



No.7-1/2016 (PHM)/Pt-II

Dated: 20.12.2018

To

Mr. Amitoj Arya (Associate Partner)
Ernst & Young LLP
3rd & 6th Floor, World mark-1
IGI Airport Hospitality District
Aerocity, New Delhi-110037
India.

Sub: The proposal of M/s Ernst & Young LLP, Gurugram, Haryana, India, regarding BSNL Exchange Monetization.

Ref: Your office letter No. nil dated 15.11.2018.

In reference of above mentioned subject, approval of competent authority is hereby conveyed for the proposal that was submitted by M/s Ernst & Young LLP dated 15.11.2018 regarding Exchange Monetization of 12 Rural exchanges i.e 3 exchanges (each) in AP, MH, UP (East) and Jharkhand circle which has less than 20 working DELs and not generating sufficient revenue and the expenditure in term of electricity, Rent, diesel, security and maintenance etc of these exchanges is more than revenue earned. To make these exchanges more remunerative and to provide the better services to the customers without any burden of expenditure on electricity, rent, diesel, security Guard etc., a viable alternative has to be found out.

M/s Ernst & Young LLP will study feasibility of 12 exchanges for monetization along with the completion the auction process, selection of partners for monetization and providing support for contract to be signed for monetization.

Total professional fee Rs. 50 Lakh plus applicable taxes will be given by the BSNL to M/s Ernst & Young LLP. Details of scope of work are given as below.

1. **Exchanges having less than 20 connections, the responsibility of partners shall be as follows:**
 - (i) Maintenance of Indoor equipment and Outdoor network shall be the responsibility of partner (bidder) for which no payment shall be made by BSNL to the Vendor.
 - (ii) The acquisition, installation of new customers, restoration of faults, and maintenance of connection to the satisfaction of customers shall be on the part of bidder for which he can use BSNL outdoor network.
 - (iii) Bidder can deploy its own ONT, OLT, wireless customer end equipment etc.
 - (iv) No additional expenditure shall be done by BSNL except technical maintenance of exchanges i.e backhaul, transmission network etc. Customer shall be acquired in the name of BSNL only.
 - (v) Any addition of fiber, Wi-Fi Equipment, OLT, ONT, Clip instrument required for acquisition of work shall be done by bidder. No Capex shall be employed by BSNL for outdoor network.
 - (vi) The revenue generated shall be shared between bidder & BSNL in a ratio to be find out through feasibility study and made part of bid as well as SLA.
2. Four circles i.e MH, UP(E), AP, JKD will be selected as pilot circles. In such circles, 3 Exchanges in different geographic location shall be selected by CGM in consultation with IFA and E&Y.

Recd
328
20/12/18

3. M/s E&Y will conduct the feasibility study for the selected exchanges and the DE incharge of SDCA & SDE incharge of exchanges shall be integral part of feasibility study.
4. The feasibility report to be jointly signed by E&Y & DE/SDE incharge shall be submitted to CGM of the circle by E&Y. The CGM in consultation with IFA shall recommend the further course of action to be taken and submit the report to NWO-CFA unit of BSNL CO.
5. Bidder to be provided clarity of all the equipment installed in the exchange premises by BSNL.
6. Energy Load to be checked for Mobile BTS, Exchanges, Transmission equipment and any other BSNL equipment require for measurement of load etc. Bidder to pay bill for all the equipments.
7. DE/SDE in charge will be part of team to associate with the firm during load check.
8. List of potential partner to be find out by the M/s Ernst & Young LLP for selection-like Local cable operators, retired employees of BSNL etc.
9. Some good type of 3 exchanges (each) has less than or equal to 20 working DELs to be given for study in 4 circles AP, MH, UP(E), JKD to M/s Ernst & Young LLP. The concerned DE/SDE incharge of SDCA will be part of team to associate the firm for exchange selection, feasibility report etc.
10. The Exchanges are selected with the approval of CGM with concurrence to IFA for completion of study of selected exchanges by Ernst & Young LLP.

Payment schedule:

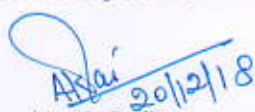
BSNL will pay the professional fee only Rs 50 lakh and Taxes only. No administrative and OPE charges will be paid by BSNL. The payment Schedule is as under:

S.No	Schedule	Time	Fee Payment
1	Submission of feasibility study report as per scope	After 2 Months	17.5 Lakh
2	Completion of auction process	After 4 Months	17.5 Lakh
3	Handing over of exchanges to the bidder and support for contracts	After 7 Months	15 Lakh

- In case of part successful of project the payment shall be on Pro-rata basis.
- On successful completion of auctions, BSNL may give incentive equivalent to OPE i.e. 10% of 50 lakh i.e. 5 lakh.
- These payments shall be made only after getting report from concerned circles regarding the successful completion of above milestone. Report shall be submitted to NWO-CFA Cell of BSNL CO. New Delhi.
- M/s E&Y will submit bill Invoice to BFCI for payment after completion of each milestone.

Payment Mechanism:

Centrally i.e. BFCI cell of BSNL CO. will process the bill after receipt of the report from the circles.


 (A. K. Rai)
 AGM (MS-III-CFA)
 BSNL CO., New Delhi

- Copy to: 1. CGMs of AP, MH, UP (East) and JKD circle for information and necessary action please
 2. Sr.GM (F-CFA), BSNL CO. for kind information please.
 3. GM (BFCI), BSNL CO for kind information and necessary action please.