 Suspensions, Revocation or Termination of Agreement.

2.10.1 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 the 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 Agreement.

2.10.2 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 USP 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 ISP/ Unified License of the USP, as applicable, is terminated, then this Agreement shall also be deemed to be terminated forth-with.

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

2.10.4 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 USP and upon such inquiry the USP shall extend all reasonable facilities and shall endeavor to remove the hindrance of every type.

2.10.5 It shall be the sole responsibility of the USP to maintain the Quality of Service (QoS) as per conditions of the Agreement, during the period of notice of termination of Agreement.

2.11 Actions Pursuant to Termination of Agreement

2.11.1 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 providing broadband services.

2.11.2 If the QoS had not been maintained as per standards prescribed by TRAI during the agreement period, then appropriate penalty shall be payable to the Administrator. The Administrator reserves right to calculate and impose the penalty on USP accordingly.

2.11.3 In case of termination of the Agreement before the expiry period, if it is found that the USP 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.



2.12 Indemnity

2.12.1 The USP 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 USP, its agents or servants.

2.13 Dispute Settlement

2.13.1 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 by Secretary, Department of Telecommunications, Government of India.

2.13.2 The Arbitration proceedings shall be conducted in accordance with the provisions of Arbitration and Conciliation Act, 1996 as amended or replaced from time to time. The governing law shall be laws of India.

2.13.3 The venue of the arbitration proceeding shall be New Delhi.

2.13.4 Not with standing any dispute or claim of the pendency of any arbitration or other proceedings, USP shall continue to provide the service for the whole duration of the Agreement.

2.14 Force- Majeure

2.14.1 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.



2.14.2 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.

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

2.14.4 It is understood and declared that any strike, lock out or labour dispute or unrest only in the undertaking of the USP or the reasonable harshness of the nature due to the terrain or difficulties arising from remoteness of the area or insufficiency of funds will not be treated as an EVENT.

2.15 Set off Clause

2.15.1 In the event any sum of money or claim becomes recoverable from or payable by the USP 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 USP under this Agreement or any other Agreement or Contract between the Administrator and the USP.

2.15.2 After exercising the right of set off, a notice shall always be given immediately within seven days by the Administrator to the USP.

2.16 Other Obligations

2.16.1 The USP 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.

2.16.2 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 USP.



SECTION-III

COMMERCIAL CONDITIONS

- 3.1 Transfer, Assignment or Franchising of the Agreement, entered into, shall be subject to relevant conditions of the ISP License/ Unified Licenses, as applicable.
- 3.2 The USP shall work within the framework of the Technical conditions of the ISP License/Unified License, as applicable.
- 3.3 The USP shall provide Wi-Fi broadband connectivity on non-discriminatory basis.
- 3.4 100% OPEX incurred by BSNL shall be supported by USOF in the first year, 75% of OPEX in the second year and 50% of the OPEX in the third year. Thereafter, BSNL will continue to provide services without any support from USOF. The OPEX support shall be net of revenue from users.
- 3.5 The facility should not be offered free of cost and there must be a policy for facilitating trial and paid usage after trial. USP shall decide tariff for paid usage after a trial period, which normally should not exceed six months. USP shall inform the initial tariff structure and any subsequent changes during the agreement period to the Administrator.
- 3.6 The USP shall not charge tariffs higher than the tariff as per TRAI Orders / Regulations / Directions issued with regard to such service in rural areas from time to time from the customers / users for the service, or the tariff charged by the USP for this type/similar type of service in urban areas, whichever is lower. USP shall submit a self-certification to this effect on quarterly basis.
- 3.7 Liability/risk of default/misuse/misappropriation of broadband connectivity provided under the agreement will be the responsibility of the USP.
- 3.8 The USP shall give wide publicity to the scheme by way of appropriate marketing tools such as media advertisements, road-shows, banners, display boards, etc. at no additional support from USOF.
- 3.9 The USP shall provide single window interface to the customer for all pre as well as post connection activities such as booking, provisioning and handling the complaint.
- 3.10 The USP shall be solely responsible for and shall provide all the necessary installation and after sales services for the Wi-Fi equipment, infrastructure,

H

A

access points and any other computing devices, if provided, to the satisfaction of the customer.

3.11 The USP shall maintain a Master database of broadband connections provided under the Agreement.



SECTION-IV

TECHNICAL CONDITIONS

- 4.1 The USP shall work within the framework of the Technical conditions of the ISP License/Unified License, as applicable.
- 4.2 All the network elements/nodes, including subscriber terminals deployed in the network, should be based on open standards issued by an internationally accredited agency with respect to ITU/ETSI/TEC or any other international standardization body as may be approved by the Government.
- 4.3 The technology should be supported by obsolescence management plan through options like scaling up or migration management.
- 4.4 The USP shall ensure to provide :
- i. Supply, Installation, Testing, Commissioning, Operations & Maintenance of Wi-Fi equipment, infrastructure and access points at rural telephone exchanges.
 - ii. One Wi-Fi Access Point in unlicensed band as per 802.11 standard, housed in outdoor rated, all weather unit. In addition, up to 2500 Wi-Fi hotspots shall be upgraded to backhaul up to 10 Mbps, from initial 2 Mbps, and to two Access Points from one after three months of usage. This enhancement will be done on a need based basis after analysis of usage data of these public Wi-Fi hotspots for three months, subject to the approval of Administrator
 - iii. To provide Broadband services over Wi-Fi, existing backend infrastructure of BSNL including authentication and accounting servers, billing platform, Fault Repair Service, customer care, call centre etc. shall be used.
 - iv. AAA Server (Authentication with User ID /Passwords), Gateway required for Internet Billing, ISP licenses, customer invoicing.
 - v. All equipment in the Wi-Fi network shall be manageable from Network Management System (NMS) with web-based access of NOC/NMS to USOF/DoT representatives authorized by the Administrator.
 - vi. Necessary Operations Support System (OSS) and Business Support System (BSS)
 - vii. Public Grievance redressal mechanism

viii. Power backup with the UPS for two hours.

- 4.5 The broadband infrastructure provided shall have the capability to deliver broadband services, i.e., data, voice and video services.
- 4.6 The infrastructure shall have the capability to support applications like Internet browsing, Voice over IP, Multimedia, Video conferencing, E-learning, E-Telemedicine, E-governance, etc.
- 4.7 The USP shall ensure the Quality of Service Parameters for the Wi-Fi broadband connections, provided under the Agreement, within the framework of the Quality of Service Conditions of the ISP License/Unified License and related TRAI regulations, , as applicable.
- 4.8 The USP shall make arrangements for periodical testing of infrastructure.
- 4.9 The USP shall make arrangements for efficient running of the services at the Wi-Fi Hotspots by ensuring availability of spares and service/maintenance contracts.
- 4.10 The USP shall make arrangement for hassle free reporting / booking faulty broadband connections and Public Grievance redressal mechanism.
- 4.11 The USP shall be responsive to the complaints lodged by the users of broadband connections. They shall rectify the deficiencies and maintain the history sheets for each installation, statistics and analysis on the overall maintenance status.
- 4.12 The USP shall keep a record of faults, rectification reports and other related details in respect of the services, rendered to the users of the broadband connections, which will be produced before the ADMINISTRATOR or TRAI as and when and in whatever form desired.
- 4.13 The USP shall maintain a record of performance of Wi-Fi Hotspots and broadband connections for monitoring.
- 4.14 The ADMINISTRATOR or TRAI may carry out performance tests, either directly by them or through their authorized designated monitoring agency, and/or evaluate the QoS parameters for the Wi-Fi and associated broadband infrastructure and services at any time during the validity period of the AGREEMENT. The USP shall provide ingress and other support including documents, instruments, equipment etc., for carrying out such performance tests and evaluation of Quality of Service parameters.



- 4.15 If the QoS of the broadband connections are not met, as specified, during the period of the Agreement, Administrator may take necessary action and issue notice(s) to the USP to improve the QoS, as per specifications, within the stipulated time period, failing which, the decision of the Administrator shall be final in this regard.
- 4.16 USP shall maintain the Wi-Fi network uptime of 99.99%. The Administrator reserves right to impose the penalty with site-wise pro-rata deduction in total Opex subsidy payable amount on USP against non-compliance of network uptime of 99.99%.
- 4.17 A detailed REPORT of Wi-Fi network uptime, utilization, QoS and fault occurred/resolved to be shared with the Administrator on monthly basis.



SECTION-V
OPERATING CONDITIONS

5.1 Customer Service

The USP shall supply, install, integrate, commission, operate and maintain the Wi-Fi equipment, infrastructure and Access points. USP to maintain the Network KPI & SLAs as mutually agreed with Administrator. The terms and conditions of the ISP License/Unified License Agreement, as applicable, in this regard shall prevail and shall be binding mutatis mutandis.

5.2 Right to inspect, Test and Monitor

5.2.1 The Administrator or his/her authorized representative or Designated Monitoring Agency (DMA) by the Administrator shall have the right to inspect the sites, used for extending the Service and in particular, but not limited to access to Network, junctions, terminating interfaces, hardware/software, memories of semiconductor, magnetic and optical varieties, wired or wireless system, distribution frames, LAN Switches, Routers, other electronics etc., and conduct the performance test including entering into dialogue with the system through Input/output devices or terminals. The USP will provide the necessary facilities at its own cost for monitoring of the system, as required by the Administrator or its authorized representative(s) or DMA. 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.

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

5.3 Roll Out Period

As per Para 2.5 of this Agreement.

5.4 Confidentiality of information

The terms and conditions of the ISP License / Unified License, as applicable, shall be binding mutatis mutandis.

5.5 Prohibition of certain Activities by the USP

The terms and conditions of the ISP License/ Unified License, as applicable, shall be binding mutatis mutandis.



5.6 Security Conditions

- 5.6.1 The terms and conditions of the ISP License/ Unified License, as applicable, shall be binding mutatis mutandis.
- 5.6.2 Mandatory Licensing requirements, policy guidelines, etc., with regards to security related concerns issued by the Government of India from time-to-time shall be strictly followed.
- 5.6.3 If the USP or any other entity associated with the project is found indulging in acts inimical to India's national security, the agreement is liable to be terminated and matter will be reported to concerned authorities for suitable legal/criminal action.

5.7 Application of Indian Telegraph Act

The terms and conditions of the ISP License / Unified License, as applicable, with regard to applicability of Indian Telegraph Act 1885, and rules framed there-under, shall be binding mutatis mutandis.



SECTION-VI

FINANCIAL CONDITIONS

6.1 Subsidy for Universal Service Obligation

- 6.1.1 USOF would fund Capital Expenditure (CAPEX) subsidy on successful installation and commissioning of 25,000 'Wi-Fi Hotspots' using the block-level infrastructure of BSNL's Telephone Exchanges in rural areas. USP may expand / augment its existing core network by procuring necessary equipment (Hardware & Software) from existing tender for these 25,000 public Wi-Fi Hotspots (BOQ and Tendered price to be provided by the USP).
- 6.1.2 USOF would fund 100% OPEX incurred for the first year, 75% of OPEX incurred in the second year and 50% of the OPEX incurred in the third year. Thereafter, BSNL will continue to provide services without any further support from USOF. The OPEX subsidy support shall be net of revenue from users.
- 6.1.3 Estimated capital expenditure (CAPEX) and operating expenditure (OPEX) (inclusive of applicable taxes) to enable Wi-Fi Hotspots at 25,000 sites in rural areas and need based up gradation to 2 APs from 1 AP in maximum of 2500 Wi-Fi hotspots and bandwidth up gradation from 2Mbps to total of 10 Mbps with bandwidth charges @ Rs. 48180 per year. Details are be as given below:

	25000 sites	For up gradation in 2500 sites (Add on)	Total	
Capex	375.00	37.50		
Centage @ 10% of Capex	37.50	3.75		
Total Capex	412.50	41.25		
Total Capex including taxes @ 20%	495.00	49.50	544.50	
Opex	75.00	7.50		
Bandwidth	44.55	12.05		
Centage @ 10% of the Opex	7.50	0.75		
	127.05	20.30		
Total Opex including taxes @ 20%	152.46	24.36	176.82	Year 1
			132.61	Year 2
			88.41	Year 3
Total Capex + Opex			942.34	

*All figures are in Rs. Crore

6.1.4 USP shall inform the actual CAPEX and OPEX incurred. BSNL has to ensure deliverables as prescribed by USOF/DoT in this Agreement.

6.1.5 Payment of taxes will be on actual basis.

6.2. Schedule for Disbursement of subsidy :

6.2.1 Release of CAPEX subsidy shall be contingent upon physical progress and utilization of funds made available to USP as per the schedule given below:

6.2.1.1 First installment of 50% of the Capex subsidy shall be payable as mobilization advance for each Wi-Fi hotspot in a circle, subject to submission of Claim statement (Annexure-6) by USP and would be adjusted against Capex payable.

6.2.1.2 Second installment of 40% of the Capex subsidy shall be payable for each Wi-Fi hotspot in a circle on commissioning of 50% of physical target for a circle, subject to utilization of the mobilization advance for the stipulated purpose and submission of Claim statement (Annexure-6) by USP.

6.2.1.3 Last installment of 10% of the Capex subsidy shall be payable for each Wi-Fi hotspot in a circle on 100% commissioning of physical target for a circle, subject to utilization of the mobilization advance and second installment for the stipulated purpose and submission of the circle-wise work done certificate (s).

6.2.2 Claim for circle-wise subsidy OPEX & centage thereupon for each commissioned site shall be in accordance with Clause 6.1.2 and 6.1.4 of the Agreement and on Equated quarterly instalments after netting of revenue earned by BSNL.

6.3 USP shall not receive any financial support for the same purpose, from other sources like State Governments or independent investors etc.

6.4 BSNL shall submit the circle-wise claim for subsidy for CAPEX and OPEX and Revenue earned from each site separately for each quarter along with the supporting documents within 30 days of the end of quarter to the respective CCAs. Subsequent to submission of the claim by BSNL, the respective CCA offices shall settle the claims of BSNL on quarterly basis, based on Claim statement (Annexure-6) and supporting documents. Following supporting documents shall be submitted along with the prescribed Affidavit for Claim Statement (Annexure- 6) and thus are integral part of the subsidy claim:

(a) The claim shall be duly certified as per Annexure-2 by a representative of the USP duly authorized by a board resolution of the USP.

Handwritten signatures

- (b) All claims for subsidy shall be accompanied by a pre-receipted bill with revenue stamp.
- (c) In addition to the hard copy, the USP should also submit the claim in authenticated soft copy in verifiable format also.
- (d) Monthly statement of Sites Commissioned with Traffic Generated & Revenue figures, as per Annexure-3 and Service interruption report as per Annexure- 4.
- (e) Self-Certificate as per Annexure-5 along with test results.

6.5 Liquidated Damages:

- 6.5.1 For the Wi-Fi Hotspots, not provided as per the Rollout period, without prior written concurrence of the Administrator, the delayed period shall entail recovery of Liquidated Damages (L.D.), at the rate of 2.5% of CAPEX subsidy payable amount for a Wi-Fi hotspot for each calendar month of delay in commissioning or part thereof, subject to a maximum of 10%.
- 6.5.2 The Administrator may decide to invite other eligible service provider in respect of unfulfilled roll out at the rate as stated in the Agreement.
- 6.5.3 The Roll-out period may be extended, if deemed fit, by the Administrator under exceptional circumstances.

6.6 Maintenance of Records.

- 6.6.1 The USP will draw, keep and furnish accounts for the connections/users 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.
- 6.6.2 The records of the USP shall be subject to such scrutiny as may be prescribed by the Administrator so as to facilitate independent verification of the Subsidy claimed.
 - (a) The ADMINISTRATOR or the TRAI, as the case may be, shall have the right to call for, and the USP shall be obliged to maintain, supply and provide for examination of the books of accounts and records of faults. The USP 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 USP shall invariably preserve all CDR/billing details, 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

- 6.6.3 The subsidy for a quarter shall be paid after making adjustments, if any for the payments made in the previous quarter(s)/Financial Year(s).
- 6.6.4 Final adjustment if any in r/o excess and shortage in the subsidy disbursed shall be made in the following year(s) based on the quarterly statements of requisition of fund and claims of subsidy duly certified by the Auditors of BSNL circle wise.
- 6.6.5 In case BSNL 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 the 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.
- 6.6.6 The subsidy claims for each year shall be required to be audited by the Auditors of BSNL appointed under Section 225/Section 619 of the Companies Act 1956. The reports of the Auditors submitted by BSNL should be in prescribed form given in Annexure 2, to be filed with the concerned CCA within 7 (Seven) calendar days of the date of signing the audit report but not later than 30th September of the following year. Concerned CCAs shall issue Auditor Certificate(s) based on the Auditor Report(s) submitted by BSNL.



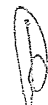
SECTION-VII

DEFINITIONS


7.1 **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:

- 7.2 **ADMINISTRATOR** means the Administrator, Universal Service Obligation Fund in the Department of Telecommunications under Ministry of Communications & IT.
- 7.3 **AGREEMENT** means this Agreement.
- 7.4 **EFFECTIVE DATE** is the date on which this Agreement comes into effect.
- 7.5 **GOVERNMENT INSTITUTE** means institutes wholly maintained out of State funds.
- 7.6 **INDIVIDUAL** means all such users other than Government institutes, such as individual households, private commercial/ non-commercial establishments, etc.
- 7.7 **ISP** means the Internet Service Provider
- 7.8 **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.
- 7.9 **LICENSEE** means a licensee who has been awarded License to provide the service (Basic and/ or unified Access Service), within the geographical boundaries of the specified Service Area under the Indian Telegraph Act, 1885.
- 7.10 **QUALITY OF SERVICE (QoS)** is evaluated on the basis of observable measure on the grade of service or the response time and also includes acceptable grade of number of faults per unit population of the subscriber served, the mean time to restore (MTTR), faults carried over beyond the MTTR and the satisfactory disposal thereof, as prescribed by TRAI vide Notification entitled 'Quality of Service of Broadband Service Regulations 2006 (11 of 2006) No. 304-6/2004 QoS dated 6th October, 2006, as amended or replaced from time to time, if any.



- 7.11 **SERVICE AREA:** Service Area means the territorial jurisdiction as specified under the ISP License except the areas that may be notified to be excluded from time to time.
- 7.12 **SUBSIDY** means the disbursements made from USOF towards meeting the universal service obligations in terms of this Agreement.
- 7.13 **TRAI** means Telecom Regulatory Authority of India constituted under the TRAI Act, 1997 as amended from time to time.
- 7.14 **UNIVERSAL SERVICE PROVIDER (USP)** means such entities like CMTS/UASL/UL/ISP Licensees, which have entered into an Agreement with the Administrator for provision of specified Universal Service.
- 7.15 **USO** means Universal Service Obligation, as enunciated in Indian Telegraph (Amendment) Act, 2003, and the Rules framed there under.
- 7.16 **USOF** means the Universal Service Obligation Fund, established under Indian Telegraph (Amendment) Act, 2003 and Rules framed there-under



FRAMEWORK OF IMPACT ASSESSMENT

1. Impact study should be based on assessment of at least 1,000 Wi-Fi hotspots to be selected at diverse locations spread over different States.
2. The report shall include :
 - (i) Technical Parameters :
 - a) Backhaul Bandwidth Provided.
 - b) Coverage area of Access Point.
 - c) Average Download speed achieved.
 - d) Average Upload speed achieved.
 - e) Peak Download speed achieved.
 - f) Peak Upload speed achieved.
 - g) Number of Average Concurrent users/AP.
 - h) Number of Peak Concurrent users/AP.
 - i) Number of users at each GP and Total number of users.
 - (ii) Scaleability of the solution especially from management/controller point of view.
 - (iii) Assessment of Quality of Service (QoS), Downtime.
 - (iv) Assessment of support infrastructure (building, power, security) etc.
 - (v) Analysis of the applications used/preferred by users and recommend the type of applications to provided.
 - (vi) Assess the viability & sustainability of the model and determine the revenue potential & the optimum business model for O&M.
 - (vii) Investigate the related regulatory & policy issues etc.
 - (viii) Social impact (through Questionnaire to users).
 - (ix) Any other technical/commercial inputs
 - (x) Detailed analysis based on the results and recommendations on provision of such services in rural areas.



FORMAT FOR 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 period (s) from----- To ----- . 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. _____ for Subsidy Disbursement for setting up & operating Public 'Wi-Fi Hotspots' using the block-level infrastructure of BSNL's Telephone Exchanges in rural areas in specified rural and remote areas in the country under Universal Service Obligation.

We report that:

1. We have examined all the records and 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 instructions/guidelines issued there under and clarification thereon in this behalf and gives a true and fair view of the subsidy claims and utilized for the period computed on the basis of the aforesaid conditions.
3. In our opinion and to the best of information, record of interruption of mobile services and record of mobile traffic generated and revenue figures is kept in such a manner as to reflect the correct position, for the purpose of claiming subsidy.

(Name and Signature of the Auditor signing)

FOR AND ON BEHALF OF (NAME OF THE AUDITOR FIRM)

MONTHLY STATEMENT OF COMMISSIONING & TRAFFIC GENERATED & REVENUE FIGURES

NAME OF THE UNIVERSAL SERVICE PROVIDER:

A. FOR THE MONTH ENDING:

Sl. No.	Location of GP	District & Block	State	Number of Access Points (AP) Installing and Commissioning	Date of Commissioning of the Wi-Fi Hotspot i.e. commencement of services	No. of Users Accessed	Total traffic generated during the month	Total revenue figures

B. CUMULATIVE:

Sl. No.	State	Total Number of Wi-Fi Hotspot to be commissioned as per Agreement	Number of Sites commissioned prior to the current month	Number of Sites commissioned during the month	Cumulative Number of Sites commissioned

SIGNATURE OF THE AUTHORIZED SIGNATORY FOR OR ON BEHALF OF USP

ANNEXURE-4

FORMAT FOR THE CERTIFICATION FOR CONTINUATION OF THE SERVICES STATUS (PERIOD: DD/MM/YYYY TO DD/MM/YYYY)

This is to certify that the Wi-Fi Hotspots show below has been providing broadband services to the customers during the above stated period. The following parameters are indicative of the same.

Sl. No.	GP	Location State/Dist/Bloc k/Village	Traffic handled	Details of Interruption in Services		Total Down time (DD-HH-MM-SS)	Total Up time (DD-HH-MM-SS)
				From Date (HH-MM-SS)	To Date (HH-MM-SS)		

Enclosures:

1. Link-Status Report: giving details of the total number of times the links failed along with the duration and reasons thereof
2. A detailed note by the Universal Service Provider citing causes for the down time e.g. Backhaul (Media Problem) etc

PROFORMA FOR SELF CERTIFICATION BY UNIVERSAL SERVICE PROVIDER


1. I,, aged about years s/o, d/o Shri, resident of, do solemnly affirm and state as under:
2. That I am of (Name of the Company), and I am duly authorized by the resolutions dated passed by Board of Directors of the Company to furnish a Certificate on behalf of (Name of the Company).
3. That as per the Agreement signed with Administrator, USOF vide Agreement No. _____ dated _____ for setting up 'Wi-Fi Hotspots ', the following works have been completed successfully as per the specifications, in the terms and conditions of the Agreement :
 - A. Location Details
 - (i) Location ID
 - (ii) Location (Village, GP, Block, District, State)
 - B. Number of Access Points Provided.
 - C. Details of Hardware/Software
 - (i) Make
 - (ii) Model
 - (iii) Serial No.
 - (iv) Software version(for all equipment separately)
 - D. Date of Installation
 - E. Date of Completion mod Acceptance Testing (A/T)
 - F. Date of Commissioning.
 - G. Technical Parameters :
 - (i) Internet Bandwidth provided
 - (ii) Coverage area of each AP and Total coverage area.
 - H. Enclose Details of A/T Tests and results.



4. That the details of the components mentioned above are true and correct based on the records of the company, which are available for further verification by the appropriate authorities and that the components have been provided and are functional/ services are being rendered for the period in which they have been shown as installed/commissioned.
5. That the components at the infrastructure site shown as installed/ commissioned in the said reporting period have been completed on the dates as shown above.
6. The contents of the Self Certification are true and correct, no part of it is false and nothing has been concealed there from.

For and on behalf of (Name of the company)

Signature of the authorized signatory of the USP



ANNEXURE- 6: AFFIDAVIT (ON STAMP PAPER) FORMAT FOR STATEMENT OF SUBSIDY CLAIM

AGREEMENT NO. _____ DATED _____ FOR _____ (USP) FOR CIRCLE _____

I, _____, aged about _____ years s/o, d/o of Shri _____, resident of _____, do solemnly affirm and state as under:

1. That I am _____ of _____ (_____), Universal Service Provider in _____ Licensed Service Area and I am duly authorized by the resolution dated _____ passed by Board of Directors of the Company to furnish an Affidavit on behalf of _____ (USP).
2. That the claim pertains to the setting up of Public Wi-Fi Hotspots at Telephone Exchanges of BSNL in rural areas using BSNL Fibre at block level & provisioning of Wi-Fi coverage zone after the date of entering into the Agreement, for which commissioning self-certificate is submitted as Annexure 5, as per the Agreement
 - a. That a circle-wise subsidy claim for CAPEX of Rs. _____ (Rupees _____) is being made for _____ identified sites, as stated in the Appendix I of the Agreement and as per Clause 6.1 and 6.2 of the Agreement. Further it is certified, in accordance to Clause 6.1.4, that this claim is based on the actual CAPEX incurred by USP.
 - b. That a circle-wise quarterly subsidy claim for OPEX of Rs. _____ (Rupees _____) for is being made for _____ the identified GPs, as stated in the Appendix I of the Agreement and as per Clause 6.1 and 6.2 of the Agreement. Further it is certified, in accordance to Clause 6.1.3, that this claim is based on the actual OPEX incurred by USP. The detail of the calculation is enclosed as Attachment A to Annexure 6.
3. That the content including of the Attachment A 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 infrastructure has been commissioned & were functional and Wi-Fi services have been rendered from the site from the date as stated.
4. That any advance claimed and paid to USP for a site shall be adjustable against the amount payable for the site.
5. That any subsidy claimed in arrears or in advance shall be utilized for the purpose as stipulated in the Agreement.



6. That excess payment or shortage, if any, in the subsidy received shall be adjusted in the following year(s) based on the quarterly statements duly certified by the Auditors of the Company and scrutiny as prescribed by the Administrator
7. The services provided under this Agreement have not been utilized in claiming subsidy under any other Agreement entered into with the Administrator.
8. That the sites that have been commissioned under the Agreement are being and would continue to be operated & maintained as per the terms & conditions of the Agreement and the relevant License Agreement.
9. I understand that Administrator or his representative shall have the right to inspect & verify the site and records & systems, during the currency of the Agreement and if any deficiency is observed the subsidy paid to the company shall be recovered forthwith, without prejudice to the right of Administrator to take any other action(s) as deemed fit.

For and on behalf of USP

Signature & Stamp of the authorized signatory of the USP



BSNL Rural Telephone Exchanges

S.No.	CIRCLE NAME	Rural Telephone Exchanges
1	Andaman Nicobar	44
2	Andhra Pradesh	2519
3	Assam	400
4	Bihar	963
5	Chhattisgarh	356
6	Gujarat	1881
7	Haryana	796
8	Himachal Pradesh	946
9	Jammu Kashmir	204
10	Jharkhand	293
11	Karnataka	2199
12	Kerala	1049
13	Madhya Pradesh	1793
14	Maharashtra	3832
15	North East-I	129
16	North East-II	142
17	Orissa	811
18	Punjab	1194
19	Rajasthan	1672
20	Tamilnadu	1195
21	Uttar Pradesh(E)	1542
22	Uttar Pradesh(W)	503
23	Uttaranchal	315
24	West Bengal	1127
25	Calcutta	0
26	Chennai	80
	BSNL	25985

ATTACHMENT A TO ANNEXURE 6 : OPEX CLAIM STATEMENT FOR QE FOR THE BLOCK LEVEL PUBLIC WIFI HOSTPOTS IN RURAL AREAS

AGREEMENT NO.	DATED	NAME OF SERVICE AREA								INR			
		SI No	Details of Site (Site No., Name of the location as per the agreement, Lat./Long.)	Location of Site (Vill., District & Block, State)	Date of Commissioning of the Service Site i.e. commencement of services	Quarterly OPEX along with centage except VSAT bandwidth charges	Type of Backhaul; If VSAT, also state the bandwidth capacity	VSAT bandwidth charges along with centage for the period from ___ to ___	Quarterly Revenue figures (Annexure 3) for the Quarter and centage thereon*		Penalty for interrupti on in services (as per Clause 4.16 & Annexure 4) in the quarter, if any	Net OPEX subsidy claimed for the sites commissioned	
		1	2	3	4	5	6	7	8	9	10	11	12 = 7+9-10- 11

* Note: Centage at 10% of the revenue would also be deducted as the Centage is to be payable on net OPEX

SIGNATURE OF THE AUTHORIZED SIGNATORY FOR AND ON BEHALF OF BSNL

Note:
a. Rounding off the subsidy to the nearest rupee shall be made only in the total subsidy claimed & Date of Commissioning (Col 6) shall be included while calculating the number of days in a quarter
b. Deduction of subsidy on account of interruption of services shall be made on the total no. of days such incidents have happened from the specific site. Further, the details of interruption are to be separately provided.