

**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 03/05/2005

SERVICE AREA ORISSA

UNIVERSAL SERVICE PROVIDER M/s BSNL

TOTAL PAGES-28

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF TELECOMMUNICATIONS
OFFICE OF THE ADMINSTRATOR (USF)
20, ASHOKA ROAD, NEW DELHI-110 001 INDIA**

**AGREEMENT
FOR
RURALHOUSE HOLD DELs INSTALLED BETWEEN 01.04.2002 TO 31.03.2005**

This Agreement is entered into on the 3rd day of May, 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 Bharat Sanchar Nigam Limited, a company registered under the Companies Act 1956. having its registered office at Sanchar Bhawan, 20, Ashoka Road, New Delhi – 110 001, acting through Shri H.C.Pant, Company Secretary and G.M. (Legal), the authorized signatory (hereinafter called the Universal Service Provider or USP which expression shall, unless repugnant to the context, include its successor in business, administrators, liquidators and assigns or legal representatives) of the SECOND PARTY.

Where as the Universal Service provider (USP) has requested and the Administrator agreed to enter into Agreement for Rural Household Direct Exchange Lines (RDELs) which has been installed between 01.04.2002 and 31.03.2005 in the specified SDCAs of the Service Area Described in SHEDULE-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 SHEDULE-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 shall be 1.04.2002
4. Effective Date of this Agreement shall be 1.04.2002
5. More agreements in USPs Service Area viz., Orissa may also be entered into from time to time in future without any restriction on number of USPs at the sole discretion of Administrator.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed through their respective authorized representatives on the 3rd day of May, 2005.

Signed for and on behalf of president of India.

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

Signed on behalf of M/s BSNL by Shri.H.C.Pant, authorized signatory and holder of General Power of Attorney dated 06.08.2003, executed in accordance with the Resolution No. Nil, Dated 02.08.2003, passed by the board of Directors.

In the presence of:

Witness:

1.

Signature	
Name	Umesh Kumar Khindri
Occupation	ADG (RDTF)
Address	BSNL Corporate Office
Place.	New Delhi.

2.

Signature	
Name	Baldeo Sah
Occupation	Asst. Director (T), USF.
Address	O/o Adiministrator (USF), DOT, Sanchar, Bhawan,
Place.	New Delhi.

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SCHEDULE-1

SCHEDULE OF SERVICE AREA

The service area for which this agreement is entered into is given below:

ORISSA

SCHEDULE-II
TERMS AND CONDITIONS
PART I
GENERAL CONDITIONS

1.0 Transfer, Assignment of franchising of the Agreement entered into, shall be subject to the 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 Necessary equipments and systems, treatment

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 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 Administrator shall be final in this regard.

5.0 Modifications in the Terms & 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 option 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.

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.

Suspensions, Revocation or Termination of the Agreement

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.

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) 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.

The Administrator reserve 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.

Wherever considered appropriate administrator may conduct an inquire 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 inquire the Universal Service Provider shall extend all reasonable facilities and shall endeavor to remove the hindrance of every type.

It shall be the sole responsibility of the Universal Service Provider to maintain the quality of Service as per the 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.

Action Pursuant to Termination of Agreement

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.

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.

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.

Indemnity

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.

Disputes Settlement:-

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 else where 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 and Justice, Government of India.

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.

Force Majeure

At any time , during the continuance of the Agreement, the performance in whole or in part , by either party, of any obligation under this is prevented or delayed , by reason of war, or hostility, acts of the public enemy, Civic commotion, sabotage, Act of State or Direction from Statutory Authority, explosion, epidemic, quarantine restriction , strikes and lockouts (not limited to the establishments or facilities of the Universal Service Provider), fire, floods, natural calamities or any act of GOD (hereinafter referred to as EVENT), provided Notice of happenings of any such EVENT is given by the affected party to the other, within 10 calendar days from the date of occurrence thereof, neither party shall , by reason of such event, be entitled to terminate the Agreement , nor shall either party have any such claims for damages against the other , in respect of such non-performance or delay in performance . Provided SERVICE under the Agreement shall be resumed as soon as practicable, after such event comes to an end or ceases to exist.

The decision of the Administrator as to whether the service may be so resumed (and the time frame within which the service may be resumed) or not, shall be final, binding and conclusive.

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

Set Off Clause

In the event any sum of money or claim becomes recoverable from or payable by the Universal Service Provider to the Administrator either against the Agreement or otherwise in any manner, such money or claim can be (without restricting any right of set off for counter claim given or employed by law) deducted or adjusted against any amount or sum of money then due or which at any time thereafter may become due to the Universal Service Provider under this Agreement or any other Agreement or contract between the administrator and the Universal Service Provider.

The aforesaid sum of money payable to the Universal Service Provider shall include any valuable security, which can be converted into money.

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.

Other Obligations

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.

The order, Regulation or Rules made under Indian Telegraph Act 1885 including Indian Telegraph(Amendment) Act,2003 and Indian Wireless Telegraphy Act, 1993 shall be binding on the Universal Service Provider.

PART II

COMMERCIAL CONDITIONS

Tariffs

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-III, 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 provisions 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 land lines, RDELs installed in 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 tenure of the AGREEMENT .The Universal Service Provider shall provide ingress and other support including documents, instruments, equipments 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 render, which will be produced before the ADMINISTRATOR or TRAI as and when and in whatever from desired.

16.5 The Universal Service Provider shall be responsive to the complaints lodged by its customers. They shall rectify the deficiencies and maintain the history sheets for each installation, statistics and analysis on the overall maintenance status.

16.6 Proper arrangements 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 (MCU) 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:

Sl.No	Name of the SSA	Name of the SDCA	Rate per RDEL (in Rs)	
			Front Loaded Subsidy	Equated annual subsidy
1	BALASOR	BASTA	7225	0
2	BARIPADA	JASHIPUR	7225	0
		UDALA	7225	250
		BARIPADA	7225	550
		KARANJIA	7225	600
		BANGIRIPOSHI	7225	700
		RAIRANGPUR	7225	700
		BETANATI	7225	950
3	BERHAMPUR	BHANJANAGAR	7225	0
		BUGUDA	7225	0
		DIGAPAHANDI	7225	250
		KHALIKOTE	7225	250
		ASKA	7225	250
		PARALAKHEMUNDI	7225	300
		MOHANA	7225	500
		R.UDAYAGIRI	7225	600
		SURUDA	7225	600
4	BHAWANIPATNA	KOMANA	7225	0
		NOWPARATAN	7225	250
		BHAWANIPATNA	7225	250
		M.RAMPUR	7225	300
		DHARAMGARH	7225	1100
		RAJKHARIAR	7225	1250
		NARLAROAD	7225	1350
		T.RAMPUR	7225	1850
5	BHUBANESWAR	DASPALLA	7225	700
6	BOLANGIRI	BIRMAHARAJPUR	7225	0
		DUNGURIPALI	7225	0
		BOLANGIRI	7225	550
		PATNAGARH	7225	750
		TITLAGARH	7225	850
		KANTABHANJI	7225	1200

		SONAPUR	7225	1350
7.	CUTTACK	JAJPURROAD	7225	0
		PARADIP	7225	0
		DHANMANDAL	7225	2100
8.	DHENKANAL	PARAJANG	7225	0
		KAMAKHYANAGAR	7225	0
		ANUGUL	7225	0
		CHHENDIPADA	7225	0
		TALCHER	7225	0
		ANANDPUR	7225	250
		TELKOI	7225	300
		HINDOL	7225	400
		KEONJHAR	7225	500
		ATHAMALLIK	7225	550
		PALLAHARA	7225	600
		BARBIL	7225	850
9.	KORAPUT	BORIGUMA	17200	250
		JYEPUR	17200	1000
		UMERKOTE	17200	1000
		NOWRANGPUR	17200	1050
		MALKANAGIRI	17200	1100
		GUNUPUR	17200	1200
		PAPADAHANADI	17200	1300
		KALIMELA	17200	1300
		MATHILI	17200	1350
		KORAPUT	17200	1400
		KASHIPUR	17200	1500
		NANDAPUR	17200	1500
		JHARIGAON	17200	1500
		GUDARI	17200	1550
		BISAMCUTTACK	17200	1550
		LAXMIPUR	17200	1600
		RAYGADA	17200	1700
		MOTU	17200	1750
		SUNABEDA	17200	3150
10	PHULBANI	BALIGUDA	7225	800
		PURUNACUTTACK	7225	1200
		BOUDH	7225	1250
		G.UDAYAGIRI	7225	1450
		KANTAMALA	7225	1600
		DARINGIBADI	7225	1700
		PHULBANI	7225	1750
		PHIRINGIA	7225	1750
		TUMUDIBANDHA	7225	1900
		KOTAGARH	7225	1950
11	SAMBALPUR	ATTABIRA	7225	0
		KUCHINDA	7225	0

		PAIKAMALA	7225	0
		SOHELA	7225	0
		BARGARH	7225	250
		BAGDIHI	7225	450
		DEOGARH	7225	700
		JAMANKIRA	7225	800
		BARKOT	7225	800
		JUJUMURA	7225	900
		PADMAPUR	7225	1000
		JHARSUGUDA	7225	1100
		RAIRKHOL	7225	1150
		NAKTIDEULA	7225	1150
	SUNDARGARH (ROURKELA)	SUNDARGARH	7225	1450
		HEMGIRI	7225	1450
		RAJGANGPUR	7225	1500
		LAHUNIPARA	7225	2200
		BANAIGARH	7225	2300

- 17.2 The Universal Service provider shall receive the Subsidy towards Rural House Hold 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 time. 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 up to 30days 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 allowed by the Administrator. The STATEMENT along with Annexure-I shall be furnished by USP even if the claim for a quarter is NULL.

- 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 the claims should be submitted as prescribed in hard copy in the forms 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 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 Auditor should be in prescribed form given in Annexure-II to be filled 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 more than 7days 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 remain 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 Fifty only) shall be taken as the national rate of equated annual subsidy, at which the deduction shall be calculated.
- 18.8 RDEL 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 the claims for subsidy shall be accompanied by a pre-receipted bill with revune stamp. Disbursement of subsidy shall be by cheque, through the office of the Administrator or Ciontroller or 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 quarterly Statements duly certified by the Auditors of Universal Service Provider.
- 18.12 In case the V is found to have claimed and received in excess of 10% of the subsidy due to them for a financial year, the entire amount 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 Gurantees :**
- 20.0 **Maintenance of the 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 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 Universal Service Provider as subsidy from the USO fund.

SECTION V

OPERATING CONDITIONS

21.0 Customer Service

21.1 The terms and conditions of the Basic Service License Agreement shall prevail and shall be binding *mutatis mutandi*.

22.0 Right to inspect

22.1 The Administrator or his authorized representative shall have the right to inspect the sites used for extending the Service and in particular but not limited to have the right to have 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 continuous 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 every purpose of the inspection.

22.2 Wherever considered appropriate Administrator may conduct any inquiry either suo- motto 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 relocation of VPT 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 Confidentially of information

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

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 mutandi.

27.0 **Security Conditions**

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

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 mutandi.

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 sections 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 01.04.2002 to 31.03.2005 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 expressions coincide with revenue tehsil/taluk
- 29.17 **SERVICE AREA :** Service Area means the territorial jurisdictions as specified under the Basic Service Licence expect the areas that may be notified to be excluded from time to time.
- 29.18 **SUBSIDY from Universal service obligations 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 provisions of specified Universal service.
- 29.21 **USO** means Universal service obligation as enunciated in Indian Telegrapha (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 aboutyears son of shri
Resident of..... do solemnly affirm and state as under
2. That I am Of..... (name of the company),
Universal service provider in..... service Area and I am duly authorized by the
resolutions dated..... Passed by Board of Directors of the company to furnish
affidavit on behalf of..... (Name of the Company).
3. That a Claim of 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 new RDELs provided were
functional from the quarter in which they have been shown as installed (Attachments
of **Annexure- I**).
5. That 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 subsidy from
the quarter in which they were closed.
7. That excess payment or shortage, in the subsidy received shall be adjusted in the following
year based on the quarterly statements duly certified by the Auditors of the Company and
scrutiny as prescribed by the Administrator.
8. That the RDELs installed on any wireless technology have been provided by using fixed
wireless terminals (FWTs) as the subscriber end equipments..
8. The subsidy for the VPTs have not been claimed under any other Agreement entered into
with the Administrator for the same service Area.
9. That the 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 and conditions of the Agreement.
12. That the standard tariff for the RDELs for which the claim has been preferred is being
charged as per Annexure-III

Deponent.

VERIFICATION

Verified at.....onthat the contents of the affidavit and Attachments to
Annexure II are true and correct to the best of my knowledge, no part of it is false and nothing has
been concealed there from.

Deponent

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 the Service Provider:

Name of Service Area:

Sl. No.	Name of the SSA	Name of the SDCA	Name of Exchange	Rate of Front loaded subsidy for SDCA	No. of Rural household DELs at the beginning of Qtr.	No. of RDELs permanently closed during the Qtr.	No. of DELs at the end of Qtr. := (Col. 6+Col-7- Col-8	No. of DELs at the end of Qtr. := (Col. 6+Col7- +Col.8)	Highest no. of RDELs in any previous Qtr.	Net addition in No. of RDELs during the Qtr. (Col.9-Col.10)	Front loaded subsidy payable = (Col. 11 * Col.5	Equated Quarterly subsidy payable for RDELs in exchange area (from attachment 2/2 to Annexure I	Total subsidy payable for RDELs for the Qtr. = (Col.12+ Col.13)	Remarks, if any
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Total for SSA-XXX														
Total for SSA-YYY														
Total for Service area														

Note:-

- 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 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 filling 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 SDAC 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 after 1.4.2002

Name of Service

Provider:

Name of

Service Area:

Name of the

SSA:

Sl. No.	Name of the SDCA	Name of Exchange	quarterly subsidy = (Equated annual subsidy / 4)	RDEL NO.	Date of Installation	Technology	Period for which RDEL remained faulty		No of days RDEL remained non-functional including from and to	Date of permanent closure on account of DNP, Shift out of Exchange or surrender	No of days existence of DEL in the Qtr. (refer note 3)	Qtrly equated subsidy payable = (Column 4 * column 12) / No. of days in the Qtr	Deduction on account of non-functional period, as calculated w.r.t. note 5 below	Net subsidy payable = (Column 13- column 14)
							From	To						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	A	B												
2	A	B												
3	A	B												
4	A	B												
Total No. of working RDELs in the local exchange area at the end Of Qtr =														
1	A	C												
2	A	C												
3	A	C												
4	A	C												
Total No. of working RDELs in the local exchange area at the end Of Qtr =														
1	A	D												
2	A	D												
3	A	D												
4	A	D												
Total No. of working RDELs in the Local Exchange area at the end of Qtr =														
Total No. of working RDELs in the SDCA at the end of Qtr =														

Total No. of working RDELs in the SSA at the end of Qtr =
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- 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). Rural DELs shall be the same as rural subscribers defined in conducting the census and in 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 filling 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 upto and including the date of clouser. Where the subsidy claim is for less than a Quarter, the claim shall be submitted on a prorata basis for the actual duration for which Rural house hold DEL remained functional in the quarter.
 4. The subsidy deduction for faults less than 7 days is nill, for duration of faults more than 7 days but less than 45 days, prorata deduction as shown below is to be done . For fault 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. 250 shall be taken as the 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 1.04.02 shall be reflected in the above statement upto the date of the permanent closure, even if the equated annual subsidy is Zero.

Signature of authorized signatory along with Company seal

Format of Auditor's Report on Statement of claim for subsidy from USOF

To

The Board of Directors

.....
.....

We have examined the attached Statement(s) of claim for subsidy from USF of (The name of the Universal service provider) for the quarter(s) ending _____. We understand that the aforesaid statement(s) is/are to be furnished to the central Government for assessment of the subsidy payable to the Universal service provider by the Government, in terms of the Tender document No. 30-140/2004-USF for subsidy Disbursement for provision of Rural Household DELs in the specified SDCAs under Universal service obligation, stream II.

2We 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 Tender document/Agreement and clarification thereon in this behalf and gives a true and fair view of the subsidy claimed for the period computed on the basis of the aforesaid conditions.
3. In our opinion and to the best of information, record of 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

Sl.No.	Item		Rate(Rs.)
1	Registration Charges		500
2	Security Deposit		One year rental
3	Installation Charges		
	Exchange capacity	(i) less than 500 lines	300
		(ii) more than 500 lines	800
4	Rental per month		
	Exchange capacity	(i) upto 999 lines	50
		(ii) between 1,000 and 29,999 lines	110
		(iii) between 30,000 and 99,999 lines	150
		(iv) 100,000 lines and above	210
5	Free calls per month		5
6	Unit call charges	(i) first 300 MCU per month except free calls	0.80
		(ii) more than 300 call units	1.20
7	Pulse rate for local calls		(duration in Seconds)
		Basic to basic (incl WLL-FWL)	180
		Basic to WLL (mobile)	90
		Basic to cellular	60