

SANJAY SINGH, IAS  
ADMINISTRATOR



सत्यमेव जयते

भारत सरकार  
संचार एवं सूचना प्रौद्योगिकी  
दूरसंचार विभाग  
सांख्यिक सेवा दायित्व निधि

संचार भवन, 20 अशोक रोड, नई दिल्ली-110 001

Government of India

Ministry of Communications and Information Technology

Department of Telecommunications

Universal Service Obligation Fund

Sanchar Bhawan, 20 Ashoka, New Delhi-110 001

Tel. : 23372144 / Fax : 23372150

e-mail : usadmn.dot@nic.in

ssanjay@nic.in

26<sup>th</sup> December, 2017

D.O. No.30-166-14/2016-BB-USOF

*Dear Sir,*

Kindly refer to the DO letter of even No. dated 25<sup>th</sup> September, 2017, written by Secretary (Telecom) to you, vide which approval was conveyed for implementing the BharatNet Phase-II in Chhattisgarh under State-led model with linear/GPON architecture at an estimated cost of Rs. 1375.66 crore, as approved by Telecom Commission on 08.09.2017.

2. Subsequently, the State Govt. of Chhattisgarh, vide DO letter dated 14.09.2017 from Hon'ble Chief Minister of Chhattisgarh and other letters, has requested for implementation of BharatNet-II with ring architecture and IP/ MPLS technology due to unique circumstances of the State, especially its being affected by Left Wing Extremism, and funding of the project accordingly.

3. On 21.12.2017, the Telecom Commission reconsidered the proposal and approved the implementation of BharatNet Phase-II under State-led model with ring architecture and IP/ MPLS technology.

4. The broad contours of the approval, accorded by the Telecom Commission, are as follows:

i. Telecom Commission has approved an estimated cost of Rs.1624.74 crore for implementation of BharatNet Phase-II, which will be funded by the Universal Service Obligation Fund (USOF), Department of Telecom (DoT). The modified funding is based on the following;

(a) The entire cost of OFC laying in ring architecture (i.e. Rs. 1226.49 Cr.) and for RF connectivity (i.e. Rs. 19.81 Cr.), as assessed by the Project Appraisal Committee (PAC), will be funded to the State.

(b) For funding the cost of equipment in ring architecture, the entire cost of GPON equipment (i.e. Rs. 62.02 Cr.), plus half of the difference between the PAC recommended cost of IP MPLS (i.e. Rs. 143.92 Cr.) and GPON equipment would be funded by USOF/ DOT.

(c) Cost of Administrative Expenses and Establishment Charges (i.e. Rs. 46.5 cr.), QA at 1% for material on Basic Capex (i.e. Rs. 13.49 cr.), Contingency Cost at 3% on Basic Capex (i.e. Rs. 40.48 cr.).

(d) OPEX funding has been restricted to 6% of the basic CAPEX.

Details are enclosed at Annexure.

ii. The actual funding to the State will be considered based on the price discovered in open tenders to be floated by the States / State Implementing Agency. The funding recommended by the PAC is exclusive of all taxes which will be extra and reimbursed on actuals.

Contd...

- 2 -

- iii. States may decide to undertake the implementation of an enhanced network architecture and technology using their own additional funds over and above the funds provided by the Department of Telecom. The architecture / technology implemented by the State would have to be compatible with national network for seamless integration.
  - iv. The assets, including OFC and Electronics, created under the BharatNet project in the States will be national assets fully owned by the Government of India.
5. Broad details of State-led implementation model have already been conveyed to you vide the above referred DO of 25.09.2017.
6. An MOU will be signed between the State Government, BBNL and DoT/USOF for implementation of the project. **Draft MOU will be sent to you shortly.**
7. Payment of 10% of the proposed funding will be released as mobilization advance to the States/State implementing agency on successful award of work to the implementation vendor(s).
8. A template for RFP has been prepared and will be shared with you shortly for facilitating the tender process. States are required to adhere to the RFP template while tendering out the implementation work. States intending to implement an enhanced network, shall tender out the additional work via a separate RFP.
9. For effective project implementation, the following 3-tier governance structure is proposed to be put in place –
- i. **State Level Implementation Committee** chaired by Chief Secretary of the State would be set up which would have DoT/USOF/BBNL designated officials as its members.
  - ii. **Project Steering Committee** chaired by Administrator USOF which would have heads of state implementation agencies as its members
  - iii. **Empowered Committee** chaired by Secretary-DoT
10. Since the project implementation timelines are of utmost importance, DoT shall reserve the right to take over the project implementation, in case a project milestone is delayed by over 60 days of its agreed time. In this regard, the decision of the Empowered Committee shall be final and binding.
11. States shall make provision for all necessary support and infrastructure required for effective implementation of the project. These shall include the following –
- i. Right of Way for underground and overhead fibre laying including from the central agencies.
  - ii. Identification of appropriate network termination locations within Gram Panchayats and undertake any necessary upgrade of the same, if needed.
  - iii. Provision for utilities such as power at Gram Panchayats network termination points

Contd.....

- 3 -

12. Since the Phase-I of the project is nearing completion, the focus is also on ensuring network utilization. States are required to take necessary steps to undertake implementation of key services such as e-Governance, e-education and e-health.

13. Preparatory/Planning activities may accordingly be initiated at the earliest, so that implementation of BharatNet Phase-II can be completed within the timelines stipulated.

*With regards,*

Yours sincerely,

*Sanjay Singh*  
(Sanjay Singh)  
26/12/17

**Shri Vivek Kumar Dhand, IAS**  
Chief Secretary,  
Mahanadi Bhawan,  
Naya Raipur, Chhattisgarh-492002  
**Encl: As above**