



BHARAT SANCHAR NIGAM LIMITED
(A Government of India Enterprise)

**EXPRESSION OF INTEREST (EOI)
OF SALES AND DISTRIBUTION POLICY
FOR BSNL
PRODUCTS AND SERVICES (FRANCHISEESHIP)**

**Bharat Sanchar Nigam Limited
Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath
New Delhi - 110001**

Sales and Distribution Policy - 2006



भारत संचार निगम लिमिटेड
(भारत सरकार का उपक्रम)
BHARAT SANCHAR NIGAM LIMITED
(A Govt. of India Enterprise)

Office of the General Manager Telecom, Bellary – 583 101.

NOTICE INVITING EOI (Expression of Interest)

FOR FRANCHISEESHIP OF BSNL SERVICES

Wax sealed EOI (Expression of Interest) are invited from reputed organizations by the undersigned for and on behalf of Bharat Sanchar Nigam Limited (BSNL) for appointment of Franchisees of BSNL services on telecom points basis in Bellary SSA for additional new franchise locations (please see list in (Annexure N)

Tender Note No / Date	Mktg/EOI/BLY/2009-2010/32 Dated 11-9-09
Amount of Bid security	Rs. 2,00,000/- (rupees two lakhs only in the form of DD drawn in favour of AO(Cash), O/o: G.M.Telecom, Bellary from any scheduled Bank payable at Bellary
Cost of the tender document	Rs. 575/- (including taxes) (non-refundable)
Sale of EOI(Expression of interest) Document	Between 10 Hrs to 15 Hrs from 14-9-09 to 5-10-09
Last date / Time of receipt of EOI (Expression of Interest)	5-10-2009 at 15:30 Hrs
Time and Date of opening of EOI (Expression of Interest)	5-10-2009 at 16:00 Hrs.

Intending bidders may obtain copy of the tender document from the AGM(Mktg), O/o: G.M.Telecom, Bellary on production of proof of payment of cost of tender document between 10:00 Hrs to 15:00 Hrs on working days from 14-9-09 to 5-10-2009. The paymnt will be accepted in the form of crossed Demand Draft only, drawn on any scheduled bank in favour of the Accounts Officer (Cash), O/o: G.M.Telecom, Bellary.

Bidders may please note that complete tender document is available on the website for the purpose of downloading application made on such form shall be considered valid for participating in the tender on payment of document cost in the form of DD to be submitted along with bid document.

Cost of EOI (Expression of Interest) document is neither transferable nor refundable. EOI (Expression of Interest) document is not transferable

ELIGIBILITY FOR BSNL FRANCHISEESHIP AND SELECTION

S.No	Criteria	Type C
1	Total No. of telecom points	Less than 2 lakh
2	No. of telecom points/franchisee	12,000
3	Educational Qualification	Graduate
4	Turnover in Rupees * Sale proceeds as per P&L A/c submitted for the last financial year	50 Lakhs
5	Experience dealing in telecom of FMCG or electronic / electrical goods for the last	2Years
6	Space of show room	150 Sq.ft
7	PBG in rupees	3 lakhs

Location:

- In commercial area
- With sufficient parking space
- On ground floor only
- On main road or clearly visible from main road
- Layout and location should be submitted along with EOI (Expression of Interest)

The location of show room can only be in predefined places decided before hand by empowered committee for marketing.

Space is to be ensured within 7 days of letter of indent for award of franchiseeship

EMD Rs. 2 lakhs **for each franchisee area*** to be submitted along with the documents.

Agencies who are already BSNL franchisees should submit a self declaration that they are operating only in four areas in the circle/country and not more than four, with a list of areas of operation, validity period and expiry date.

Franchisee area: There is franchisee area, available in Annexure N. EOI (Expression of Interest) without Earnest Money Deposit will not be considered. The necessary document given in the EOI is to be filled up clearly and duly signed wherever required. Those EOIs not properly filled up for signed are liable to be rejected.

After approval of EOI: Performance Bank Guarantee is to be submitted before signing of agreement, within 15 days of acceptance of EOI.

EOI (Expression of interest) documents are to be dropped in the tender box kept in the chamber of Asst. General Manager (Mktg), O/o: G.M.Telecom, Bellary during office hours and before 15:30 Hrs of 5-10-2009.

EOI (Expression of interest) will be opened on 5-10-09 at 16:00 Hrs in the presence of tenderers or their authorized representatives who choose to be present, at chamber of AGM(Mktg), O/o: G.M.Telecom, Bellary EOI (Expression of interest) received after the due date and time will not be considered.

The General Manager Telecom, BSNL, Bellary reserves the right to reject any or all the EOI (Expression of interest) without assigning any reasons. For complete details please log on to our web site. www.karnataka.bsnl.co.in.

(RAJKUMAR L ASANGI)
Asst. General Manager(Mktg)
O/o: G.M.Telecom, Bellary

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1. **PREAMBLE**

a. **BACKGROUND:**

- i. In order to strengthen the sales and distribution channels, apart from the company's own outlets i.e. Customer Service centre, etc. the Distributors/Dealers were appointed as Franchisees of the Company in accordance with the Franchisee Policy 2004.

2. **SALES AND DISTRIBUTION OBJECTIVE:**

- a. To serve the customers in 2 hours or less. Progressively it should be on real time basis.
- b. The ultimate objective is to serve the customer up to their satisfaction in real time basis and delight them.

3. **Sales and Distribution Policy - Need**

- a. To meet the objective, a *comprehensive sales and distribution strategy for BSNL needs to be adopted giving emphasis on marketing, sales, including after sales customer care. Hence this Sales and Distribution Policy 2006 has been drafted which is in supercession of existing Franchisee Policy.*
- b. *In addition to the franchisees all other channels like PCO's, Post Offices, use of other retail network chains and separate Business Associates for selling high end products, as well as Direct Selling Agents for the other routine products and to serve the customer at their premises needs to be developed in parallel.*
- c. This will not only help in developing sound sales and distribution system, but will also avoid monopolistic situation by any of the groups.
- d. In this competitive era the most challenging areas for BSNL are
 - i. Marketing of all services of the company and brand building; and
 - ii. Sales and after sales Customer Care not only to retain the existing customer base but to acquire larger market share by adding more number of subscribers.

4. **Expression of Interest Route:**

- a. In situations where BSNL proposes to induct new franchisees, BSNL may Invite Expression of Interest (EOI) from the willing parties.
- b. Based on the offers received from the bidders who choose to participate in the EOI, the bidders satisfying the terms of EOI will be short-listed.
- c. After evaluation by a designated committee, the contract shall be awarded for a period of two years with the approval of competent authority to the successful bidder(s) as per the terms and conditions stipulated in the EOI.

5. **Concept of Franchisee network**

- a. Definition of Geographical areas: The BSNL area of operation can be divided into three categories for the purpose of channel policy of BSNL.

Expression of Interest (EOI) of Sales and Distribution Policy 2006

- i. Type A SSA where Telecom points* as on date are 5 lakhs or more.
- ii. Type B SSA where Telecom points* as on date are 2 lakhs and less than 5 lakhs.
- iii. Type C SSA other than type A and type B SSA's.

* Telecom Points means total sum of basic telephone connections and Fixed WLL connections. It will be total sum of basic telephone connections and Fixed WLL connections as on 1st April of the year of floating of EOI.

- b. In every SSA, one Franchisee per Telecom Points (**landline + Fixed WLL as on 1st April of the year of floating of EOI**) as detailed below is to be appointed, subject to a minimum of three franchisees per SSA and minimum of two in revenue District.

- i. For Class A SSA: 50,000 Telecom Points
- ii. For Class B SSA: 40,000 Telecom Points
- iii. For Class C SSA: 30,000 Telecom Points

- c. A particular franchisee can have **30% of total area in a SSA, subject to maximum four franchisee areas in the circle / country.**

- d. Franchisee will be eligible to apply for franchisee ship at maximum four franchisee areas in the circle/ country. Self - declaration from them is required. The franchiseeship, where it is registered /operating in the circle / SSA/ SDCA will get preference, as envisaged in selection criteria clause -'D' of Annexure A.

- e. All Franchisees should have well defined geographical area (to be defined and notified by SSA/Circle). This will be their primary area and the franchisee must fulfill all the requirements as per the policy in this primary area. **The franchisee will not be allowed (i) to open retail outlet / office (or) (ii) appoint any retailer or (iii) to do any wholesale activity outside their primary area. However in the interest of BSNL,CGM may allow any of the franchisee to operate outside his/her primary area within the SSA for any specified period by issuing suitable relaxation.**

- f. The demarcated area for which they are appointed should be the primary area for the franchisee's operation, and all contractual obligations and responsibilities as per franchisee policy should remain for this primary area only.

- g. Periodic monthly review is to be done and in case of a franchisee not-meeting the performance standards as per franchisee policy in its primary area, action should be taken in accordance with franchisee agreement.

- h. In no case franchisee is allowed to sell outside the SSA. Any violation is to be viewed seriously and the agreement with such franchisee be discontinued and the franchisee may even be barred for further dealing with BSNL for a period of 3 years in case the violation so warrants.

- i. Franchisee will have to provide exclusive BSNL showroom as per BSNL's design.

- j. Franchisee will appoint sufficient number (Minimum ten) of sub-franchisees at suitable locations. Sub-franchisee can do the same work as done by franchisee and need not be exclusive to BSNL like Franchisees. Sub-franchisee network made by franchisee will not only act also as retail network but also help franchisee in serving at their premises the retail network set up by them. BSNL should be part of selection process for sub-franchisees. However franchisees are free to appoint more than 10 sub-franchisees.

- k. Franchisee can appoint any numbers of retailers for sale of all the BSNL products and services permitted to them. 50% of BSNL PCO Operators of their primary area must be their retailers. Franchisee is supposed to serve sub-franchisee as well as retailers at their premises. Franchisee can directly serve retailers.
- l. Franchisee must ensure availability of BSNL products and services at least within each 200 meters in commercial areas and within 0.5 km in residential areas.
- m. Franchisee/sub-franchisee will have to keep handsets/instrument of at least five major makes to facilitate the customer requirements. They must implement any bundling scheme of instruments by BSNL.
- n. At least five sub-franchisee / retailers of each franchisee should operate round the clock.
- o. Franchisee is responsible for Distribution network. Minimum 80% of the basic fixed commission / discounts received by them should be passed on to their network for smooth working of retail network.
- p. Existing customer service centers and all other channels as defined in clause 15 (Sales work by outlets directly run /control by BSNL) will also work as sales outlet for all type of services offered by BSNL. BSNL can directly appoint all other channels to distribute and sale various telecom services and their cash cards.

6. ELIGIBILITY FOR BSNL FRANCHISEESHIP & SELECTION

a. Eligibility

- i. Educational Qualification: Graduate.
- ii. Turn over
 - 1. Rs. 3 Crore for A type SSA
 - 2. Rs. 2 Crore for B type SSA
 - 3. Rs. 50 Lakhs for other SSA
- iii. Turnover: Sales proceed as per audited P&L account, submitted for last financial year.

b. Experience -Dealing in Telecom or FMCG or Electronic/Electrical goods, for last :

- i. 5 years for A type SSA.
- ii. 3 years for B type SSA
- iii. 2 years for other SSA

c. Space

- i. 250 sq. ft. in A type SSA -25 ft width x 10 ft depth}*
ii. 200 sq. ft. in B type SSA - 22ft width x 9 ft depth }*
iii. 150 sq. ft. in other SSA - 20 ft width x 7.5 ft depth }*

*Corporate office sample layout plan is at Annexure I.

d. Location in commercial area, with sufficient parking Space, On Ground floor only, on main road or clearly visible from main road. Layout and Location to be submitted along with EOI.

Expression of Interest (EOI) of Sales and Distribution Policy 2006

- e. Space is to be ensured within 7 days of LOI for award of Franchisee ship/ Franchisees ship.

7. Requirements for Franchisees after approval of EOI.

- a. EMD Rs. 2 lakhs with EOI
- b. PBG (Performance Bank Guarantee) **valid upto three years from the date of commencement of the agreement**, of Rs.10 Lakhs for A type SSA , Rs. 5 Lakhs for B type SSA and Rs. 3 Lakhs for C type SSA to be submitted before signing of agreements within 15 days of LOI.
- c. Manning at least 14 hrs. /day (8:00 AM to 10:00 PM).7 days a week. Attending Complaints (8:00 AM to 8:00 PM) 7 days a week.
- d. Staff of franchisee working for BSNL product and services should be in uniform specified by BSNL.
- e. BSNL, reserves the rights to seek/verify financial information from franchisee's Bankers/credit providers & sue another sources as to carry out other verifications.
- f. Franchisee shall deposit the aforesaid EMD/PBG of said amount as BSNL may determine from time to time. BSNL reserves the right to forfeit/adjust/apply the said EMD/PBG amount in full or part satisfactions of any sums due from the franchisee to BSNL at any time, Franchisee shall continue to be liable for balance, if any, No interest will be paid on the deposit. BSNL reserves the right to increase the amount of PBG at any time in its sole discretion with respect any/some/all franchisee.

8. Selection of Franchisees

- a. Since the main user is SSA, selection of the franchisees to be done at SSA level by calling for EOI. The EOI / Agreement will be framed by concerned circle / SSA based on the provisions in this sales and distribution policy.
- b. A committee consisting of two DE's and one CAO in case of TDM setup, and two DGM and one DGM (F) in case of GM/PGM/CGM setup shall evaluate the tender. In case of TDE setup, the EOI may be floated by them, but the same will be taken care by some designated district headed by TDM/GM/PGM. TDE will be one of the members of the committee.
- c. If any management institute is locally available, then, a faculty member of Management / Marketing stream from the institute may be kept, but this is not mandatory as in past two years sufficient experience have been gained by BSNL officers.
- d. **The Agreement in two parts (one for commission basis and another for discount basis) shall be signed by the SSA and the PBG common for both agreements shall also remain in the SSA. The common PBG is liable for encashment incase of default in either or both parts of the agreements. Franchisees will be monitored and supported by SSA. Payments will be done from SSA.**
- e. SSA Head will convene monthly review meeting. Circle will convene quarterly review meeting.
- f. Since the franchisees / retailers etc. are front end of BSNL's interaction with customers, their feedback on various issues including formulation of timely

customized tariffs will be of great use. As such, this aspect shall also be reviewed in the above meetings.

9. Selection Criteria

- a. The selection criteria for selection of franchisees having the minimum eligibility conditions fulfilled may be as follows:

i. Experience	-	30 marks
ii. Carpet area and Location of the showroom	-	25 marks
iii. Turnover	-	15 marks
iv. Place	-	15 marks
v. Interview / Presentation	-	15 marks

- b. Short listing will be done on the basis of point number (i) to (iv) and top two should be called for interview. Based on combined marks final selection will be done.
- c. The location of showrooms can only be in predefined places decided beforehand by Empowered Committee for Marketing in the concerned circle/SSA. The detailed breakup is given in Annexure - 'A'.

10. Rural Area - Selection Criteria.

- a. Rural SDCA will be taken as rural area.

b. Any franchisee area, if it is having a mix of urban / rural SDCA's, then the area will be classified as a rural area only if more than 50% of the landline connections are in rural areas as on the date of first April of the year in which EOI is being floated.

11. RIGHT.

- a. The BSNL reserves the right to reject any application of franchisee for any reason, without liability, the information provided by the franchisee/ gathered by BSNL shall become BSNL's property even if application is rejected and can be used by BSNL in any manner, it deem fit.
- b. The decision of BSNL will be final and binding.

12. Responsibilities of Franchisee.

- i. Generation of demand for providing services permitted by BSNL to franchisee. BSNL franchisee will target both individual and corporate customers.
- ii. Selling of all BSNL Products and services assigned to them, directly or through sub-franchisees or retailers. Not only the targets set are to be achieved but also efforts are to be made to surpass it.
- iii. After sales services: Receiving, attending & rectifying complaints. All forms of complaints on phone and walk-in-complaints (hardware related, billing, performance related etc.) will be handled directly by Franchisee. Franchisee shall redress all possible complaints on the spot. If required the help from specially designated call centers for franchisee may be taken and forward the remaining to call center / designated official for further disposal.
- iv. Response time - 15 minutes. Rectification time - Same day if complaint is received up to 5 P.M.

- v. Setup support infrastructure to service customers to meet the objective of serving customer in 2 hour or less and progressively in real time basis so that the customer is delighted.
- vi. Receiving advertisement material from BSNL, displaying them and distribution to sub-franchisees and retailers at their premises.
- vii. Issue receipts. At no time customer will have two receipts. BSNL receipts will also be distributed through franchisees. Franchisees will ensure that BSNL receipt is handed over after taking back the receipt issued by franchisee.
- viii. Copies of filled application forms from customers should be maintained in electronic /physical form.
- ix. Ensure the availability of application forms of all BSNL products/services.
- x. To maintain Showroom as approved at the time of awarding franchisee ship during the contract period. Shifting of showroom is not allowed during the contract period..
- xi. Promotion of BSNL brands at Franchisee's cost.
- xii. Timely submission of bills and claims to the nodal officer.
- xiii. Storage of SIM's, instruments and other telecom stores.
- xiv. MIS as per BSNL format to BSNL officials as per frequency specified.
- xv. Arranging special promotional events as per BSNL guidelines at Franchisee's cost.
- xvi. Listing of sub-franchisees and retailers to BSNL. Serving them at their doorsteps. Franchisee must ensure that BSNL products are available in sub-franchisee as well as retail networks in sufficient quantity on demand. Franchisee must ensure that no black-marketing or mall treatment to customer is done through its network.
- xvii. Verification of credentials of new customers (as detailed in para 28)- Both as per documents submitted as well as per physical verifications. Franchisees will be responsible for the verifications done by all the channels i.e. sub-franchisees and retailers working under them.
- xviii. Franchisees will be responsible for all the work done through its sub-franchisees and retailers.

13. Co-ordination at various Levels of BSNL:-

- a. Circle office will Co-ordinate for training the Franchisees.
- b. Quarterly meeting with all channel partners will be conducted by circle office.
- c. Franchisees are supported at SSA level.
- d. PBG and signing of the agreement will be at SSA level. SSA Head to set up the targets for the Franchisees and will be reviewing the performance of the Franchisees under its jurisdiction on monthly basis.
- e. Nodal officer at SSA acts as a single window to franchisees.

- f. Distribution of service related material like SIM cards, instruments etc. shall be through SSA nodal officer.
- g. Payments to all channel partners in time will be done by SSA.
- h. SSA head will arrange for regular inspection of Franchisee showroom by a committee and send a report to Circle Office.
- i. All Franchisees will report to SSA Head through the nodal officer appointed by him.
- j. A nodal Officer preferably SDE In-charge of CSC or SDE Internal / External or any other officer is nominated by head of SSA, who will act as single window for franchisee and one Accounts Officer is nominated by head of SSA for maintaining the accounts of all the channel partners.
- k. Franchisee, including sub-franchisee shall interact with the nodal officer for their day-to-day activity.

14. Review

- a. EOI - every year for the Franchisee ship and all other channels only for vacancies created.

15. Sales work by outlets directly run/control by BSNL.

- a. CSC's are eligible to sell all type of services defined for franchisee plus other services permitted by BSNL from time to time.
- b. Services of BSNL are also offered through PCO **Operators**, Business Associate, Direct Selling Agent, Post Offices, other retail network chains, which will also sell BSNL product and Services. BSNL apart from franchisee is free to use any retail network or appoint Direct Selling agents, engage PCO **Operators**, Business Associate, Post Offices, etc. for meeting the objectives of Sales and Distribution policy. Discounts / Commission to these channels may be defined by BSNL.
- c. Servicing customers within 2 hours or less is a necessity. To take care of this aspect as a part of Sales and Distribution policy, CGM in consultation with IFA, GM Marketing can approve other retail outlets like shopping malls etc.,

16. DISCOUNTS / COMMISSION & INCENTIVE POLICY

- a. **Following Discount / Commission Structure shall apply**

- I. **Basic Fixed Commission** : Payable as mentioned in Annexure B
- II. **Basic Fixed Discount** : Applicable as mentioned in Annexure C
- III. **Target achievement bonus**
- IV. **Retention bonus**

There are two types of relationship with franchisees., namely , The first relation is that of a Principal and an agent on items which are mentioned in Annexure B, where the franchisee is the agent of BSNL and markets the products on commission basis.

In the second type of Items which are mentioned in Annexure C, the relationship between BSNL and franchisee is different from the first and is on Principal to principal basis.

- b. BSNL reserves the right to change the commission or discount structure as well as the rate of commission or discount allowed in the interest of organization for all channels at any time without any notice.

c. **Basic Fixed Discount :**

Discount on Recharge Coupons: There will be uniform discount allowed for Recharge Coupons in BSNL license area. The discount allowed to sub-franchisees and retailers by franchisee will be from their own discount. Discount to be given by franchisee to sub franchisee / Retailer will be decided mutually, however it can not be less than 80% of the basic fixed discount given to the franchisee.

- d. **Target achievement bonus:-** Target achievement bonus will be given on the select BSNL product and services, which will be announced in advance by SSA with approval of CGM concerned. Target achievement bonus shall be calculated on the basis of net activations (for all those connections which have paid at least one bill). The SSA shall fix the monthly, quarterly, half yearly & annual targets for concerned Franchisees. For calculation of annual target achievement, the monthly achievements shall be clubbed.

Maximum Target Bonus Ceiling

SN	Target Achievement	Bonus
1	<100%	Nil
2	101-150%	10% of Basic commission
3	151-200%	As in 2 Plus 20% of basic commission on activations above 150%.
4	201-300%	As in 3 Plus 30% of basic commission on activations above 200%.
5	>300%	As in 4 Plus 40% of basic commission on activations above 300%.

Penalty: The target set is to be achieved by franchisee, whether target bonus is applicable or not. If target set is not achieved for two consecutive months, then performance of the franchisee be critically examined and BSNL may consider the termination of the franchisee ship.

- e. **Retention bonus:-** Retention bonus shall be payable for select BSNL product and services, which will be announced in advance by SSA in consultation with CGM concerned;
- I. Any subscriber brought in by the Franchisee staying with BSNL for 365 days or more shall entitle the Franchisee for a retention bonus. Retention bonus will be equivalent to 10% of Basic Commission already paid for that activation.
 - II. Subscribers included in (i) should have no outstanding as on last billing cycle.
- f. **Tariff revisions, Government Directives, Market forces etc. may lead to change in BSNL commission or Discount policy and BSNL's decision in this regard will be final and binding.**

17. Refund of Expenditure by Franchisee.

- a. Special incentive for marketing & promotion will be given in addition to basic commission, Target incentive and Retention incentive to Franchisee.

- b. Marketing and promotion include expenditure on any media by the franchisee with prior approval to SSA / Circle head, BSNL.
- c. All lawful promotional activities with the prior approval of Head of SSA/Circle head will be under its purview.
- d. Budget allocation for promotional activities to be given to franchisee is determined on the basis of Rs.25 per BSNL connection sold. Rs.25/- per BSNL connections sold (either Cellone /Excel /Bfone /WLL/Dataone etc) is a total provision, which a franchisee can use as a special incentive for promotion.
- e. 20% of this provision shall be deducted by BSNL towards the free advertisement materials given to franchisee by BSNL.
- f. The BSNL connections could be either CellOne / Excel / Bfone / WLL or Dataone etc.
- g. The amount shall further be limited to 50% of actual expenses incurred.
- h. Payment of incentive for marketing/promotion will be on production of expenditure proof in original.
- i. The claim has to be submitted within 30 days of expenditure.
- j. Decision of BSNL on payment will be final. This expenditure is required to be undertaken with prior information to BSNL.
- k. BSNL shall provide the glow sign board for franchisees and sub franchisees. However franchises must arrange glow sign board for retailers. Design of these glow sign boards will be approved by BSNL CO.

18. Office Support to franchisee:-

- a. The following items shall be given to franchisees for performing their responsibilities, including for demo purpose, and is not linked with the targets.
 - I. 2 Landline connections - both rent free, one with incoming only and the other one with 1000 free calls per month. Connections to be booked in plan specified by BSNL.
 - II. 3 excel connections - no recharge coupons.
 - III. 1 broadband connection 256 kbps - 1 GB download limit.
 - IV. 1 IN PCO.
 - V. 100 Hour / Six month Sancharnet connection.
 - VI. Any other item for demo purpose with due approval of CGM.

19. Payment terms.

Basic Commission. : The basic commission payable is as per Annexure - 'B'. Here the franchisee is an agent of BSNL and markets the products on commission basis.

BSNL reserves the right to change the target and commission along with commission structure at any time during the period of agreement. Target will be fixed on start of operation on per month basis.

In item mentioned in Annexure “ C “. Franchisees will pay the discounted price at the time of purchase of the said item. Here, the relationship between BSNL and franchisee is on Principal to principal basis. In such cases TDS is not applicable.

- i. For items mentioned in Annexure “ B “ the structure will be as follows, unless and otherwise specified.:-
 1. 50 percent upfront.
 2. 50 percent after payment of 1st Bill by customer, to be paid automatically by BSNL. Nodal officer shall be responsible for ensuring that the payment is done.
- ii. All other claims may be submitted on monthly basis. Designated BSNL's nodal officer to verify and sign the claim and forward it to the Accounts Department. Payment must be made within two weeks of the receipt of claim. Since all daily transactions are through nodal officer, hence verifying and certifying bill should not take time.
- iii. Payment will be from SSA Headquarter preferably through ECS / Direct credit to account. SSA will give a detailed report regarding payment of all claims to franchisee on monthly basis to Circle office.
- iv. Service Tax on commission will be paid by BSNL to Franchisees in the following manner.
 - a) For Service Tax on upfront Commission, franchisee will have to raise bill for Service Tax on Commission received by 15th of the month so that BSNL can make payment within last working day of the month and the franchisee may be able to deposit the service tax by the 5th of the next month.
 - b) Where commission is not paid upfront but paid automatically by BSNL at a later date, franchisee may submit bill for service tax for the amount automatically paid by BSNL. The bill may be submitted by 15th of the month so that BSNL can pay the bill by last working day of the month.
 - c) In all other cases of commission, franchisee may submit bill of commission payable along with service tax.
 - d) For entitlement of franchisee to bill service tax, he should be registered with Service Tax authority. All bills which are inclusive of Service Tax raised by franchisee should be in the format as prescribed in rule 4A of Service Tax rule.

20. Operations & Accounting procedures

a.)Operations

- I. All service activation requests (forms) to be collected by the Franchisee & their representatives (e.g. sub-franchisees / retailers etc.) along with requisite payment in Cheque / Draft verify them as per rules. A receipt on behalf of Franchisee as per approved Performa of BSNL shall be issued

acknowledging the form & payments, Franchisee shall be required to maintain list of transactions, Waiting lists (W/L), etc. which will be converted to Exchange W/L later on. Waiting list is to be merged on daily basis for all channels. The connection should be released up to a particular date for all the channels.

- II. Franchisee shall deposit all such collections to the nearest designated BSNL counter on daily basis as per mutually agreed schedule of time. BSNL shall issue separate payment receipts for individual cases. At no time customer will have two receipts. BSNL receipts will also be distributed through franchisees. Franchisees will ensure that BSNL receipt is handed over after taking back the receipt issued by franchisee.
- III. Franchisee then shall submit the service activation requests along with payment particulars to concerned nodal officer who in turn shall take necessary action & also issue acknowledgement to concerned customer/applicant, do commercial verification.
- IV. Franchisee shall have to ensure submission of all received requests with BSNL on daily basis as per schedule mutually agreed by Franchisee & designated BSNL unit. Franchisee shall have access to nodal officer in working hours but payments receipts shall be governed by BSNL accounts timings.

b. Accounting procedures: - Procedure For Commission / rewards / marketing expenses claim:

- i) Franchisee will get upfront payment basic commission wherever specified. Franchisee will retain the basic commission payable to them and submit the remaining amount collected to the customer service center. However the upfront commission on SIM prepaid cards should be only when the application forms etc are received from the franchisees and the connection is working.
- ii) For target achievement and retention bonus, Franchisee to submit a claim every month for target achievement and retention bonus due to them, for the duration which ends in the previous month.
- iii) The claim should reach the company by 5th of every month and by the 10th of every Quarter end.
- iv) Designated BSNL officer to verify and sign the claim and forward it to the Accounts Department.

21. Office support

- a. All stationary items related to sales, Bills/Vouchers shall be the responsibility of Franchisees. However the layout/design of the stationery shall be supplied by BSNL.
- b. Franchisee shall be responsible for furnishing of the office as approved by BSNL.
- c. BSNL may at its sole discretion decide to provide free of cost computer connectivity to the Franchisee for online activities such as bill payment/enquiries/booking etc.

22. Inspection

- a. BSNL shall have free access to the Franchisee premises & to inspect all records, receipts, vouchers, sale books, demand registers etc.

23. General Terms and Conditions:

a. Commercial Terms & Conditions:

- I. Whenever any new products are launched, a separate communication will follow on the applicable **commission or discount**. Franchisees may be given right to view Franchisee portion of intranet, which they are supposed to view periodically and take necessary actions.
- II. First payment default will be considered for subscribers who do not pay even their first month bill.
- III. The company reserves the right to change the terms of trade from time to time with notice period of 30 days.
- IV. The company reserves the right to withhold or delay the commission for the Franchisees in case of any pending disputes in matters relating to activations or cancellations.
- V. In case of dispute arising between the Franchisee and BSNL, the same shall be adjudicated by the CGM or any official appointed by the CGM.
- VI. The company's decision will be final on all matters relating to the business and will be binding on the Franchisee.
- VII. It will be the Company's endeavor to make the payment to the Franchisees as per the schedule, however this may stretch beyond the scheduled time only in case of delays in getting claims from the Franchisees or in case of incorrect claims.
- VIII. The payment to the Franchisees will be made through a cheque / ECS after deducting applicable taxes.
- IX. All Franchisees will report to SSA Head through the nodal officer appointed by him.
- X. All taxes present & Future additional, taxes /Lessees/ duties etc thus may be levied by the govt/Local authorities etc. will be to the franchisee a/c.
- XI. The Franchisee shall comply with all applicable laws, bye Laws rules, regulations, orders, directions notifications etc of the Govt./ Court/Tribunals and shall also comply with all directions issued by BSNL and provide BSNL with all information and cooperation that BSNL may reasonably require from time to time.
- XII. The franchisee has to fully cooperate with BSNL to investigate any complaint from the public.
- XIII. Franchisee shall be liable for all payments of wages, Salary etc to its employees & shall comply with all statutory laws, rules, relating to employment, wages, PF, ID, act etc.
- XIV. The Franchisee shall fully indemnify, defend & hold BSNL harmless from and against all claims, Liability, Losses or damages recoveries, proceedings, actions, Judgments costs, charges & expenses which may be made or brought or commences against the BSNL or which the BSNL may or may have to bear, pay or suffer directly or indirectly in connection with any breach Franchisee's agreement by franchisee or its agents, employees, offices.
- XV. BSNL Shall not be liable for any act of commission or omission of any third party.

Expression of Interest (EOI) of Sales and Distribution Policy 2006

- XVI. During the currency of agreement, franchisee will not be permitted to provide services to any other service provider.
- XVII. That franchisee shall display prominently the information prescribed by BSNL from time to time & will display a signboard , of size decided by BSNL, indicating the name & logo/Brand name of BSNL as may be prescribed by the BSNL.
- XVIII. That franchisee should have to pay minimum guarantee revenue as prescribed by BSNL from time to time.
- XIX. That franchisee shall pay all dues & outstanding to BSNL during the currency of assessment or on termination of the agreement as the case may, even if any dispute is pending between the franchisee & BSNL. The same shall be adjustable by the CGM or official appointed by CGM.
- XX. The franchisee will have to abide by the policy rules, regulations & instructions of BSNL as revised/modified from time to time, without any prior notice to the franchisee in respect of all matters including security deposit / PBG, commission payable to the franchisee etc.
- XXI. If any proof is found, suggesting involvement of Franchisee/Sub Franchisee/retailer or any other channels, a committee of 3 officers as below will decide and propose cancellation of Franchisee license. The committee may be as below:
 1. GM (Marketing), Circle Office.
 2. SSA Head
 3. IFA to SSA Head
- XXII. Franchisee will submit list of material received, sold and available with him and all his sub franchisees / retailers on 3rd day of every month. 10% of such reports may be personally verified by SSA Head. 50% of such reports may be personally verified by DGM concerned. They will also submit detailed utilization of all publicity material given by BSNL.
- XXIII. Pre-activated properties like SIM Card may be deactivated after 15 days if not reported sold.

24. Terms and Condition for Existing Franchisee having more than four franchisee areas:

Self declaration from franchisee is to be taken that not more than four franchisees area in the country is with them. The declaration, if found wrong, will disqualify all franchisee ship areas.

25. SUPPORT STRUCTURE

a. Connectivity with Server.

- I. The franchisees will be provided a connection from Mobile as well as Landline Billing and Commercial server.
- II. They will have only “Viewing Rights” and “Level - 1(Only name, address etc.) data feeding rights” in mobile.
- III. The link will be provided by BSNL either on Broadband, Dial-up or Lease line, as per feasibility and requirement, free of cost. The computer, printer as well as modem will be provided by franchisees / channel partners.

- IV. The franchisees / channel partners marking should be made available in Database and with the viewing rights the franchisees / channel partners will be able to serve the retained customer.
- V. A dedicated help line for franchisees / channel partners, either in BSNL call center, or in BSNL office will be opened for online support on real time basis. This help line will be made available in at least two shifts and preferably in all the three shifts.
- VI. Each circle will make up their detailed procedures for back end handling of each customer response either in CSC or in Call centers or at any other channel so that the customers can be served in the time frame decided.

b. IT SUPPORT

- I. Sales and distribution software:- “Sales and Distribution Software” will be provided by BSNL so that at any point of time one should be able to know the “Sales trend” of each product with reference to specific scheme.
- II. To start with some field in Billing and customer care software should be used for identifying franchisee, which should help in settling their bills etc. and to monitor their performance.
- III. Website - Corporate/Circle office shall provide links on any information it would like to share with the franchisee through an extranet/website on our intranet portal.
- IV. Franchisees log in should be password protected. General information page as well as links to specific Circle/SSA should be provisioned in the website.

c. TRAINING:

- I. There is a need to create awareness amongst all BSNL staff that franchisees and other channels of selling are BSNL’s partners in furthering business goals.
- II. Activities that give any appearance of unhealthy competition amongst the selling of the products through CSC and the franchisees be avoided.
- III. The scheme aims to serve the customers through many channels and the add value for the customers and business of the company.
- IV. The franchisees and other channel partners be periodically briefed by SSA on the various products and services of the BSNL launched proposed etc.
- V. Whatever schemes and services are launched these should be equally available to all channels to avoid any confusion.
- VI. Wide publicity of the services available at franchisee / sub-franchisee / retailers and other channel partners should be made.

26. PCO OPERATORS

- a. PCO of various types are a strong network of BSNL. PCO OPERATORS means all types of PCO’s offered by BSNL.
- b. It will be obligatory on the part of the franchisees to make PCO OPERATORS as their retailers, if the PCO OPERATOR is willing for the same and service them at their premises.

- c. The range of BSNL services and the present commission structure is as per Annexure - 'B' and discount applicable as per Annexure-"c".

27. SERVICES TAX & OCTROI TAX & INCOME TAX, TAX DEDUCTED AT SOURCE: -

Franchisees have to bear all applicable taxes as per Central/State/Local laws. Service Tax on commission will be paid by BSNL to franchisees. Income Tax may be deducted at source on commission paid as per applicable rules.

28. VERIFICATION OF IDENTITY OF SUBSCRIBERS: -

a. The instructions as laid down by BSNL Corporate Office (as mentioned below) shall be scrupulously followed by the franchisees/Point of Sale in all channels:-

1. The verification of documents against original would be done at the Point of Sale (POS) and only thereafter will the connection be activated. The POS will have to certify that:

a. He has seen the subscriber and verified with original documents.

b. The Subscriber Enrolment Form has been duly filled by the applicant.

c. The photograph submitted has been matched with the applicant.

d. The Form has been personally signed by the applicant in his presence.

e. The original proof of identity / address has been matched and verified with the self attested photocopy submitted by the applicant.

2. The application form plus supporting documents will then be checked for completeness by the franchisee who will certify that:

a. All the necessary documents are in order.

b. Signatures on the self attested photograph match the signatures on the application form.

c. Photograph on the form matches the one on the photo ID document.

3. While carrying out the above step, the franchisee will ensure and certify that the same identity is not used to generate multiple connections.

29. CONCLUSION

a. BSNL policy in order to serve customer in 2 hours or less progressively and ultimately in real time basis, will be to adopt the mix of Sales and distribution network suggested above.

b. There will be flexibility to adapt the commission structure or discount applicable SSA wise for SSA specific products.

c. The channels in the form of franchisee ship / sub - franchisee ship / retailers, Business Associates, Direct Selling Agents, Post Offices, PCO's and option to engage any other retail network will provide BSNL the synergy of multiplicity of various channels in the network.

The arrangement should be reviewed periodically.

ANNEXURE - 'A'

CRITERIA FOR ALLOCATION OF MARKS FOR SELECTION OF FRANCHISEE

A. Experience (Total Marks=30)	Marks allotment
a. Fulfillment of Minimum Criteria and up to 1 year in excess	05
b. Greater than 1 year in excess but less than 2 years in excess	10
c. Greater than 2 years in excess	15
d. Franchisee/Dealer/Distributor experience in BSNL for 1 year or less	05
e. Franchisee/Dealer/Distributor experience in BSNL for 1- 2 year	10
f. Franchisee/Dealer/Distributor experience in BSNL for more than 2 years	15

The company's track record of growth should take into account. FMCG means wide distribution network through retailers selling packaged, branded products. Companies selling wines/liquor, petrol/kerosene is excluded.

B. Size and Location of showroom (Total Marks = 25)	
a. Fulfillment of Minimum Criteria up to 10 percent in excess	10
b. Greater than 10 percent but less than 20 percent in excess	13
c. Greater than 20 percent in excess	15
d. Prime Location	10

12. Turnover (Total Marks = 15)

a. Fulfillment of Minimum Criteria up to 20 percent in excess	10
b. Greater than 20 percent but less than 30 percent in excess	13
c. Greater than 30 percent in excess	15

13. Place (Total Marks - 15)

a. Bidder belongs to same SDCA	15
b. Bidder belongs to same SSA	10
c. Bidder belongs to same Circle	05

14. Interview/presentation before the selection committee by the proprietor 15

SELECTION & TIE - BREAKER

The franchisee with the highest marks out of 100 should be selected. In case of tie, marks first in Place and if tie is not broken then experience and if still tie is not broken then marks in location should be seen. If tie is still there then franchisee showing more profit in last to last financial year in their account should be made eligible.

Commission Structure for Franchisees/Retailers/Post Offices/PCO Operators/DSAs/BAs						
Sl. No.	Name of Product/Service	No. of connections per month	Franchisee	Post Office	BA	PCO Operator/ DSA
1	Pre-paid mobile Connection (Note-H)	upto 300	150/-	112.50/-	112.50/-	112.50/-
		more than 300	200/-	150/-	150/-	150/-
2	Post Paid mobile Connections/WLL Connections. (Note-A)	upto 300	300/-	225/-	225/-	225/-
		more than 300	400/-	300/-	300/-	300/-
3	Conversion of prepaid to postpaid	Note C	100/-	75/-	75/-	75/-
4	Land line /Fixed Wireless (Any technology)- fixed plan charges/plan upto Rs.120/- per month.(See Note-A)	upto 100	250/-	187.50/-	187.50/-	187.50/-
		more than 100	300/-	225/-	225/-	225/-
5	Land line /Fixed Wireless(Any technology)- fixed plan charges/plan more than 120/- per month.(See Note-A)	upto 100	300/-	225/-	225/-	225/-
		more than 100	400/-	300/-	300/-	300/-
6	Conversion to any higher Plan	Note-C	100/-	75/-	75/-	75/-
7	Reconnection of Landline/Fixed Wireless(Any technology)/ Post paid Mobile Connections.	See note- B&C	100/-	75/-	75/-	75/-
8	Broadband Monthly plan Charge upto Rs-250	Note-A	250/-	187.50/-	187.50/-	187.50/-
9	Broadband Monthly plan charge from Rs-251 to Rs. 2000	Note-A	500/-	375/-	375/-	375/-
10	Broadband Monthly plan Charge above Rs-2000/-	Note-A	1000/-	750/-	750/-	750/-

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11	Add on features					
A	CENTREX/VPN/CUG in Land line. (Minimum 5 Connections)	Note- C & D	25/-	18.75/-	18.75/-	18.75/-
B	CUG/VPN in Cell One on plan value<=300/- per month.	Note- C & D	50/-	37.50/-	37.50/-	37.50/-
C	CUG/VPN in Cell One on plan value>300/- per month.	Note- C & D	100/-	75/-	75/-	75/-
D	ECS	Note-C	25/-	18.75/-	18.75/-	18.75/-
E	CLIP	Note-E&H	0	0	0	0
F	GPRS/MMS/UMS/ Edge etc.	Note-C	OMR	75% of OMR	75% of OMR	75% of OMR
12	Telephone Bills					
A	Bill Collection by Cheque	Note-J	5/-per bill	5/-per bill	5/-per bill	5/-per bill
B	Bill Distribution	Note-J	90% of PO Rate	-	90% of PO Rate	-
13	High End Services					
A	MPLS-VPN	Note-F&H	-	-	7%	-
B	Leased Lines	Note-F&H	-	-	7%	-
C	Internet Leased Lines	Note-F&H	-	-	7%	-
D	ECS	Note-C	25/-	18.75/-	18.75/-	18.75/-
E	CLIP	Note-E&H	0	0	0	0
14	IN SERVICES					
A	Free Phone Services	Note-C	1500/-	1125/-	1125/-	1125/-
B	Universal Access Number	Note-C	1500/-	1125/-	1125/-	1125/-
C	ACC Service	Note-C	1500/-	1125/-	1125/-	1125/-
D	Premium Rate Services	Note-C	1500/-	1125/-	1125/-	1125/-
E	Tele-voting	Note-C	1500/-	1125/-	1125/-	1125/-

Read understood and Complied

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Signature of the bidder

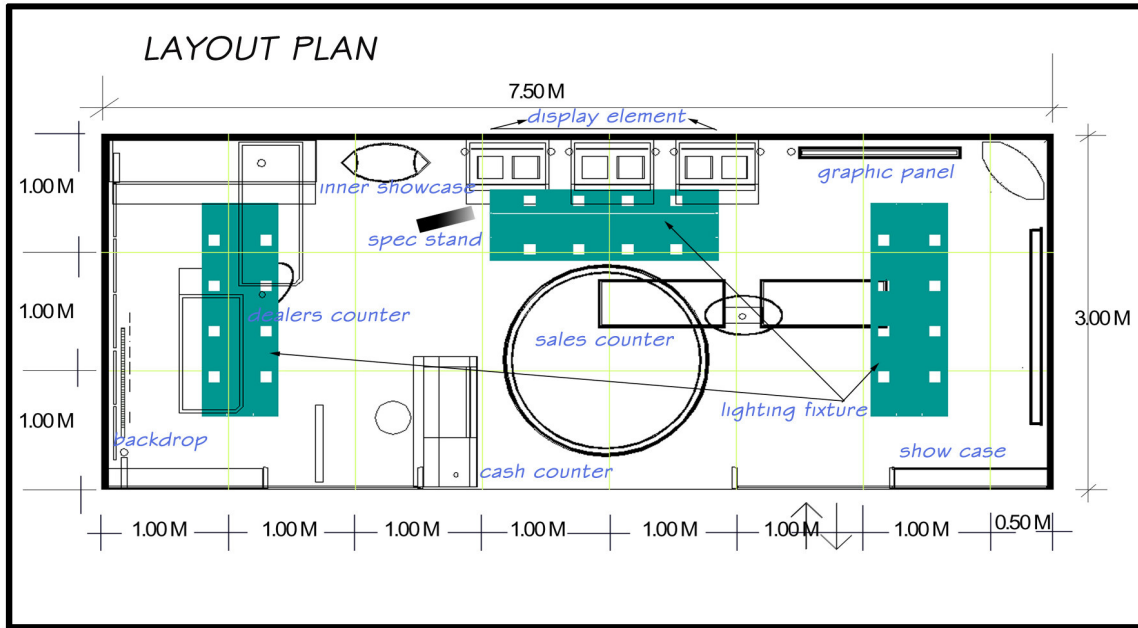
Expression of Interest (EOI) of Sales and Distribution Policy 2006

15	ISDN					
A	BRI ISDN	Note-A	750/-	562.50/-	562.50/-	562.50/-
B	BRI ISDN Rent Free	Note-H	150/-	112.50/-	112.50/-	112.50/-
C	PRA only Incoming	Note-C	HMR	75% of HMR	75% of HMR	75% of HMR
D	PRA- Normal	Note-C	OMR	75% of OMR	75% of OMR	75% of OMR
16	Customer Identity verification (Works to be done by Post Office only as para 30(d) of Sales & Distribution policy - 2006).		-	Rs.25/-each	-	-
<p>Note-A: 50% commission will be payable upfront on submission of the application form and 50% after 6 months if connection is alive. The 50% upfront commission paid shall also be recoverable if (i) connection is not provided for any reason or (ii) connection is surrendered within 6 months period.</p>						
<p>Note-B: If plan conversion is also involved along with reconnection, then Commission for both will be payable.</p>						
<p>Note-C: 100% after realization, of first bill- to be paid automatically by BSNL.</p>						
<p>Note-D: If new Connection is also involved along with this facility, then Commission for both will be payable.</p>						
<p>Note-E: Channel partner is expected to sell CLIP Instrument to the customer and submit the bill as a proof.</p>						
<p>Note-F: Of annual rental of selected tariff plan which is to be paid automatically after receipt of payment from customer monthly/quarterly/half yearly/ annually</p>						
<p>Note-H: Upfront</p>						
<p>Note J: On monthly bill submission.</p>						
<p>OMR- One Month Rental, HMR - Half Month Rental</p>						
<p>Special Note:</p>						
<p>1. Commission mentioned above will be on graded basis only.</p>						
<p>2. Additional commission of Rs. 400/-and Rs 800/- per connection will be payable to Franchisees on the addition of BSNL Super & BSNL Premium plan under landline/WLL respectively.It is subject to Note -A. Accordingly, the commission to BA/PO/PCO Operator/DSA will be Rs 300/- and Rs. 600/- per connection for BSNL Super & BSNL Premium plan respectively.</p>						

Annexure - C

Discount applicable for Franchisees/Retailers//Post Offices/PCO Operators/DSAs/BAs							
TABLE-1							
DISCOUNT APPLICABLE TO DISTRIBUTION CHANNELS (In %ge)							
Sl. No.	Name of Product/Service	Minimum purchases	Franchisee	PO	BA	DSA	PCO Operator
1	Prepaid Recharge Coupons	Note-G	5%	4%	4%	4%	4%
2	Sancharnet Cards	Note-G	5%	4%	4%	4%	4%
3	India Telephone Card	Note-G	8%	6%	6%	6%	6%
4	FLPP (Recharge Coupons)	Note-G	8%	6%	6%	6%	6%
5	Call Now	Note-G	8%	6%	6%	6%	6%
6	C Top up	Note-G	5%	4%	4%	4%	4%
7	CD ROM-Directory	-	8%	6%	6%	6%	6%
Note G: Minimum purchase of Rs. 100,000/- for franchisee and Rs. 5,000/- for DSA/ PCO operator							

Annexure -I



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4

**FORM OF FRANCHISEESHIP AGREEMENT
(for Principal to Principal Basis)**

This agreement is made at day of2009, between Bharat Sanchar Nigam Limited (BSNL), a Company incorporated under the Companies Act, 1956 having its Registered Office & Corporate Office at Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi-110001 (hereinafter referred to as “BSNL” which expression shall be deemed to include its successors and assigns wherever the context so admits or requires) through its duly authorized representative Sri M.S.R.Sarma, [the General Manager, Bellary](#), BSNL, Karnataka Telecom Circle, ON THE ONE PART.

AND

....., (hereinafter referred to as the “ Franchisee” which expression shall include his servants, heirs, executors and administrators wherever the context so admits or requires) through its authorised representative , Mr..... ON THE OTHER PART.

WHEREAS

(a) This agreement is in continuation of earlier which was valid which was valid up to 31-7-2008. Whereas the franchisee has come forward to continue the same services/business and therefore this fresh agreement is executed between the parties for two commencing from 1-8-2008 to 31-7-2010

(b) The BSNL is desirous of appointing authorised Franchisees **on principal to principal basis** with a view to do marketing and distribution of its BSNL Telecom **Prepaid products** under its brand names for which the BSNL has been licensed to provide BSNL service.

(c) The Franchisee has approached the BSNL for authorizing it to act as an authorized franchisee **on principal to principal basis** for marketing and distribution of BSNL services subject to the terms and conditions hereinafter appearing.

(d) The Franchisee has given an unconditional Bank Guarantee (as per Annexure - D) of Rs. _____ which shall be refundable, along with [the agreement for acting as an agent and the same will cover the due fulfillment of this agreement also. The common PBG is liable for encashment incase of default in either or both parts of the agreements.](#)

Now it is hereby agreed by and between the parties hereto as follow:

Signature of
Franchisee

Read understood and Complied

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Signature of the bidder

1. Definitions

BSNL Mobile Service : Installation of necessary infrastructure so that telephone communication is possible without the need for cables. This communication is done within a prescribed geographical area like a town, district or state, by the subscribers with the use of Handsets which can be carried anywhere by them. These Handsets can be used to make telephone calls to any other mobile user or fixed phone users.

1.2 **Basic Telephone Services** - Wireline telecom service under brand name **BSNL Landline** .

1.3 **Data Services** - various services like Internet, broadband etc. under brand name **BSNL Broadband** and **MPLS-VPN** under brand name **BSNL MPLS- VPN**.

1.4 **Handsets** : Handsets are telephone instruments for mobile/basic services made by independent third parties for making and receiving calls.

1.5 **Mobile SIM Card** : SIM (Subscriber Identity Module) Card is provided to each BSNL mobile Subscriber. It contains a microcomputer Chip with memory. The SIM card has to be plugged into the GSM Handset to activate the phone.

1.6 **Booking a Connection** : A subscriber can book a post-paid cellular connection by paying a refundable Security Deposit and an activation fee . Pre-paid cellular connection can be booked by paying the fixed (non-refundable) charges. Similarly fixed telephone and data connections can be booked by payment of specified registration amount.

1.7 **Services Bill** : It will include 'monthly **fixed charges**', 'Airtime charges' and 'BSNL/MTNL/Fixed Line charges' incurred by all calls made by the subscriber.

Airtime charges are calculated at a pre-determined rate per unit time (as per tariff structure declared from time to time), or any other charges.

BSNL /Mobile/ Fixed Line Charges :

Whenever a call is made from a Cellular phone to an BSNL/MTNL or any other company's phone or when long distance network is used, certain amount levied by BSNL/MTNL/ operator which is normally called the BSNL/MTNL/Fixed Line charges. This includes the Local, STD and ISD charges.

1.8 **Agent / Sales Executive / Sales Force** : In the interest of increasing the customer base, the Franchisee can appoint sub franchisees solely for the purpose of booking new BSNL connections and retailers for selling **BSNL Products**.

1.9 **Activation Fee** : One time non-refundable charges levied for energizing a cellular phone connection.

1.10 **Security Deposit** : A refundable deposit taken from subscriber as security at the time of enrolment or/and additional services availed like value-added services, ISD etc. subsequently.

1.11 **Customer Counsellors** : In the office a sales-person who receives walk-in-customers, understands their requirement, demonstrates the service and tries to close the order. Also he attends to telephonic enquiries and pursues the same.

1.12 **Customer Care Executives** : These are trained persons who guide/solve the problems of the subscribers regarding the usage of the service/handset, and interact with the customer care centre for complaint handling.

- 1.13 **Commencement Date** means the date on which the Agreement comes into effect in accordance with the provisions of Clause hereof.
 - 1.14 **Products, Services and Territory** shall mean all those products, services and territory as are described in **Annexure - F** hereto and as amended in writing by the agreement of both the parties from time to time.
 - 1.15 The **Franchisee** shall include its employees, agents and authorised representatives who shall be responsible for the scope of work as described in Clause 5 herein below.
- I. **Exclusivity: The Franchisee understands and agrees that this marketing and distribution agreement is on exclusive basis.**
 - II. **Content:** The annexure(s) attached hereto & the Tender Document annexed hereto and subsequent instructions to Franchisee shall form integral part of this agreement and incorporated herein by this reference.
4. **Proposed Channel of Distribution:** The Franchisee has gone through and understood the proposed channel (BSNL's own, as well as private) of marketing and distribution of BSNL service indicated in **Annexure - A & Annexure - B**. However, the BSNL reserves the right to make changes in the scheme of marketing & distribution at any time in future in the larger interest of its business.
 5. **Scope of Marketing & Distribution :** **The Franchisee shall provide BSNL services to walk-in-customers. Franchisee shall also distribute all types of authorised telecom services for marketing to its Sub-Franchisees and cash card (prepaid) to its retailers.**
 6. Specifications of work, conduct, requirements, standards and operating procedures: As per **Annexure - C**.
 7. **Commencement of the Agreement**
 - 7.1 The Agreement shall come into effect from the date 1-8-2008. The Agreement shall be valid up to 31-7-2010 and may be extended for such period and on such terms and conditions as are conveyed by the BSNL to the Franchisees 2 (two) months prior to the expiry of the Agreement.
 - 7.2 In case, any future statutory provision warrants variation in the Agreement, in any material way, both parties will in good faith use their best endeavor to agree to such terms and conditions as may be necessary. However, in case no such agreement can be reached, either party shall have the right to withdraw from this Agreement.
 - 7.3 The effect of withdrawal from the Agreement under Clause 7.2 would be that the Agreement shall stand terminated with immediate effect.
 8. **Appointment of the Franchisee**
 - 8.1 The BSNL will grant to the Franchisee right for the marketing & distribution of products & services in the territory as described in **Annexure - F** from the Franchisee /Franchisee outlet(s) for which the BSNL will compensate the Franchisee as described. The BSNL will notify the Franchisee in writing from time to time of any such variation of **Annexure - G**.
However the BSNL shall have a right to appoint any additional Franchisee(s) /Franchisee in the territory / area of operation of the BSNL and the Franchisee shall have no objection what so ever.
 - 8.2 The BSNL will supply to the Franchisee all the relevant data, guidelines and other information to effectuate the purpose of the Agreement.
 - 8.3 On termination of the Agreement, howsoever occasioned/caused, no further compensation shall become due to the Franchisee unless the same shall have accrued prior to the date of such termination and the Franchisee expressly has to

agree that he will not be entitled to any compensation and/or indemnification whatsoever, from the BSNL in that regard.

9. General Obligations of the Franchisee

9.1 The Franchisee shall maintain a suitable organization for the marketing & distribution of products & services in the allocated territory from his outlet(s). The Franchisee shall use its best efforts to actively provide effective services to the subscribers of the BSNL and always act in the interest of both the BSNL and its subscribers.

9.2 The BSNL may from time to time require the Franchisee to carry out customer satisfaction surveys as decided by the BSNL, the cost thereof, if any, will be borne by the Franchisee.

9.3 The Franchisee /Franchisee agrees not to involve himself in any manner either directly or indirectly in any business or activity which is competitive with the business or activities of the BSNL. He will not be the Franchisee of any other Telecom/IT/ Internet Service Provider in the area for which the BSNL has been licensed to provide the BSNL services. The Franchisee acknowledges that the adherence to this provision is a material obligation of this Agreement.

9.4 The Franchisee shall treat as confidential and secret all verbal and written communication, lists and circulars which in the opinion of the BSNL are regarded as confidential information and/or trade secrets. The Franchisee shall adopt and implement security procedures acceptable to the BSNL for determining the persons to whom such information is authorised to be disclosed based upon such person's need to know the same for the purpose of fulfilling his responsibilities in relation to the Agreement. Confidential and trade secret information shall remain the property of the BSNL and shall be returned to the BSNL upon termination of this Agreement in the manner prescribed by the BSNL. The Franchisee hereby undertakes and agrees not to retain and make any copies of the entrusted confidential information.

9.5 BSNL shall follow Model Rules as described.

9.6 The Franchisee shall, if so desired by the BSNL, make alterations, modifications and install such furniture, fixture and air-conditioning equipment, introduce customer care hardware including computer with UPS, Modem etc. as required and mutually agreed upon, the cost of such alterations, renovation shall be borne exclusively by the Franchisee.

9.7 The merchandise will be sold at the premises by the Franchisee and it is clarified:
(a) That the Franchisee shall not have any authority to store, sell or transfer or in any way dispose of the merchandise except as provided in this Agreement, (b) That the BSNL shall be liable for the quality and genuineness of the goods sold by the Franchisee, (c) That the BSNL shall not be liable for any loss, pilferage or damage to the goods stored and sold at the premises and the merchandise shall be the entire responsibility of the Franchisee unless the same is occasioned by willful neglect or default of the BSNL,

(d) That it shall be the responsibility of the Franchisee to effect the sales through proper invoices detailing the material particulars of the BSNL phones including the IMEI number. The Franchisee shall keep the BSNL indemnified against claims regarding unauthorized handsets sold or alleged to have been sold from the Franchisee's/Franchisee's outlet(s), being raised against the BSNL by any third party.

10. General Obligations of the BSNL

10.1 The BSNL shall from time to time or in response to specific request by the Franchisee provide information, training and assistance relating to the services and arrange for qualified personnel / representatives of the BSNL to render such training and assistance. The training will be free of cost at a venue/training center

- chosen by the BSNL at its discretion. The Franchisee shall bear all costs relating to including travel, accommodation and subsistence costs of such representatives.
- 10.2 The BSNL may provide the marketing material to the Franchisee. This may include but not limited to, information brochures, posters, inserts, special giveaways, mailers (target segment- specific), folders, subscription forms, receipt books, stickers etc. It will not be obligatory and binding on the BSNL to provide all the above material, and will be provided as per availability only.
- 10.3 The BSNL/ his representatives will have unlimited access to the business premises of the Franchisee to check, from time to time, Franchisee operations, including (i) the process of selling and booking of connections, customer problem resolution, (ii) to identify problems and suggest solutions for Franchisee to implement remedial measures, (iii) inspect and audit any or all statutory and other books of records and accounts.
- 11. Targets**
- 11.1 The targets for **sale of BSNL prepaid cash cards** would be fixed by BSNL from time to time BSNL will review the performance vis-à-vis the targets fixed taking into account the market development and potential and other relevant factors. The achievements of these sales targets by the Franchisee will be a material obligation under this Agreement. The BSNL shall advise the Franchisee in writing of any shortfall in the performance targets and the Franchisee shall furnish in writing its explanation for such a shortfall. If target set is not achieved for two consecutive months then the performance of the franchisee be critically examined and BSNL may consider the termination of the franchisees ship.
- 11.2 If, in the opinion of BSNL, the Franchisee is at any time not adequately meeting the sales targets, then without prejudice to any of its other rights under the Agreement, the BSNL may, at its option vary this Agreement, so as to exclude, reduce, modify, suspend the periodic sales-allocations, and/or assignments.
- 11.3 The Franchisee shall maintain stocks of the merchandise in sufficient quantity at the outlet(s) arranged by the Franchisee. The extent of merchandise and the quality shall be determined by the BSNL on the basis of business requirement as set forth by the Franchisee.
- 11.4 The merchandise sold to the Franchisee as provided in the Agreement shall be stored and wherever necessary displayed in its outlet(s) by the Franchisee.
- 12. Service Orders**
- 12.1 All services to be effected in pursuance hereof shall be governed by the terms and conditions of the Agreement notwithstanding any terms and conditions as set out in the letters or communications addressed by the BSNL to the Franchisee and the Franchisee's/Franchisee's acknowledgement thereof.
- 12.2 The Franchisee shall devise an efficient administrative process for the mandatory delivery of filled up Subscriber Agreement Forms (application forms) to the BSNL.
- 13. Prices and Payment**
- 13.1 The Franchisee's/Franchisee's price and payment for products and services will be as described in **Annexure - G**.
- 13.2 The rates stated in **Annexure - G** are subject to variation during the term of this Agreement at the sole discretion of BSNL.
- 13.3 BSNL will not be a party between Franchisee to Franchisee, Franchisee to sub Franchisees or to retailers or Franchisees dispute of any nature what-so-ever it may be.
- 13.4 The merchandise for storage and sale will be collected by the Franchisee from the BSNL's designated place against payment by cheque / pay order/cash. In special circumstances, the goods may be delivered by the BSNL also. All expenses incurred in the storage, cartage, transport and outlet expenses shall be borne by the Franchisee.

14. Tax Liability

14.1 The Franchisee and any person(s) assigned by the Franchisee to provide services as hereunder shall in consultation with local authorities may get any state and local taxes, including sales tax, etc. from the customers. The BSNL shall have no liability or obligation for any state or local income tax liability of the Franchisee or any person assigned by the Franchisee. However, nothing contained herein shall prevent the BSNL from deducting tax at source as required by law and regulation from payment to the Franchisee.

15. Brand name, Logos and Trademarks

15.1 The Franchisee accepts for all purposes that any brand names, logos, trademarks or identifying slogans affixed by the BSNL or any of the Franchisee's/Franchisee's affiliated companies to the services, whether registered or not, constitute the exclusive property of the BSNL or their affiliated companies and cannot be used except in connection with the promotion and sale of the services of the BSNL. The Franchisee shall not contest, at any time, the right of the BSNL or its affiliated companies to any brand names or Logo used or claimed by the BSNL or such companies.

15.2 During the term of this Agreement, the Franchisee is authorised to use the BSNL's brand name(s), logos and trade marks only in connection with the Franchisee's/Franchisee's commitments as set out in this Agreement. The Franchisee's/Franchisee's use of such logos and trade names shall be in accordance with the guidelines issued by the BSNL. In the event of termination of this Agreement, howsoever caused, the Franchisee's/Franchisee's right to use such trademarks, logos shall cease with immediate effect. The Franchisee agrees not to attach any additional trademarks, logos or trade designations to any services of the BSNL thereafter.

15.3 As long as this Agreement remains in force but not thereafter, subject to Clause 15.2 above, the Franchisee may identify itself as an Authorised Franchisee of the BSNL, but shall not use the brand names, logos and trade marks of the BSNL as part of its corporate or partnership name or otherwise indicate to the public that it is an affiliate or agent of the BSNL.

15.4 The Franchisee will not publish, nor cause to be published, any advertising, or make any representations oral or written, which might confuse, mislead or deceive the public or which are detrimental to the name, trademarks, goodwill or reputation of the BSNL. It is advisable that such advtg. may be got approved by BSNL prior to publication.

15.5 The BSNL shall allow the Franchisee to use its logo/ trademark to be displayed on the sign-board to be placed at the Franchisee's/Franchisee's outlet(s) and on the each memos and/or bills issued by the Franchisee towards the sales of BSNL products and services effected from the outlet(s). However, the intellectual property rights associated with such brand names, logos and trade marks are and shall remain the sole property of the BSNL.

15.6 The Franchisee shall not use any name, emblem, logo or trade marks of its own.

16. Warranty

16.1 The Franchisee hereby expressly warrants that the products, services and territory as specified herein shall be efficiently serviced by the Franchisee with high quality standards as specified by the BSNL from time to time. The standards and specifications as set by the BSNL shall be strictly adhered to by the Franchisee without any qualifications.

16.2 The Franchisee shall not make any representation to customers or give any warranties other than those contained in any standard terms and conditions set out in the subscriber agreement form.

17. **Service Availability**

- 17.1 The BSNL reserves the right to delete from this Agreement such products, services and territories in which the Franchisee is not able to perform and in such an event the BSNL shall give to the Franchisee as much notice of such deletion as is practicable in the circumstances.
- 17.2 The BSNL shall be vested with the sole discretion to amend, review, suspend, cancel, change or extend the scope and ambit of the products, services and territory as specified in **Annexure - F**.
- 17.3 In case, in future Revised S & D Policy warrants variation in the Agreement in any material way BSNL reserves the right to revise/modify/amend the Agreement as may be envisaged in the said S & D Policy*
- 17.4 BSNL has the right to re-allocate and modify the license area allocated to the franchisee under this Agreement at any time as it deems fit. The franchisee shall have no objection to any such re-allocation of area at any time and will comply with revised allocation as specified by BSNL*

18. **Software :** In relation to any software supplied by the BSNL to the Franchisee hereunder, the Franchisee acknowledges that all intellectual property rights in such software are and shall remain the property of the BSNL or a third party licensor as the case may be. Furthermore, the Franchisee agrees that he will take steps necessary to protect these intellectual property rights and to comply with such requirements in this regard as the BSNL may from time to time impose.

19. **Termination for Cause:** This Agreement can be terminated on any of the grounds and in the following manner:

19.1 The BSNL has the right to terminate this agreement forthwith in case it comes to conclusion that the Franchisee has violated any of the clauses of the agreement which has resulted in or could result in loss to the BSNL or may cause damage to the service being provided by the BSNL. The decision of the BSNL will be final in this regard.

19.2 The BSNL may also terminate this agreement for any other reason at any time during the term of this agreement by delivering not less than 60 days' prior written notice of such termination to the Franchisee.

19.3 If either party suffers distress or execution or commits an act of bankruptcy or insolvency or put into liquidation (otherwise than solely for amalgamation or restriction) or if a receiver is appointed over any part of the party's business then the other party shall have a right to terminate this agreement by written notice forthwith.

19.4 In case the Franchisee parts with its business including its assets in favour of any 3rd party directly or indirectly, the BSNL will have a right to terminate this agreement forthwith. The exercising of the right of cancellation / termination shall not have the effect of waiving any damages to which the canceling / terminating party might otherwise be entitled to.

20. **Consequences of Termination:** In the event that Agreement is terminated, the following shall be the consequences.

20.1 All the Franchisee's/Franchisee's rights under this Agreement shall cease and no payment whatsoever shall be due to the Franchisee for loss of goodwill, anticipated profits and any other claims or losses in respect of such termination. The Franchisee hereby waives any claim to receive any compensation as a result of the termination of this Agreement.

20.2 Unless otherwise agreed in writing by the BSNL, any sums payable under this Agreement and which are unpaid on the date of termination shall forthwith become due and payable by the Franchisee.

- 20.3 The provisions of this Agreement shall, to the extent stated or necessarily implied, survive the termination thereof.
- 20.4 Cancellation or termination or expiry of this Agreement shall not relieve or release either party from making payments which may be owing to the other party under the terms of the Agreement.
- 20.5 The Franchisee shall at its own expense return to the BSNL promptly all information, documentation and materials to the BSNL which relate to the services and / or software and future marketing plans or future models of the BSNL together with any copies thereof or any other documents entrusted to the Franchisee by the BSNL.
- 20.6 **On termination of this Agreement howsoever occasioned, the Franchisee shall deliver to the BSNL, all papers including the unused registration forms, partially used and unused books, marketing / publicity and display material given free of cost and documents etc. which may have come to his possession or custody.**
- 20.7 On the termination of the agreement for any cause whatsoever, all rights and privileges granted to the Franchisee shall immediately terminate. The Franchisee and all persons claiming under it shall immediately cease and desist from the use of the trade name BSNL and any other sign, slogan, symbol or other distinguishing characteristic owned by or associated with BSNL's services. The Franchisee shall immediately cease carrying on any business permitted under the agreement
- 20.8 BSNL shall be entitled to injunctive and equitable relief for any violation of the terms and conditions. Franchisee shall pay all costs and expenses including reasonable advocate fee borne by the BSNL for enforcing any provision of the agreement including the provisions of Clause 20. The provisions of this clause shall survive the termination of this agreement.
- 21.0 **(I) Damages:** In the event of termination of this agreement consequent upon breach of any of the terms of this agreement or surrender of Franchiseeship at its own will of the Franchisee, damages to the extent of loss determined by BSNL shall be recovered from the Franchisee in addition to the encashment of Performance Bank Guarantee.
(ii) Legal action: BSNL may initiate legal action against Franchisee in case of Para 21(I) above.
(iii) BSNL may debar the Franchisee for future dealings with BSNL for any contract / Franchiseeship/dealership etc.
22. **Insurance:** The liability to insure the stocks in the outlet (s) and in the possession of the Franchisee will be of the Franchisee and the liability for any loss or damage due to any fire, burglary, theft, etc. will be that of the Franchisee.

23. Indemnification

- 23.1 The Franchisee hereby agrees to well and sufficiently protect and keep harmless and indemnify the BSNL, against all type of embezzlement, misappropriation or misapplication of money.
- 23.2 The Franchisee agrees to fully indemnify and keep indemnified the BSNL against all losses or any claims for damages or any other claims of whatsoever nature, which are brought against BSNL by any third party owing to deeds or misdeeds attributable to the Franchisee. The BSNL shall be vested with the sole discretion to determine such damages/ claims and have the right to adjust the same from any dues payable to the Franchisee.
- 23.3 The BSNL shall not be liable to the Franchisee or any other party consequent upon termination of the Agreement for any reason whatsoever for any claim for loss or profits or for any anticipated booking for BSNL or on account of any expenditure, investments, leases or any other commitments made by the Franchisee in connection with the Agreement made in reliance upon or by virtue of the Franchisee's/Franchisee's appointment under the Agreement.

23.4 The BSNL's acceptance of any booking from the Franchisee after the termination/expiry of this Agreement shall not be construed as a renewal or extension of the Agreement nor as a waiver of termination.

24. Franchisee as independent entity

24.1 The Franchisee, its employees, agents and representatives shall provide services as an independent "entity" on an exclusive basis and nothing contained herein shall be deemed to create any partnership, joint venture, employment or relationship of principal and agent between the parties hereto or between BSNL and the Franchisee representatives and employees or to provide service with any right, power or Authority, or to provide the Franchisee with any right, power or authority, whether express or implied to create any such duty or obligation.

24.2 The Franchisee's/Franchisee's personnel, employees, agents or representatives have no authority and/or right to bind BSNL in any manner. It is clarified that the personnel employed by the Franchisee shall be the sole employees of the Franchisee and BSNL shall have no financial or statutory responsibility towards them.

25. The Franchisee represents and warrants that no officer, director, employee of BSNL or immediate family member thereof ("collectively, BSNL, personnel") has received or will receive anything of value of any kind from the Franchisee or its officers, directors, employees or agents in connection with this Agreement and that no BSNL personnel have a business relationship of any kind with the Franchisee or its officers.

26. Miscellaneous

26.1 In the event of the death or retirement of any director or change of shareholders of the Franchisee the appointment of a replacement or the transfer to another shareholder shall be subject to the prior approval of the BSNL which shall not be unreasonably withheld and such replacement or transferee shall enter into each agreement to abide by the terms and conditions of this agreement as may be required by the BSNL. However the decision of BSNL shall be final in this regard.

26.2 The Franchisee shall not shift the operations to any other premises without written permission from the BSNL.

26.3 The Franchisee may publish advertisement in newspapers at his own cost with the prior approval from the BSNL for text matter and design.

26.4 The Franchisee will not be allowed to make any alteration/ correction in the text matter of registration forms or any printed materials supplied by the BSNL..

26.5 The terms and conditions may be amended as and when any changes, addition or deletion is required with the consent of both the parties except what is stated herein above.

26.6 In case of loss of the certificate(s) or any documents issued by the BSNL, the Franchisee shall immediately report the same to the BSNL with the copy of F.I.R.

26.7 The BSNL will issue a certificate to the effect that M/s.....is the authorised Franchisee for BSNL service. This certificate shall have to be displayed by the Franchisee. The photo I-card would be issued to the executive director/ proprietor or other authorised person/executive(s) of the Franchisee.

26.8 The BSNL reserves the right to increase the number of the Franchisees in the territory allotted to the Franchisee, withdraw the work of Franchiseeship of any or all products for any reason at the discretion of the BSNL or take such steps etc. in the interest of service.

Expression of Interest (EOI) of Sales and Distribution Policy 2006

- 26.9 The Franchisee may call, as and when felt necessary, the Franchisee's / Franchisee's representative for educating him in respect of latest schemes, services, products, rules, orders or regulations.
- 26.10 The Franchisee's/Franchisee's sales executives shall not secure subscribers from outside the allocated area.
- 26.11 The Franchisee will distribute the services and products at a rate fixed by the BSNL to all its associated sub-franchisees and retailers.
- 26.12 The Franchisee shall not in any way pledge the credit of BSNL.
- 26.13 The BSNL shall have the right to refuse, subscribe or accept application for subscription forwarded by the Franchisee and the Franchisee shall not be entitled to any compensation in respect of such refused application or part thereof.
- 26.14 In the event, the BSNL desires any other/further information including a recent photograph of the prospective subscriber, the Franchisee shall procure such information /photographs also and duly provide to the BSNL.
- 26.15 The Franchisee shall carry out its obligation hereunder at its own cost and expenses including but not limited to usage of his own space and personnel and no reimbursement whatsoever shall be made by the BSNL on any account whatsoever.
- 26.16 The Franchisee is not authorized to assign or otherwise transfer the benefits of this agreement or part thereof to a third party.
- 26.17 The Franchisee shall provide his permanent address and bank account number/PAN at the time of signing the agreement.
- 26.18 The Franchisee will be given a code number as his identification. A 'SEAL' indicating the code number along with the name & address of the Franchisee shall be imprinted by the Franchisee on the subscriber agreement forms and prepaid application forms before forwarding them to BSNL.
- 26.19 The Franchisee shall be fully responsible for the employment or payment of wages to its employees and shall fully comply with all laws, rules, regulations, notifications, directions orders etc. of the Govt. whether Central, State, Local or Municipal relating to such employment, payment of wages etc. and all others matter connected therewith and hereby indemnifies and agrees to continue indemnifying BSNL in this regard.

27. General Provisions

- 27.1 **Governing Language and Law:** The language to be used in connection with the Agreement shall in all cases be the English Language. This Agreement shall be governed by and construed in accordance with the laws of India.
- 27.2 **No authority to Commit:** The Franchisee, its agents and employees will not be the legal representatives, employees or agents of the BSNL for any purpose and have no right or authority to incur any expenses on behalf of the BSNL or to create, in writing or otherwise, obligations of any kind, express or implied, in the name of or on behalf of BSNL excluding the rights and duties under this Agreement. The Franchisee shall make no representations inconsistent with the foregoing, but so long as this Agreement remains in force, the Franchisee shall be entitled to describe itself as the "Authorized Franchisee" of BSNL for the services in the territory.
- 27.3 **Assignment:** Neither party may assign its rights and remedies nor transfer its obligations under this Agreement without prior written consent of the other party,

except that the BSNL may so assign to any of its affiliated or subsidiary companies without such consent. In any event, any assignment or transfer shall not operate to relieve the assigning party of any of its obligations hereunder, nor will any such assignment impose any obligation on the assignee except in the case of an express written assumption by the assignee.

27.4 **Notices:** Any notice or communication pursuant to this Agreement shall be deemed duly given or made when they shall have been delivered by hand, first class registered mail or telex addressed to the party at the address set forth at the beginning of this Agreement, or to such other address as shall have been given in writing to the other party.

27.5 **Failure to enforce:** The failure of either party to enforce at any time the provisions hereof shall not be construed to be a waiver of such provisions nor a waiver of the right of such party thereafter to enforce each and every such provision.

27.6 Remedies for enforcement

(a) Nothing shall be construed to restrict the right of the BSNL to institute appropriate proceedings at law and equity to obtain injunction or other relief on account of any default hereunder whether or not the BSNL has exercised its right to terminate the agreement.

(b) The remedies granted to BSNL will be cumulative and are not intended to be exclusive of any other remedies to which it may be lawfully entitled in case of any breach or threatened breach of the terms and provisions. Failure of BSNL to insist on strict performance of any of terms and provisions of the agreement or to exercise any right or remedy shall not be construed as a waiver of any such rights.

27.7 **Joint and Several:** All agreements on the part of either of the parties which comprise more than one person or entity shall be joint and several and singular gender throughout this agreement shall include all genders and the plural and the successors in title to the parties.

27.8 **Severability:** If any terms or provisions of the agreement are or shall be illegal, invalid or unenforceable in any jurisdiction, all other terms and provisions of the deed shall remain legal, valid and enforceable in such jurisdiction and the parties shall endeavour to substitute forthwith such other legal, valid and enforceable provisions as will most closely correspond to the legal and economic intent of such illegal, invalid or unenforceable term or provision.

27.9 **Publicity:** This Agreement shall be treated by the Franchisee and franchiser, as each treats its own confidential information. Additionally, no press release or other publicity of any nature regarding this Agreement shall be made without the other party's prior written approval, which approval shall not be unreasonably withheld. However, approval of such disclosure shall be deemed to be given to the extent that such disclosure is required to comply with government rules, regulations or other governmental requirements. The publishing party shall give the other party a reasonable opportunity to review the text of such disclosure prior to the disclosure.

28. **Title:** Titles to the paragraphs / clauses are given for convenience only and do not have any legal complications.

29. **Force Majeure**

Without in any way limiting the general limitations of liability contained in this entire agreement neither party shall be responsible for failure or delay in performance of service hereunder due to any occurrence commonly known as force majeure including without limitation acts of God, any government body (de jure or de facto) or public enemy, acts of war, riots, earthquake, embargoes, strikes or other concerted acts of workmen (whether of the parties or others) casualties, or

accidents, and shortage of power, labour or materials, or any other causes, circumstances, or contingencies, whether of a similar or dissimilar nature to the foregoing, beyond the parties' control and which cannot be reasonably forecast or prevented thereby hindering the performance by the parties of any of its obligations hereunder.

The parties shall forthwith give each other notice in the event of any one or more of the foregoing occurrences. Upon such notice the parties may cancel or delay performance hereunder for so long as such performance is prevented or delayed by such occurrence and in such an event neither party shall have any liability to the other.

30. Dispute Resolution/Arbitration

Any question, dispute or differences arising out of or in connection with this agreement or breach, termination or validity hereof, shall be first endeavored to be settled through bipartite discussion or negotiations between the parties. If the dispute cannot be amicably settled either party, as soon as practicable, but not earlier than three months after a request to settle the dispute amicably has been made to the other party, give to the other party note in writing or existence of such question, dispute or difference, specifying the nature and the point at issue, and the same shall be finally settled by Arbitration conducted in SSA head quarter/ Circle Head quarter _____ in accordance with The Arbitration and Conciliation Act 1996 any modifications or reenactments thereto and relevant laws and regulations in force at that time in India. All such disputes and differences which may arise between the parties hereto as to the meaning, construction or effect of any of the terms and provisions of this agreement or as to the right or claim of either party under this agreement shall be referred to the sole arbitration of the Chief General Manager Karnataka Circle of the BSNL company or his nominee including any officer of Bharat Sanchar Nigam Limited (BSNL) nominated by him and the Franchisee shall not raise any objection to such arbitration on the ground that the arbitrator is an officer of Bharat Sanchar Nigam Limited (BSNL) and as such is an interested party or that the Arbitrator so appointed has earlier dealt with the subject matter of this agreement. Any order / Directions / Awards of the Arbitrator shall be final and binding on both the parties. The arbitration proceedings shall take place in SSA head quarter/ Circle Head quarter _ and will be governed by the provisions of The Arbitration and Conciliation Act 1996 or of any statutory amendment thereto or any reenactment thereof for the time being in force. The Arbitrator so appointed shall pass a speaking award. In case of any dispute, the _____ Court alone shall have the territorial jurisdiction to adjudicate upon the matter.

The agreement including the Annexures, constitute the entire Agreement of the parties with respect to the matters herein contained and supersedes all prior agreements and understandings between the parties whether written or oral. The Agreement shall be signed by the authorized representatives of both parties. For the purpose hereof, the " authorised representatives " of the BSNL (BHARAT SANCHAR NIGAM LIMITED) and the FRANCHISEE

(_____) shall include only those persons listed in Annexure - E hereof, their successors and such persons as may be designated in writing by the BSNL or Franchisee.

For and on behalf of the Franchisee

Signature _____

Name _____

(In capital letters)

Executive Director _____

Name & Address _____

For and on behalf of the BSNL

Signature _____

Name _____

(In capital letters)

Designation _____

Name & Address _____

Read understood and Complied

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Signature of the bidder

Dated at -----on _____

Annexure - A

Proposed channels of marketing & distribution of BSNL Service

1. BSNL's own channel of marketing & distribution will be through BSNL Customer Services Centers (CSCs)

These Centers will be the direct outlets / showrooms of BSNL and will act as customer interface for:

- Registration, activation, de-activation of all types of BSNL telecom services
- Sale of recharge coupons,
- Various other customer services:

☐☐ **Bill payments**

☐☐ **Commercial/TR activities** for change of number, DNP, RNP, safe custody, change of address etc.

☐☐ **Commercial Enquiries** about facilities, value-added services, activation, deactivation, change of number, DNP, RNP, change of address etc.

☐☐ **Customer Complaints** related to service, billing etc.

☐☐ **Demonstration** of facilities

☐☐ **General Enquiries** (such as various brands of cell phones and the procedure to be followed for using the particular model, where can cell phones be purchased from etc.) related to any telecom services.

The centers will entertain walk-in customers & answer queries on telephone as well.

The service counters are proposed to be manned through out-sourced / internal manpower and supervised by a BSNL officer of appropriate rank.

There may be a BSNL's on-line terminal at each centre, manned by BSNL staff, for on the spot activation and provisioning of other value-added services.

2. Private channel of marketing and distribution

It is proposed to build up a private channel (as per Annexure-B) of Marketing and distribution of BSNL Service as under:

i) *Franchisee's showroom (Exclusive basis)*

ii) *Sub franchises outlets (Non exclusive basis)*

iii) *Retailers outlets (Non exclusive basis)* **AND ALSO**

iv) Business Associates

v) Direct Selling Agents

vi) Post Offices.

vii) One stop sanchar shop of PCO Operator.

Annexure-B

2.1 Franchisee

A BSNL Franchisee showroom (each center to act as Franchisee-cum-Marketing Associate) may be required to perform broadly two functions in a designated geographical territory fixed by BSNL.

- (a) To act as customer interface for walk-in customers,
 - (b) To do marketing of BSNL telecom service through field sales force
- In addition to this;

1. Franchisee shall sell **BSNL products and services. The franchisee shall act on Principal to Principal basis.**

2. Franchisee shall sell all types of **Products as mentioned in Annexure C of EOI.**

The Centre will be responsible for:

- **Answering queries related to various facilities, value added services, new launches, schemes, promotions, future services, modes of payment, payment centers etc.**
- **Acting as interface between Franchisee and BSNL for all matters related to services provided at Franchisee showroom.**
- **Demonstrating the services and products, counseling customers, educating the customers/prospective customers, BSNL mobile retailers.**

Each Franchisee will set-up its own network of sub-franchisees and retailers for marketing of BSNL products & services.

2.2 Sub franchisees: Sub franchisees may be selected by appointed franchisee in consultation with BSNL. BSNL may also specify locations where appointment of sub franchisee will be mandatory for franchisee. Sub franchisee will perform all works on behalf of franchisee as per 2.1 (Annex. B) above. Compensation to sub franchisee will be provided by the franchisee and BSNL will not be a party directly/indirectly between franchisee and sub franchisee at any point of time.

Annexure - C

Specification of work, conduct, standards, requirements & operating procedures.

1. The Franchisee will operate within its allocated territory. All Franchisees should have well defined geographical area (to be defined and notified by SSA/Circle). This will be their primary area and the franchisee must fulfill all the requirements as per the policy in this primary area. The franchisee will not be allowed (i) to open retail outlet / office (or) (ii) appoint any retailer or (iii) to do any wholesale activity outside their primary area.
2. The Franchisee will set up an air-conditioned outlet / Showroom (which may be called by the name as decided by BSNL) on ground floor area of about 250 sq. ft./ 200 sq ft /150 sq ft depending upon Type A, Type B and Type C SSA or more in a good /market location to be approved by the BSNL, with an easy access to the general public. Parking space, if available will be added advantage.
3. The interior decoration of above-mentioned showroom will be arranged by the Franchisee at his own cost as per the specifications and standard set by the BSNL. The charges shall be borne by the Franchisee directly to the architect/interior decorator etc.
4. Most of the promotional/ display material such as signage, neon signboards, translates etc. will be arranged by Franchisee. However, it may be partly paid by the BSNL as per the policy in vogue.
5. The Franchisee staff should have good communication capability for effective interaction with the customers in person or on telephone.
6. In case the BSNL withdraws from agreement or the Franchisee surrenders the agreement or any other reason whatever the Franchisee may seek return of the original bank guarantee. The bank guarantee money will be refunded after clearing of all the outstanding dues/liabilities pending against the Franchisee.
7. The Franchisee would be free to sell handsets and other accessories related to BSNL Services only.
8. Till the BSNL is able to start on-line activation terminal, the Franchisee will do the offline booking of BSNL connections. He will be authorised to collect the amount payable at the time of registration from the subscriber on behalf of the BSNL. The Franchisee will issue receipts. The receipts will be pre-printed and pre-numbered and sent to the Franchisee by the BSNL upon being indented according to the procedure laid out. No other receipt for this purpose will be issued to the customers by the Franchisee. The Franchisee will deposit all collections in the designated bank or nearest customer services centre as specified by BSNL within the next working day immediately after the day of collection and send written confirmation on prescribed proforma to this effect to the BSNL. Alternatively, he will issue a cheque for each day's collection on account of booking of new connections, bill payments (if any) etc.
9. For any handsets and other accessories sold by the Franchisee, the receipt issued will be his own. These receipts will not mention the name or logo of the BSNL. The Franchisee will not collect cash from the subscriber on behalf of the BSNL for any product or services sold except for booking amount for new connections.
10. The Franchisee will provide adequate security in his office and to the collection staff.

Expression of Interest (EOI) of Sales and Distribution Policy 2006

11. The Franchisee will submit periodic reports as prescribed from time to time by the BSNL.
12. As and when the customer promotion schemes are announced, the Franchisee will pass on their intended benefits to the customers as detailed in such scheme notes.
13. The Franchisee will put up a Neon sign of the BSNL etc. prominently.
14. The Franchisee will use only approved marketing material for promotion of BSNL's BSNL services as following: (a) Marketing material made available by the BSNL; (b) Marketing materials prepared by the Franchisee. However, such materials will have to be got approved from the BSNL before display/distribution and marketing.
15. The Franchisee will inform the BSNL about any default in payment (refusal to pay or return of the cheque from bank) of service bill, security deposit and/or booking amount within 24 hours of such information received by him or any one dealing on his behalf.
16. The Franchisee will receive customer complaints and handle them appropriately and will prepare fault statistics periodically as per formats decided from time to time.
17. Appointment of specified number of marketing agents, sales executives, customer counsellors and other staff exclusively dedicated to BSNL business will be made by the Franchisee as per service requirement and/or as mutually agreed to.
18. The Franchisee will appoint or terminate the services as the case may be of any of above staff if asked to do so by the BSNL.
19. The Franchisee will fix his own network of BSNL sub franchisees and retailers so as to promote the subscription of BSNL products & services. The list of such sub franchisees and retailers (on non-exclusive basis) will be sent by the Franchisee to the BSNL. The changes, if any, in the list will be sent by the Franchisee to the BSNL every month.
21. The Franchisee will sell prepaid cash cards based on targets fixed by SSA/Circle from time to time.
22. The franchisee should attend the regular meetings called by SSA/ Circle.

Annexure - D

FORMAT OF THE BANK GUARANTEE

(To be typed on Rs.100/- non-judicial stamp paper)

Re: Bank Guarantee in respect of Agreement dated _____ between Bharat Sanchar Nigam Limited and M/s _____.

M/s _____, a company registered under The Companies Act, 1956 and having its Registered Office at _____ (hereinafter called "Franchisee") has entered into an agreement dated _____ (hereinafter referred to as "the said agreement") with M/s Bharat Sanchar Nigam Limited (BSNL in short) (A Government of India Enterprise) (hereinafter referred to as "BSNL") with Registered Office & Corporate Office at Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi - 110 001 whereby BSNL has agreed to appoint Franchisees for providing BSNL BSNL service on the terms and conditions exclusively mentioned therein for the area _____ (Name of the area for Franchisee / Area code for Franchisee).

It has been agreed between the parties that a Bank Guarantee for Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) shall be given by the franchisee in favour of the BSNL for due and faithful performance of the terms and conditions of the said agreement.

_____ Bank having its office at _____ has at the request of the Franchisee (M/s _____), agreed to give the guarantee as hereinafter contained:

1. We, _____ (hereinafter called 'the Bank') do hereby undertake and assure to the BSNL that if in the opinion of the BSNL, the Franchisee has in any way failed to observe or perform the terms and conditions of the said agreement or has committed any breach of its obligations there-under, the Bank shall on demand and without any objection or demur pay to the BSNL the said sum of Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) or such lesser amount as BSNL may demand without requiring BSNL to have recourse to any legal remedy that may be available to it compel the Bank to pay the same.
2. Any such demand from the BSNL shall be conclusive as regards the liability of Franchisee to pay to BSNL or as regards the amount payable by the Bank under this guarantee. The Bank shall not be entitled to withhold payment on the ground that the Franchisee had disputed its liability to pay or has disputed the quantum of the amount or that any arbitration proceeding or legal proceeding is pending between Franchisee and BSNL regarding the claim.
3. We, the Bank further agree that the guarantee shall come into force from the date hereof and shall remain in full force and effect for the period of 3 years from the date of commencement of the agreement or the term of this guarantee whichever is later. But if the period of the said agreement is extended either pursuant to the provisions in the said Agreement or by mutual agreement between the Franchisee and the BSNL, the Bank shall automatically renew the period of the Guarantee for such period which expires 6 (six) months after the renewed period of the said agreement failing which it shall pay to the BSNL the said sum of Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) without BSNL demanding the payment of the above sum.

Read understood and Complied

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Signature of the bidder

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4. The Bank further agrees that the BSNL shall have the fullest liberty without the consent of the Bank and without affecting in any way the obligations hereunder to vary any of the terms and conditions of the said agreement or to extend the time for performance of the said agreement from any of the powers exercisable by BSNL against the Franchisee and to forebear to enforce any of the terms and conditions relating to the said agreement and the Bank shall not be relieved from its liability by reason of such failure or extension being granted to Franchisee or through any forbearance, act or omission on the part of BSNL or any indulgence by BSNL to Franchisee or any other matter or thing whatsoever which under the law relating to sureties would but for this provision have the effect of relieving or discharging the guarantor.
5. The Bank further agrees that in case this Guarantee is required for a larger period and it is not extended by the Bank beyond the period specified above in Clause 3, the Bank shall pay to BSNL without BSNL having to demand the payment of the said sum of Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) on the last day on which the Bank Guarantee is due to expire.
6. Notwithstanding anything herein contained;
 - (a) The liability of the Bank under this guarantee is restricted to Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) and it will remain in force for a period of 3 years i.e. upto _____.
 - (b) The guarantee shall stand completely discharged and all rights of the BSNL under this Guarantee shall be extinguished if no claim or demand is made on us in writing on or before _____.
7. The Bank guarantees under its constitutional power to give this guarantee and _____ and _____ who have signed it on behalf of the Bank have authority to do so.

(Authorised Signature of the Bank Official)

Power of Attorney General:

Dated:
At

Annexure - E

List of authorised representatives

(a) As designated in writing by the BSNL

(b) As designated in writing by the Franchisee

Annexure - F

Products - BSNL products **as mentioned in Annexure C of EOI.**

Services - The distribution of the 'services' as defined from time to time.

Territory - As determined by the BSNL from time to time.

Annexure - G

Price - As determined by the BSNL from time to time.

Payment - By local Pay Order prior to or as against delivery and as determined by the BSNL from time to time.

Compensation: The amount of compensation is proposed as mentioned in **para 16 of EOI.**
The amount of compensation in all the above cases may be changed by the BSNL based on business needs.

Annexure - H

Model Rules - As determined by the BSNL and as defined in the Franchisee Manual' from time to time.

Annexure - I

To

Sub: Marketing and Distribution of BSNL Service in _____
for Franchiseeship / Franchiseeship
(Name of the area /district)

Dear Sir,

With reference to your advertisement inviting expressions of interest on the above subject, I / we hereby submit my / our expression of interest with duly completed Annexure 'J' giving the necessary details called for.

Thanking you,

Yours sincerely,

Signature
(Name of the authorised signatory)

For & on behalf of

Seal of the Firm/Company/Organization

Encl.:

- (I) Annexure 'J' duly filled up
- (ii) EMD of Rs. 2,00,000/- . In the form of D D drawn in favour of "A O (Cash), BSNL,O/O CGMT, Bangalore" from any Scheduled Bank, Payable at Bangalore.

Annexure - J

Particulars of the Applicant seeking Franchiseeship

1. Name of the applicant /Organization: _____
2. Registered Address / Office Address _____

- Telephone No. (s)
Fax
E-mail
3. Status of the applicant / organisation (with supporting documents) Tick the relevant one
 1. Proprietorship
 2. Partnership
 3. Private Limited
 4. Public Limited
 5. Others
4. Name of the area (for Franchisee) / Area Code for (Franchisee)
5. Date of inception of the firm / organization (with supporting documents)
6. LST / CST No. (if any)
7. PAN No / GIR No. (photo copy to be attached)
8. Turnover of the firm / organisation over the last two years (with supporting documents) and P &L account for last financial year.
9. Names of the Directors alongwith %age share
10. Name of the Executive Director / Proprietor or Manger of Showroom:
(Who will manage the Franchiseeship?)
11. Residential Address of the Executive Director / Proprietor
12. Educational Qualification of the Executive Director / Proprietor.
(with supporting documents) .
13. Name of the Banker with address and contact number(s)
14. Present activity with details, and the names of the organisations
for which the applicant is acting as Franchisee / wholesaler/Franchisee etc.
15. Number of Franchisees / retailers for the activity indicated in 14 above
16. Total manpower on roll employed / engaged by the firm / organisation
17. Work experience of minimum _____ from 2006-07 backwards with full details
thereof. (supporting documents to be submitted)
18. Have you applied for more than one Franchiseeship.If Yes, give details:-

Read understood and Complied

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Signature of the bidder

Expression of Interest (EOI) of Sales and Distribution Policy 2006

19. Details of the proposed site / showroom (layout and location of the site may be indicated in case the site is already in possession)

(a) Proposed Site address: (i) Showroom:

(ii) Back Office:

(b). Area - (i) Showroom: (ground Floor only): -----(in sq ft)

- (ii) Back Office: ----- (in sq ft)

- (iii) Parking Space ----- (in sq ft)

(c). Ownership Category

Owned

Rented

(d). Possession

Already in possession

Possession can be taken within _____ days

(e). Location

1) Busy Main Road (bus route)

Y/N

2) Sufficient Parking Space

Y/N

20. Time required to start the full fledged Franchisee operations from the date of signing the agreement:

(Minimum Time = Fifteen days)

(Expected Time = One month)

(Maximum Time = Two months)

DECLARATION

I,, on behalf of
..... having gone through the terms & conditions of the
Franchisee agreement form for BSNL Service, agree to abide by the same in case the
Franchiseeship is awarded to me / our firm / company.

Name of the Signatory

For and on behalf of

ANNEXURE K

Definition of Geographical areas :

The BSNL area of operation can be divided into three categories for the purpose of channel policy of BSNL.

- a. Type A SSA where Telecom points* as on date are 5lakhs or more.
- b. Type B SSA where Telecom points* as on date are 2lakhs and less than 5 lakhs.
- c. Type C SSA other than type A and type B SSAs.

* Telecom Points means total sum of basic telephone connections and fixed WLL connections as on 1st April of the year of floating of EOI.

**FORM OF FRANCHISEESHIP AGREEMENT
(for acting as an Agent of BSNL)**

(The agreement should be typed on non-judicial stamp paper of Rs. 100/- or Rs. 500/-)

This agreement is made at day of2009, between Bharat Sanchar Nigam Limited (BSNL), a Company incorporated under the Companies Act, 1956 having its Registered Office & Corporate Office at Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi-110001 (hereinafter referred to as "BSNL" which expression shall be deemed to include its successors and assigns wherever the context so admits or requires) through its duly authorized representative Mr....., **the General Manager (SSA name)**, BSNL, Karnataka Telecom Circle, ON THE ONE PART.

AND

....., (hereinafter referred to as the " Franchisee" which expression shall include his servants, heirs, executors and administrators wherever the context so admits or requires) through its authorised representative, Mr..... ON THE OTHER PART.

WHEREAS

(a) The BSNL is desirous of appointing authorised Franchisees to **act as an agent** with a view to do marketing and distribution of its BSNL Telecom Service under its brand names for which the BSNL has been licensed to provide BSNL service.

(b) The Franchisee has approached the BSNL for authorizing it to **act as an authorized agent** for marketing and distribution of BSNL services subject to the terms and conditions hereinafter appearing.

(c) The Franchisee has given an unconditional Bank Guarantee (as per Annexure - D) of Rs. _____ which shall be refundable, **for the due fulfillment of the said agreement and also for the agreement for principal to principal basis. The common PBG is liable for encashment incase of default in either or both parts of the agreements.**

Now it is hereby agreed by and between the parties hereto as follow:

Signature of
Franchisee

Read understood and Complied

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Signature of the bidder

1. Definitions

- 1.1 **BSNL Mobile Service** : Installation of necessary infrastructure so that telephone communication is possible without the need for cables. This communication is done within a prescribed geographical area like a town, district or state, by the subscribers with the use of Handsets which can be carried anywhere by them. These Handsets can be used to make telephone calls to any other mobile user or fixed phone users.
- 1.2 **Basic Telephone Services** - Wireline telecom service under brand name **BSNL Landline** .
- 1.3 **Data Services** - various services like Internet, broadband etc. under brand name **BSNL Broadband** and **MPLS-VPN** under brand name **BSNL MPLS- VPN**.
- 1.4 **Handsets** : Handsets are telephone instruments for mobile/basic services made by independent third parties for making and receiving calls.
- 1.5 **Mobile SIM Card** : SIM (Subscriber Identity Module) Card is provided to each BSNL mobile Subscriber. It contains a microcomputer Chip with memory. The SIM card has to be plugged into the GSM Handset to activate the phone.
- 1.6 **Booking a Connection** : A subscriber can book a post-paid cellular connection by paying a refundable Security Deposit and an activation fee . Pre-paid cellular connection can be booked by paying the fixed (non-refundable) charges. Similarly fixed telephone and data connections can be booked by payment of specified registration amount.
- 1.7 **Services Bill** : It will include 'monthly **fixed charges**', 'Airtime charges' and 'BSNL/MTNL/Fixed Line charges' incurred by all calls made by the subscriber.

Airtime charges are calculated at a pre-determined rate per unit time (as per tariff structure declared from time to time), or any other charges.

BSNL /Mobile/ Fixed Line Charges :

Whenever a call is made from a Cellular phone to an BSNL/MTNL or any other company's phone or when long distance network is used, certain amount levied by BSNL/MTNL/ operator which is normally called the BSNL/MTNL/Fixed Line charges. This includes the Local, STD and ISD charges.

- 1.8 **Agent / Sales Executive / Sales Force** : In the interest of increasing the customer base, the Franchisee can appoint sub franchisees solely for the purpose of booking new BSNL connections and retailers for selling **BSNL Products**.
- 1.9 **Activation Fee** : One time non-refundable charges levied for energizing a cellular phone connection.
- 1.10 **Security Deposit** : A refundable deposit taken from subscriber as security at the time of enrolment or/and additional services availed like value-added services, ISD etc. subsequently.
- 1.11 **Customer Counsellors** : In the office a sales-person who receives walk-in-customers, understands their requirement, demonstrates the service and tries to close the order. Also he attends to telephonic enquiries and pursues the same.
- 1.12 **Customer Care Executives** : These are trained persons who guide/solve the problems of the subscribers regarding the usage of the service/handset, and interact with the customer care centre for complaint handling.
- 1.13 **Commencement Date** means the date on which the Agreement comes into effect in accordance with the provisions of Clause hereof.

1.14 **Products, Services and Territory** shall mean all those products, services and territory as are described in **Annexure - F** hereto and as amended in writing by the agreement of both the parties from time to time.

1.15 The **Franchisee** shall include its employees, agents and authorised representatives who shall be responsible for the scope of work as described in Clause 5 herein below.

III. **Exclusivity: The Franchisee understands and agrees that this marketing and distribution agreement is on exclusive basis.**

IV. **Content:** The annexure(s) attached hereto & the Tender Document annexed hereto and subsequent instructions to Franchisee shall form integral part of this agreement and incorporated herein by this reference.

4. **Proposed Channel of Distribution:** The Franchisee has gone through and understood the proposed channel (BSNL's own, as well as private) of marketing and distribution of BSNL service indicated in **Annexure - A & Annexure - B**. However, the BSNL reserves the right to make changes in the scheme of marketing & distribution at any time in future in the larger interest of its business.

5. **Scope of Marketing & Distribution :** The Franchisee shall provide BSNL services to walk-in-customers. It shall also establish, through its sales-force, direct contact with prospective customers and register as many new BSNL customers as possible subject to a minimum number fixed by BSNL. Franchisee shall also distribute all types of authorised telecom services for marketing to its Sub-Franchisees and cash card (prepaid) to its retailers.

6. Specifications of work, conduct, requirements, standards and operating procedures: As per **Annexure - C**.

7. **Commencement of the Agreement**

7.1 The Agreement shall come into effect on the date mentioned in the heading of the Agreement. The Agreement shall be valid for a **period of 2 (two) years** from the date of its commencement and may be extended for such period and on such terms and conditions as are conveyed by the BSNL to the Franchisees 2 (two) months prior to the expiry of the Agreement.

7.2 In case, any future statutory provision warrants variation in the Agreement, in any material way, both parties will in good faith use their best endeavor to agree to such terms and conditions as may be necessary. However, in case no such agreement can be reached, either party shall have the right to withdraw from this Agreement.

7.3 The effect of withdrawal from the Agreement under Clause 7.2 would be that the Agreement shall stand terminated with immediate effect.

8. **Appointment of the Franchisee**

8.1 The BSNL will grant to the Franchisee right for the marketing & distribution of products & services in the territory as described in **Annexure - F** from the Franchisee /Franchisee outlet(s) for which the BSNL will compensate the Franchisee as described. The BSNL will notify the Franchisee in writing from time to time of any such variation of **Annexure - G**.

However the BSNL shall have a right to appoint any additional Franchisee(s) /Franchisee in the territory / area of operation of the BSNL and the Franchisee shall have no objection what so ever.

8.2 The BSNL will supply to the Franchisee all the relevant data, guidelines and other information to effectuate the purpose of the Agreement.

8.3 On termination of the Agreement, howsoever occasioned/caused, no further

compensation shall become due to the Franchisee unless the same shall have accrued prior to the date of such termination and the Franchisee expressly has to agree that he will not be entitled to any compensation and/or indemnification whatsoever, from the BSNL in that regard.

9. General Obligations of the Franchisee

9.1 The Franchisee shall maintain a suitable organization for the marketing & distribution of products & services in the allocated territory from his outlet(s). The Franchisee shall use its best efforts to actively provide effective services to the subscribers of the BSNL and always act in the interest of both the BSNL and its subscribers.

9.2 The BSNL may from time to time require the Franchisee to carry out customer satisfaction surveys as decided by the BSNL, the cost thereof, if any, will be borne by the Franchisee.

9.3 The Franchisee /Franchisee agrees not to involve himself in any manner either directly or indirectly in any business or activity which is competitive with the business or activities of the BSNL. He will not be the Franchisee of any other Telecom/IT/ Internet Service Provider in the area for which the BSNL has been licensed to provide the BSNL services. The Franchisee acknowledges that the adherence to this provision is a material obligation of this Agreement.

9.4 The Franchisee shall treat as confidential and secret all verbal and written communication, lists and circulars which in the opinion of the BSNL are regarded as confidential information and/or trade secrets. The Franchisee shall adopt and implement security procedures acceptable to the BSNL for determining the persons to whom such information is authorised to be disclosed based upon such person's need to know the same for the purpose of fulfilling his responsibilities in relation to the Agreement. Confidential and trade secret information shall remain the property of the BSNL and shall be returned to the BSNL upon termination of this Agreement in the manner prescribed by the BSNL. The Franchisee hereby undertakes and agrees not to retain and make any copies of the entrusted confidential information.

9.5 BSNL shall follow Model Rules as described.

9.6 The Franchisee shall, if so desired by the BSNL, make alterations, modifications and install such furniture, fixture and air-conditioning equipment, introduce customer care hardware including computer with UPS, Modem etc. as required and mutually agreed upon, the cost of such alterations, renovation shall be borne exclusively by the Franchisee.

9.8 The merchandise will be sold at the premises by the Franchisee and it is clarified: (a) That the Franchisee shall not have any authority to store, sell or transfer or in any way dispose of the merchandise except as provided in this Agreement, (b) That the BSNL shall be liable for the quality and genuineness of the goods sold by the Franchisee, (c) That the BSNL shall not be liable for any loss, pilferage or damage to the goods stored and sold at the premises and the merchandise shall be the entire responsibility of the Franchisee unless the same is occasioned by willful neglect or default of the BSNL,

(d) That it shall be the responsibility of the Franchisee to effect the sales through proper invoices detailing the material particulars of the BSNL phones including the IMEI number. The Franchisee shall keep the BSNL indemnified against claims regarding unauthorized handsets sold or alleged to have been sold from the Franchisee's/Franchisee's outlet(s), being raised against the BSNL by any third party.

10. General Obligations of the BSNL

10.1 The BSNL shall from time to time or in response to specific request by the Franchisee provide information, training and assistance relating to the services and

- arrange for qualified personnel / representatives of the BSNL to render such training and assistance. The training will be free of cost at a venue/training center chosen by the BSNL at its discretion. The Franchisee shall bear all costs relating to including travel, accommodation and subsistence costs of such representatives.
- 10.2 The BSNL may provide the marketing material to the Franchisee. This may include but not limited to, information brochures, posters, inserts, special giveaways, mailers (target segment- specific), folders, subscription forms, receipt books, stickers etc. It will not be obligatory and binding on the BSNL to provide all the above material, and will be provided as per availability only.
- 10.4 The BSNL/ his representatives will have unlimited access to the business premises of the Franchisee to check, from time to time, Franchisee operations, including (i) the process of selling and booking of connections, customer problem resolution, (ii) to identify problems and suggest solutions for Franchisee to implement remedial measures, (iii) inspect and audit any or all statutory and other books of records and accounts.
11. **Targets**
- 11.2 **The targets for BSNL connection booking would be fixed by BSNL from time to time BSNL will review the performance vis-à-vis the targets fixed taking into account the market development and potential and other relevant factors. The achievements of these sales targets by the Franchisee will be a material obligation under this Agreement. The BSNL shall advise the Franchisee in writing of any shortfall in the performance targets and the Franchisee shall furnish in writing its explanation for such a shortfall. If target set is not achieved for two consecutive months then the performance of the franchisee be critically examined and BSNL may consider the termination of the franchisees ship.**
- 11.2 If, in the opinion of BSNL, the Franchisee is at any time not adequately meeting the sales targets, then without prejudice to any of its other rights under the Agreement, the BSNL may, at its option vary this Agreement, so as to exclude, reduce, modify, suspend the periodic sales-allocations, and/or assignments.
- 11.3 The Franchisee shall maintain stocks of the merchandise in sufficient quantity at the outlet(s) arranged by the Franchisee. The extent of merchandise and the quality shall be determined by the BSNL on the basis of business requirement as set forth by the Franchisee.
- 11.4 The merchandise sold to the Franchisee as provided in the Agreement shall be stored and wherever necessary displayed in its outlet(s) by the Franchisee.
12. **Service Orders**
- 12.1 All services to be effected in pursuance hereof shall be governed by the terms and conditions of the Agreement notwithstanding any terms and conditions as set out in the letters or communications addressed by the BSNL to the Franchisee and the Franchisee's/Franchisee's acknowledgement thereof.
- 12.2 The Franchisee shall devise an efficient administrative process for the mandatory delivery of filled up Subscriber Agreement Forms (application forms) to the BSNL.
13. **Prices and Payment**
- 13.1 The Franchisee's/Franchisee's price and payment for products and services will be as described in **Annexure - G**.
- 13.2 The rates stated in **Annexure - G** are subject to variation during the term of this Agreement at the sole discretion of BSNL.
- 13.3 BSNL will not be a party between Franchisee to Franchisee, Franchisee to sub Franchisees or to retailers or Franchisees dispute of any nature what-so-ever it may be.

13.4 The merchandise for storage and sale will be collected by the Franchisee from the BSNL's designated place against payment by cheque / pay order/cash. In special circumstances, the goods may be delivered by the BSNL also. All expenses incurred in the storage, cartage, transport and outlet expenses shall be borne by the Franchisee.

14. Tax Liability

14.1 The Franchisee and any person(s) assigned by the Franchisee to provide services as hereunder shall in consultation with local authorities may get any state and local taxes, including sales tax, etc. from the customers. The BSNL shall have no liability or obligation for any state or local income tax liability of the Franchisee or any person assigned by the Franchisee. However, nothing contained herein shall prevent the BSNL from deducting tax at source as required by law and regulation from payment to the Franchisee.

15. Brand name, Logos and Trademarks

15.1 The Franchisee accepts for all purposes that any brand names, logos, trademarks or identifying slogans affixed by the BSNL or any of the Franchisee's/Franchisee's affiliated companies to the services, whether registered or not, constitute the exclusive property of the BSNL or their affiliated companies and cannot be used except in connection with the promotion and sale of the services of the BSNL. The Franchisee shall not contest, at any time, the right of the BSNL or its affiliated companies to any brand names or Logo used or claimed by the BSNL or such companies.

15.2 During the term of this Agreement, the Franchisee is authorised to use the BSNL's brand name(s), logos and trade marks only in connection with the Franchisee's/Franchisee's commitments as set out in this Agreement. The Franchisee's/Franchisee's use of such logos and trade names shall be in accordance with the guidelines issued by the BSNL. In the event of termination of this Agreement, howsoever caused, the Franchisee's/Franchisee's right to use such trademarks, logos shall cease with immediate effect. The Franchisee agrees not to attach any additional trademarks, logos or trade designations to any services of the BSNL thereafter.

15.3 As long as this Agreement remains in force but not thereafter, subject to Clause 15.2 above, the Franchisee may identify itself as an Authorised Franchisee of the BSNL, but shall not use the brand names, logos and trade marks of the BSNL as part of its corporate or partnership name or otherwise indicate to the public that it is an affiliate or agent of the BSNL.

15.4 The Franchisee will not publish, nor cause to be published, any advertising, or make any representations oral or written, which might confuse, mislead or deceive the public or which are detrimental to the name, trademarks, goodwill or reputation of the BSNL. It is advisable that such advtg. may be got approved by BSNL prior to publication.

15.5 The BSNL shall allow the Franchisee to use its logo/ trademark to be displayed on the sign-board to be placed at the Franchisee's/Franchisee's outlet(s) and on the each memos and/or bills issued by the Franchisee towards the sales of BSNL products and services effected from the outlet(s). However, the intellectual property rights associated with such brand names, logos and trade marks are and shall remain the sole property of the BSNL.

15.6 The Franchisee shall not use any name, emblem, logo or trade marks of its own.

16. Warranty

16.1 The Franchisee hereby expressly warrants that the products, services and territory as specified herein shall be efficiently serviced by the Franchisee with high quality standards as specified by the BSNL from time to time. The standards and specifications

as set by the BSNL shall be strictly adhered to by the Franchisee without any qualifications.

16.2 The Franchisee shall not make any representation to customers or give any warranties other than those contained in any standard terms and conditions set out in the subscriber agreement form.

17. Service Availability

17.1 The BSNL reserves the right to delete from this Agreement such products, services and territories in which the Franchisee is not able to perform and in such an event the BSNL shall give to the Franchisee as much notice of such deletion as is practicable in the circumstances.

17.2 The BSNL shall be vested with the sole discretion to amend, review, suspend, cancel, change or extend the scope and ambit of the products, services and territory as specified in Annexure - F.

17.3 In case, in future Revised S & D Policy warrants variation in the Agreement in any material way BSNL reserves the right to revise/modify/amend the Agreement as may be envisaged in the said S & D Policy

17.4 BSNL has the right to re-allocate and modify the license area allocated to the franchisee under this Agreement at any time as it deems fit. The franchisee shall have no objection to any such re-allocation of area at any time and will comply with revised allocation as specified by BSNL

18. **Software :** In relation to any software supplied by the BSNL to the Franchisee hereunder, the Franchisee acknowledges that all intellectual property rights in such software are and shall remain the property of the BSNL or a third party licensor as the case may be. Furthermore, the Franchisee agrees that he will take steps necessary to protect these intellectual property rights and to comply with such requirements in this regard as the BSNL may from time to time impose.

19. **Termination for Cause:** This Agreement can be terminated on any of the grounds and in the following manner:

19.1 The BSNL has the right to terminate this agreement forthwith in case it comes to conclusion that the Franchisee has violated any of the clauses of the agreement which has resulted in or could result in loss to the BSNL or may cause damage to the service being provided by the BSNL. The decision of the BSNL will be final in this regard.

19.2 The BSNL may also terminate this agreement for any other reason at any time during the term of this agreement by delivering not less than 60 days' prior written notice of such termination to the Franchisee.

19.3 If either party suffers distress or execution or commits an act of bankruptcy or insolvency or put into liquidation (otherwise than solely for amalgamation or restriction) or if a receiver is appointed over any part of the party's business then the other party shall have a right to terminate this agreement by written notice forthwith.

19.4 In case the Franchisee parts with its business including its assets in favour of any 3rd party directly or indirectly, the BSNL will have a right to terminate this agreement forthwith. The exercising of the right of cancellation / termination shall not have the effect of waiving any damages to which the canceling / terminating party might otherwise be entitled to.

20. **Consequences of Termination:** In the event that Agreement is terminated, the following shall be the consequences.
- 20.1 All the Franchisee's/Franchisee's rights under this Agreement shall cease and no payment whatsoever shall be due to the Franchisee for loss of goodwill, anticipated profits and any other claims or losses in respect of such termination. The Franchisee hereby waives any claim to receive any compensation as a result of the termination of this Agreement.
- 20.2 Unless otherwise agreed in writing by the BSNL, any sums payable under this Agreement and which are unpaid on the date of termination shall forthwith become due and payable by the Franchisee.
- 20.3 The provisions of this Agreement shall, to the extent stated or necessarily implied, survive the termination thereof.
- 20.4 Cancellation or termination or expiry of this Agreement shall not relieve or release either party from making payments which may be owing to the other party under the terms of the Agreement.
- 20.5 The Franchisee shall at its own expense return to the BSNL promptly all information, documentation and materials to the BSNL which relate to the services and / or software and future marketing plans or future models of the BSNL together with any copies thereof or any other documents entrusted to the Franchisee by the BSNL.
- 20.6 **On termination of this Agreement howsoever occasioned, the Franchisee shall deliver to the BSNL, all papers including the unused registration forms, partially used and unused books, marketing / publicity and display material given free of cost and documents etc. which may have come to his possession or custody.**
- 20.7 On the termination of the agreement for any cause whatsoever, all rights and privileges granted to the Franchisee shall immediately terminate. The Franchisee and all persons claiming under it shall immediately cease and desist from the use of the trade name BSNL and any other sign, slogan, symbol or other distinguishing characteristic owned by or associated with BSNL's services. The Franchisee shall immediately cease carrying on any business permitted under the agreement
- 20.8 BSNL shall be entitled to injunctive and equitable relief for any violation of the terms and conditions. Franchisee shall pay all costs and expenses including reasonable advocate fee borne by the BSNL for enforcing any provision of the agreement including the provisions of Clause 20. The provisions of this clause shall survive the termination of this agreement.
- 21.0 **(I) Damages:** In the event of termination of this agreement consequent upon breach of any of the terms of this agreement or surrender of Franchiseeship at its own will of the Franchisee, damages to the extent of loss determined by BSNL shall be recovered from the Franchisee in addition to the encashment of Performance Bank Guarantee.
(ii) Legal action: BSNL may initiate legal action against Franchisee in case of Para 21(I) above.
(iii) BSNL may debar the Franchisee for future dealings with BSNL for any contract / Franchiseeship/dealership etc.
22. **Insurance:** The liability to insure the stocks in the outlet (s) and in the possession of the Franchisee will be of the Franchisee and the liability for any loss or damage due to any fire, burglary, theft, etc. will be that of the Franchisee.

23. Indemnification

- 23.1 The Franchisee hereby agrees to well and sufficiently protect and keep harmless and indemnify the BSNL, against all type of embezzlement, misappropriation or misapplication of money.
- 23.2 The Franchisee agrees to fully indemnify and keep indemnified the BSNL against all losses or any claims for damages or any other claims of whatsoever nature, which are brought against BSNL by any third party owing to deeds or misdeeds attributable to the Franchisee. The BSNL shall be vested with the sole discretion to determine such damages/ claims and have the right to adjust the same from any dues payable to the Franchisee.
- 23.3 The BSNL shall not be liable to the Franchisee or any other party consequent upon termination of the Agreement for any reason whatsoever for any claim for loss or profits or for any anticipated booking for BSNL or on account of any expenditure, investments, leases or any other commitments made by the Franchisee in connection with the Agreement made in reliance upon or by virtue of the Franchisee's/Franchisee's appointment under the Agreement.
- 23.4 The BSNL's acceptance of any booking from the Franchisee after the termination/expiry of this Agreement shall not be construed as a renewal or extension of the Agreement nor as a waiver of termination.

24. Franchisee as independent entity

- 24.1 The Franchisee, its employees, agents and representatives shall provide services as an independent "entity" on a exclusive basis and nothing contained herein shall be deemed to create any partnership, joint venture, employment or relationship of principal and agent between the parties hereto or between BSNL and the Franchisee representatives and employees or to provide service with any right, power or Authority, or to provide the Franchisee with any right, power or authority, whether express or implied to create any such duty or obligation.
- 24.2 The Franchisee's/Franchisee's personnel, employees, agents or representatives have no authority and/or right to bind BSNL in any manner. It is clarified that the personnel employed by the Franchisee shall be the sole employees of the Franchisee and BSNL shall have no financial or statutory responsibility towards them.

26. The Franchisee represents and warrants that no officer, director, employee of BSNL or immediate family member thereof ("collectively, BSNL, personnel") has received or will receive anything of value of any kind from the Franchisee or its officers, directors, employees or agents in connection with this Agreement and that no BSNL personnel have a business relationship of any kind with the Franchisee or its officers.

26. Miscellaneous

- 26.4 In the event of the death or retirement of any director or change of shareholders of the Franchisee the appointment of a replacement or the transfer to another shareholder shall be subject to the prior approval of the BSNL which shall not be unreasonably withheld and such replacement or transferee shall enter into each agreement to abide by the terms and conditions of this agreement as may be required by the BSNL. However the decision of BSNL shall be final in this regard.
- 26.5 **The Franchisee shall not shift the operations to any other premises without written permission from the BSNL.**
- 26.6 The Franchisee may publish advertisement in newspapers at his own cost with the prior approval from the BSNL for text matter and design.
- 26.4 The Franchisee will not be allowed to make any alteration/ correction in the text matter of registration forms or any printed materials supplied by the BSNL.

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- 26.5 The terms and conditions may be amended as and when any changes, addition or deletion is required with the consent of both the parties except what is stated herein above.
- 26.6 In case of loss of the certificate(s) or any documents issued by the BSNL, the Franchisee shall immediately report the same to the BSNL with the copy of F.I.R.
- 26.9 The BSNL will issue a certificate to the effect that M/s.....is the authorised Franchisee for BSNL service. This certificate shall have to be displayed by the Franchisee. The photo I-card would be issued to the executive director/ proprietor or other authorised person/executive(s) of the Franchisee.
- 26.10 The BSNL reserves the right to increase the number of the Franchisees in the territory allotted to the Franchisee, withdraw the work of Franchiseeship of any or all products for any reason at the discretion of the BSNL or take such steps etc. in the interest of service.
- 26.9 The Franchisee may call, as and when felt necessary, the Franchisee's / Franchisee's representative for educating him in respect of latest schemes, services, products, rules, orders or regulations.
- 26.10 The Franchisee's/Franchisee's sales executives shall not secure subscribers from outside the allocated area.
- 26.11 The Franchisee will distribute the services and products at a rate fixed by the BSNL to all its associated sub-franchisees and retailers.
- 26.12 The Franchisee shall not in any way pledge the credit of BSNL.
- 26.13 The BSNL shall have the right to refuse, subscribe or accept application for subscription forwarded by the Franchisee and the Franchisee shall not be entitled to any compensation in respect of such refused application or part thereof.
- 26.14 In the event, the BSNL desires any other/further information including a recent photograph of the prospective subscriber, the Franchisee shall procure such information /photographs also and duly provide to the BSNL.
- 26.19 The Franchisee shall carry out its obligation hereunder at its own cost and expenses including but not limited to usage of his own space and personnel and no reimbursement whatsoever shall be made by the BSNL on any account whatsoever.
- 26.20 The Franchisee is not authorized to assign or otherwise transfer the benefits of this agreement or part thereof to a third party.
- 26.21 The Franchisee shall provide his permanent address and bank account number/PAN at the time of signing the agreement.
- 26.22 The Franchisee will be given a code number as his identification. A 'SEAL' indicating the code number along with the name & address of the Franchisee shall be imprinted by the Franchisee on the subscriber agreement forms and prepaid application forms before forwarding them to BSNL.
- 26.19 The Franchisee shall be fully responsible for the employment or payment of wages to its employees and shall fully comply with all laws, rules, regulations, notifications, directions orders etc. of the Govt. whether Central, State, Local or Municipal relating to such employment, payment of wages etc. and all others matter connected therewith and hereby indemnifies and agrees to continue indemnifying BSNL in this regard.

27. General Provisions

Read understood and Complied

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Signature of the bidder

- 27.1 **Governing Language and Law:** The language to be used in connection with the Agreement shall in all cases be the English Language. This Agreement shall be governed by and construed in accordance with the laws of India.
- 27.6 **No authority to Commit:** The Franchisee, its agents and employees will not be the legal representatives, employees or agents of the BSNL for any purpose and have no right or authority to incur any expenses on behalf of the BSNL or to create, in writing or otherwise, obligations of any kind, express or implied, in the name of or on behalf of BSNL excluding the rights and duties under this Agreement. The Franchisee shall make no representations inconsistent with the foregoing, but so long as this Agreement remains in force, the Franchisee shall be entitled to describe itself as the "Authorised Franchisee" of BSNL for the services in the territory.
- 27.7 **Assignment:** Neither party may assign its rights and remedies nor transfer its obligations under this Agreement without prior written consent of the other party, except that the BSNL may so assign to any of its affiliated or subsidiary companies without such consent. In any event, any assignment or transfer shall not operate to relieve the assigning party of any of its obligations hereunder, nor will any such assignment impose any obligation on the assignee except in the case of an express written assumption by the assignee.
- 27.8 **Notices:** Any notice or communication pursuant to this Agreement shall be deemed duly given or made when they shall have been delivered by hand, first class registered mail or telex addressed to the party at the address set forth at the beginning of this Agreement, or to such other address as shall have been given in writing to the other party.
- 27.9 **Failure to enforce:** The failure of either party to enforce at any time the provisions hereof shall not be construed to be a waiver of such provisions nor a waiver of the right of such party thereafter to enforce each and every such provision.

27.6 Remedies for enforcement

- (a) Nothing shall be construed to restrict the right of the BSNL to institute appropriate proceedings at law and equity to obtain injunction or other relief on account of any default hereunder whether or not the BSNL has exercised its right to terminate the agreement.
- (b) The remedies granted to BSNL will be cumulative and are not intended to be exclusive of any other remedies to which it may be lawfully entitled in case of any breach or threatened breach of the terms and provisions. Failure of BSNL to insist on strict performance of any of terms and provisions of the agreement or to exercise any right or remedy shall not be construed as a waiver of any such rights.
- 27.10 **Joint and Several:** All agreements on the part of either of the parties which comprise more than one person or entity shall be joint and several and singular gender throughout this agreement shall include all genders and the plural and the successors in title to the parties.
- 27.11 **Severability:** If any terms or provisions of the agreement are or shall be illegal, invalid or unenforceable in any jurisdiction, all other terms and provisions of the deed shall remain legal, valid and enforceable in such jurisdiction and the parties shall endeavour to substitute forthwith such other legal, valid and enforceable provisions as will most closely correspond to the legal and economic intent of such illegal, invalid or unenforceable term or provision.
- 27.12 **Publicity:** This Agreement shall be treated by the Franchisee and franchiser, as each treats its own confidential information. Additionally, no press release or other

publicity of any nature regarding this Agreement shall be made without the other party's prior written approval, which approval shall not be unreasonably withheld. However, approval of such disclosure shall be deemed to be given to the extent that such disclosure is required to comply with government rules, regulations or other governmental requirements. The publishing party shall give the other party a reasonable opportunity to review the text of such disclosure prior to the disclosure.

29. **Title:** Titles to the paragraphs / clauses are given for convenience only and do not have any legal complications.

29. **Force Majeure**

Without in any way limiting the general limitations of liability contained in this entire agreement neither party shall be responsible for failure or delay in performance of service hereunder due to any occurrence commonly known as force majeure including without limitation acts of God, any government body (de jure or de facto) or public enemy, acts of war, riots, earthquake, embargoes, strikes or other concerted acts of workmen (whether of the parties or others) casualties, or accidents, and shortage of power, labour or materials, or any other causes, circumstances, or contingencies, whether of a similar or dissimilar nature to the foregoing, beyond the parties' control and which cannot be reasonably forecast or prevented thereby hindering the performance by the parties of any of its obligations hereunder.

The parties shall forthwith give each other notice in the event of any one or more of the foregoing occurrences. Upon such notice the parties may cancel or delay performance hereunder for so long as such performance is prevented or delayed by such occurrence and in such an event neither party shall have any liability to the other.

30. **Dispute Resolution/Arbitration**

Any question, dispute or differences arising out of or in connection with this agreement or breach, termination or validity hereof, shall be first endeavored to be settled through bipartite discussion or negotiations between the parties. If the dispute cannot be amicably settled either party, as soon as practicable, but not earlier than three months after a request to settle the dispute amicably has been made to the other party, give to the other party note in writing or existence of such question, dispute or difference, specifying the nature and the point at issue, and the same shall be finally settled by Arbitration conducted in SSA head quarter/ Circle Head quarter _____ in accordance with The Arbitration and Conciliation Act 1996 any modifications or reenactments thereto and relevant laws and regulations in force at that time in India. All such disputes and differences which may arise between the parties hereto as to the meaning, construction or effect of any of the terms and provisions of this agreement or as to the right or claim of either party under this agreement shall be referred to the sole arbitration of the Chief General Manager Karnataka Circle of the BSNL company or his nominee including any officer of Bharat Sanchar Nigam Limited (BSNL) nominated by him and the Franchisee shall not raise any objection to such arbitration on the ground that the arbitrator is an officer of Bharat Sanchar Nigam Limited (BSNL) and as such is an interested party or that the Arbitrator so appointed has earlier dealt with the subject matter of this agreement. Any order / Directions / Awards of the Arbitrator shall be final and binding on both the parties. The arbitration proceedings shall take place in SSA head quarter/ Circle Head quarter _ and will be governed by the provisions of The Arbitration and Conciliation Act 1996 or of any statutory amendment thereto or any reenactment thereof for the time being in force. The Arbitrator so appointed shall pass a speaking award. In case of any dispute, the _____ Court alone shall have the territorial jurisdiction to adjudicate upon the matter.

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The agreement including the Annexures, constitute the entire Agreement of the parties with respect to the matters herein contained and supersedes all prior agreements and understandings between the parties whether written or oral. The Agreement shall be signed by the authorized representatives of both parties. For the purpose hereof, the “ authorised representatives “ of the BSNL (BHARAT SANCHAR NIGAM LIMITED) and the FRANCHISEE () shall include only those persons listed in **Annexure - E** hereof, their successors and such persons as may be designated in writing by the BSNL or Franchisee.

<u>For and on behalf of the Franchisee</u>	<u>For and on behalf of the BSNL</u>
Signature _____	Signature _____
Name _____ (In capital letters)	Name _____ (In capital letters)
ExecutiveDirector _____	Designation _____
Name & Address _____ _____	Name & Address _____ _____

Dated at -----on _____

Annexure - A

Proposed channels of marketing & distribution of BSNL Service

1. **BSNL's own channel of marketing & distribution will be through BSNL Customer Services Centers (CSCs)**

These Centers will be the direct outlets / showrooms of BSNL and will act as customer interface for:

- Registration, activation, de-activation of all types of BSNL telecom services
- Sale of recharge coupons,
- Various other customer services:

□□ **Bill payments**

□□ **Commercial/TR activities** for change of number, DNP, RNP, safe custody, change of address etc.

□□ **Commercial Enquiries** about facilities, value-added services, activation, deactivation, change of number, DNP, RNP, change of address etc.

□□ **Customer Complaints** related to service, billing etc.

□□ **Demonstration** of facilities

□□ **General Enquiries** (such as various brands of cell phones and the procedure to be followed for using the particular model, where can cell phones be purchased from etc.) related to any telecom services.

The centers will entertain walk-in customers & answer queries on telephone as well.

The service counters are proposed to be manned through out-sourced / internal Man power and supervised by a BSNL officer of appropriate rank.

There may be a BSNL's on-line terminal at each centre, manned by BSNL staff, for on the spot activation and provisioning of other value-added services.

2. **Private channel of marketing and distribution**

It is proposed to build up a private channel (as per Annexure-B) of Marketing and distribution of BSNL Service as under:

- i) **Franchisee's showroom (Exclusive basis)**
- ii) **Sub franchises outlets (Non exclusive basis)**
- iii) **Retailers outlets (Non exclusive basis)**
- iv) **Business Associates**
- v) **Direct Selling Agents**
- vi) **Post Offices.**
- vii) **One stop sanchar shop of PCO Operator.**

AND ALSO

Annexure-B

2.2 Franchisee

A BSNL Franchisee showroom (each center to act as Franchisee-cum-Marketing Associate) may be required to perform broadly two functions in a designated geographical territory fixed by BSNL.

- (a) To act as customer **interface for walk-in customers,**
 - (b) To do **marketing** of BSNL telecom service **through field sales force**
- In addition to this;

1. Franchisee shall sell **BSNL products and services. The franchisee shall act as an agent of BSNL.**

2. Franchisee shall sell all types of **Products as mentioned in Annexure B of EOI.**

The Centre will be responsible for:

- **Registration** of all type of telecom services by Franchisee and other services of BSNL offered to them.
- **Answering queries** related to various facilities, value added services, new launches, schemes, promotions, future services, modes of payment, payment centers etc.
- Approaching and getting the prospective customers from allocated territory.
- Acting as **interface** between Franchisee and BSNL for all matters related to services provided at Franchisee showroom.
- **Demonstrating** the services and products, counseling customers, educating the customers/prospective customers, BSNL *mobile retailers*.

Each Franchisee will set-up its own network of sub-franchisees and retailers for marketing of BSNL products & services.

2.2 Sub franchisees: Sub franchisees may be selected by appointed franchisee in consultation with BSNL. BSNL may also specify locations where appointment of sub franchisee will be mandatory for franchisee. Sub franchisee will perform all works on behalf of franchisee as per 2.1 (Annex. B) above. Compensation to sub franchisee will be provided by the franchisee and BSNL will not be a party directly/indirectly between franchisee and sub franchisee at any point of time.

Annexure - C

Specification of work, conduct, standards, requirements & operating procedures.

1. The Franchisee will operate within its allocated territory. All Franchisees should have well defined geographical area (to be defined and notified by SSA/Circle). This will be their primary area and the franchisee must fulfill all the requirements as per the policy in this primary area. The franchisee will not be allowed (i) to open retail outlet / office (or) (ii) appoint any retailer or (iii) to do any wholesale activity outside their primary area.
2. The Franchisee will set up an air-conditioned outlet / Showroom (which may be called by the name as decided by BSNL) on ground floor area of about 250 sq. ft./ 200 sq ft /150 sq ft depending upon Type A, Type B and Type C SSA or more in a good /market location to be approved by the BSNL, with an easy access to the general public. Parking space, if available will be added advantage.
3. The interior decoration of above-mentioned showroom will be arranged by the Franchisee at his own cost as per the specifications and standard set by the BSNL. The charges shall be borne by the Franchisee directly to the architect/interior decorator etc.
4. Most of the promotional/ display material such as signage, neon signboards, translates etc. will be arranged by Franchisee. However, it may be partly paid by the BSNL as per the policy in vogue.
5. The Franchisee staff should have good communication capability for effective interaction with the customers in person or on telephone.
6. In case the BSNL withdraws from agreement or the Franchisee surrenders the agreement or any other reason whatever the Franchisee may seek return of the original bank guarantee. The bank guarantee money will be refunded after clearing of all the outstanding dues/liabilities pending against the Franchisee.
7. The Franchisee would be free to sell handsets and other accessories related to BSNL Services only.
8. Till the BSNL is able to start on-line activation terminal, the Franchisee will do the offline booking of BSNL connections. He will be authorised to collect the amount payable at the time of registration from the subscriber on behalf of the BSNL. The Franchisee will issue receipts. The receipts will be pre-printed and pre-numbered and sent to the Franchisee by the BSNL upon being indented according to the procedure laid out. No other receipt for this purpose will be issued to the customers by the Franchisee. The Franchisee will deposit all collections in the designated bank or nearest customer services centre as specified by BSNL within the next working day immediately after the day of collection and send written confirmation on prescribed

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proforma to this effect to the BSNL. Alternatively, he will issue a cheque for each day's collection on account of booking of new connections, bill payments (if any) etc.

9. For any handsets and other accessories sold by the Franchisee, the receipt issued will be his own. These receipts will not mention the name or logo of the BSNL. The Franchisee will not collect cash from the subscriber on behalf of the BSNL for any product or services sold except for booking amount for new connections.
10. The Franchisee will provide adequate security in his office and to the collection staff.
11. The Franchisee will submit periodic reports as prescribed from time to time by the BSNL.
12. As and when the customer promotion schemes are announced, the Franchisee will pass on their intended benefits to the customers as detailed in such scheme notes.
13. The Franchisee will put up a Neon sign of the BSNL etc. prominently.
14. The Franchisee will use only approved marketing material for promotion of BSNL's BSNL services as following: (a) Marketing material made available by the BSNL; (b) Marketing materials prepared by the Franchisee. However, such materials will have to be got approved from the BSNL before display/distribution and marketing.
15. The Franchisee will inform the BSNL about any default in payment (refusal to pay or return of the cheque from bank) of service bill, security deposit and/or booking amount within 24 hours of such information received by him or any one dealing on his behalf.
16. The Franchisee will receive customer complaints and handle them appropriately and will prepare fault statistics periodically as per formats decided from time to time.
17. Appointment of specified number of marketing agents, sales executives, customer counsellors and other staff exclusively dedicated to BSNL business will be made by the Franchisee as per service requirement and/or as mutually agreed to.
23. The Franchisee will appoint or terminate the services as the case may be of any of above staff if asked to do so by the BSNL.
24. The Franchisee will fix his own network of BSNL sub franchisees and retailers so as to promote the subscription of BSNL products & services. The list of such sub franchisees and retailers (on non-exclusive basis) will be sent by the Franchisee to the BSNL. The changes, if any, in the list will be sent by the Franchisee to the BSNL every month.
25. The Franchisee will book the number of connections based on targets fixed by SSA/Circle from time to time.
26. The franchisee should attend the regular meetings called by SSA/ Circle.

Annexure - D

FORMAT OF THE BANK GUARANTEE

(To be typed on Rs.100/- non-judicial stamp paper)

Re: Bank Guarantee in respect of Agreement dated _____ between Bharat Sanchar Nigam Limited and M/s_____.

M/s _____, a company registered under The Companies Act, 1956 and having its Registered Office at _____ (hereinafter called "Franchisee") has entered into an agreement dated _____ (hereinafter referred to as "the said agreement") with M/s Bharat Sanchar Nigam Limited (BSNL in short) (A Government of India Enterprise) (hereinafter referred to as "BSNL") with Registered Office & Corporate Office at Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi-110001 whereby BSNL has agreed to appoint Franchisees for providing BSNL BSNL service on the terms and conditions exclusively mentioned therein for the area _____ (Name of the area for Franchisee / Area code for Franchisee).

It has been agreed between the parties that a Bank Guarantee for Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) shall be given by the franchisee in favour of the BSNL for due and faithful performance of the terms and conditions of the said agreement.

_____ Bank having its office at _____ has at the request of the Franchisee (M/s _____), agreed to give the guarantee as hereinafter contained:

1. We, _____ (hereinafter called "the Bank") do hereby undertake and assure to the BSNL that if in the opinion of the BSNL, the Franchisee has in any way failed to observe or perform the terms and conditions of the said agreement or has committed any breach of its obligations there-under, the Bank shall on demand and without any objection or demur pay to the BSNL the said sum of Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) or such lesser amount as BSNL may demand without requiring BSNL to have recourse to any legal remedy that may be available to it compel the Bank to pay the same.
2. Any such demand from the BSNL shall be conclusive as regards the liability of Franchisee to pay to BSNL or as regards the amount payable by the Bank under this guarantee. The Bank shall not be entitled to withhold payment on the ground that the Franchisee had disputed its liability to pay or has disputed the quantum of the amount or that any arbitration proceeding or legal proceeding is pending between Franchisee and BSNL regarding the claim.

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3. We, the Bank further agree that the guarantee shall come into force from the date hereof and shall remain in full force and effect for the period of 3 years from the date of commencement of the agreement or the term of this guarantee whichever is later. But if the period of the said agreement is extended either pursuant to the provisions in the said Agreement or by mutual agreement between the Franchisee and the BSNL, the Bank shall automatically renew the period of the Guarantee for such period which expires 6 (six) months after the renewed period of the said agreement failing which it shall pay to the BSNL the said sum of Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) without BSNL demanding the payment of the above sum.
4. The Bank further agrees that the BSNL shall have the fullest liberty without the consent of the Bank and without affecting in any way the obligations hereunder to vary any of the terms and conditions of the said agreement or to extend the time for performance of the said agreement from any of the powers exercisable by BSNL against the Franchisee and to forebear to enforce any of the terms and conditions relating to the said agreement and the Bank shall not be relieved from its liability by reason of such failure or extension being granted to Franchisee or through any forbearance, act or omission on the part of BSNL or any indulgence by BSNL to Franchisee or any other matter or thing whatsoever which under the law relating to sureties would but for this provision have the effect of relieving or discharging the guarantor.
5. The Bank further agrees that in case this Guarantee is required for a larger period and it is not extended by the Bank beyond the period specified above in Clause 3, the Bank shall pay to BSNL without BSNL having to demand the payment of the said sum of Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) on the last day on which the Bank Guarantee is due to expire.
6. Notwithstanding anything herein contained;
- (a) The liability of the Bank under this guarantee is restricted to Rs. 10 lakhs / 5lakhs / 3 lakhs- (Rupees Ten lakhs/ Five lakhs/ Three lakhs only) and it will remain in force for a period of 3 years i.e. upto _____.
- (b) The guarantee shall stand completely discharged and all rights of the BSNL under this Guarantee shall be extinguished if no claim or demand is made on us in writing on or before _____.
7. The Bank guarantees under its constitutional power to give this guarantee and _____ and _____ who have signed it on behalf of the Bank have authority to do so.

(Authorised Signature of the Bank Official)

Power of Attorney General:

Dated:
At

Annexure - E

List of authorised representatives

(a) As designated in writing by the BSNL

(b) As designated in writing by the Franchisee

Annexure - F

Products - BSNL products **as mentioned in Annexure B of EOI.**

The mobile handsets as supplied.

Services - The distribution of the 'services' as defined from time to time.

Territory - As determined by the BSNL from time to time.

Annexure - G

Price - As determined by the BSNL from time to time.

Payment - By local Pay Order prior to or as against delivery and as determined by the BSNL from time to time.

Compensation: The amount of compensation is proposed as mentioned in **para 16 of EOI.**
The amount of compensation in all the above cases may be changed by the BSNL based on business needs.

A new connection is deemed to have been booked only upon activation and also subject to realization of booking amount announced from time to time.

In case of prepaid SIMs... as per clause 20. b of EOI

Annexure - H

Model Rules - As determined by the BSNL and as defined in the Franchisee Manual' from time to time.

Annexure - I

To

Sub: Marketing and Distribution of BSNL Service in _____
for Franchiseeship / Franchiseeship
(Name of the area /district)

Dear Sir,

With reference to your advertisement inviting expressions of interest on the above subject, I / we hereby submit my / our expression of interest with duly completed Annexure 'J' giving the necessary details called for.

Thanking you,

Yours sincerely,

Signature
(Name of the authorised signatory)

For & on behalf of

Seal of the Firm/Company/Organization

Encl.:

Read understood and Complied

Signature of the bidder

Expression of Interest (EOI) of Sales and Distribution Policy 2006

- (I) Annexure 'J' duly filled up
(ii) EMD of Rs. 2,00,000/-. In the form of D D drawn in favour of "A O (Cash), BSNL,O/O CGMT, Bangalore" from any Scheduled Bank, Payable at Bangalore.

Annexure - J

Particulars of the Applicant seeking Franchiseeship

1. Name of the applicant /Organization: _____

2. Registered Address / Office Address _____

- Telephone No. (s)
Fax
E-mail
3. Status of the applicant / organisation (with supporting documents) Tick the relevant one
 1. Proprietorship
 2. Partnership
 3. Private Limited
 4. Public Limited
 5. Others
4. Name of the area (for Franchisee) / Area Code for (Franchisee)
5. Date of inception of the firm / organization (with supporting documents)
7. LST / CST No. (if any)
8. PAN No / GIR No. (photo copy to be attached)
8. Turnover of the firm / organisation over the last two years (with supporting documents) and P &L account for last financial year.
9. Names of the Directors alongwith %age share
10. Name of the Executive Director / Proprietor or Manger of Showroom:
(Who will manage the Franchiseeship?)
11. Residential Address of the Executive Director / Proprietor
12. Educational Qualification of the Executive Director / Proprietor.
(with supporting documents) .
13. Name of the Banker with address and contact number(s)
14. Present activity with details, and the names of the organisations
for which the applicant is acting as Franchisee / wholesaler/Franchisee etc.

Read understood and Complied

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Signature of the bidder

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15. Number of Franchisees / retailers for the activity indicated in 14 above
16. Total manpower on roll employed / engaged by the firm / organisation
17. Work experience of minimum _____ from 2006-07 backwards with full details thereof. (supporting documents to be submitted)
19. Have you applied for more than one Franchiseeship.If Yes, give details:-
19. Details of the proposed site / showroom (layout and location of the site may be indicated in case the site is already in possession)
- (a) Proposed Site address: (i)Showroom:
(ii)Back Office:
- (b). Area - (i) Showroom: (ground Floor only): -----(in sq ft)
- (ii) Back Office: ----- (in sq ft)
- (iii) Parking Space ----- (in sq ft)
- (c). Ownership Category
Owned Rented
- (d). Possession
 Already in possession
 Possession can be taken within _____ days
- (e). Location
1)Busy Main Road (bus route) Y/N
2) Sufficient Parking Space Y/N
20. Time required to start the full fledged Franchisee operations from the date of signing the agreement:
(Minimum Time = Fifteen days)
(Expected Time = One month)
(Maximum Time = Two months)

DECLARATION

I,, on behalf of
..... having gone through the terms & conditions of the
Franchisee agreement form for BSNL Service, agree to abide by the same in case the
Franchiseeship is awarded to me / our firm / company.

Name of the Signatory

For and on behalf of

ANNEXURE K

Definition of Geographical areas :

The BSNL area of operation can be divided into three categories for the purpose of channel policy of BSNL.

- a. Type A SSA where Telecom points* as on date are 5 lakhs or more.
- b. Type B SSA where Telecom points* as on date are 2 lakhs and less than 5 lakhs.
- c. Type C SSA other than type A and type B SSAs.

* Telecom Points means total sum of basic telephone connections and fixed WLL connections as on 1st April of the year of floating of EOI.

Read understood and Complied

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Signature of the bidder