



# Bharat Sanchar Nigam Limited

(A Govt. of India Enterprise)

(Business Development Cell)

## **Request for Expression of Interest**

### **Instructions for Bidders**

#### **1.0 Introduction**

**BHARAT SANCHAR NIGAM LIMITED (BSNL)**, a Public Sector Enterprise 100% owned by Government of India, is the largest Telecom service provider in India with the dominant market share in the Wire line Telephony, Wireless Telephony, Broadband & Internet services besides other data services like MPLS- VPN, Internet telephony, Leased circuits etc. BSNL is the largest National Long Distance Operator (NLDO) of India. BSNL has state of the art Intelligent Network(IN) to cater to different Services like VCC (Virtual calling card), ACC (Account calling card), Toll free Number Service {called as Free phone Service (FPH)}, Premium Rate Service (PRM), Universal Access Service (UAN), Tele-voting etc. For more details about BSNL, please log onto [www.bsnl.co.in](http://www.bsnl.co.in).

BSNL is providing basic service to approx 36 million subscribers, GSM Mobile Service to 19 million subscribers and WLL Service to about 3 million CDMA subscribers. BSNL was the first Telco in India to start VCC card services through IN Network that is branded as ITC (India Telephone Card) for domestic subscribers. These cards are widely used by the Indian subscribers. BSNL uses Alcatel technology in it's IN platform.

BSNL intends to appoint ITC Card franchisee for calling card on circle basis for printing, selling and marketing BSNL's ITC cards. The franchisees will be appointed as per the eligibility criteria of the EOI. After evaluation, Agreement will be signed for a contract period of one year with successful bidders. The electronic PINs will be made available to said franchisee that will be responsible for printing, selling and marketing of these calling cards in their area of operation. The ITC franchisee will be responsible for selling calling cards to existing franchisees of BSNL at the doorstep also.

#### **2.0 Intelligent Network**

The Intelligent Network (IN) of BSNL comprises of the state of the art technology switch i.e. Service Control Point (SCP) installed at five geographically distributed locations across India. BSNL has local exchanges all over India, which work as Service Switching Point (SSP) for the calls originated

from these Local Exchanges (LE). Then call is carried through tiered TAX (Trunk Automatic Exchanges) which works as Service Transfer Point (STP) for IN call. The five IN-SCP locations are:

General Purpose IN (GPIN) platform

1. Kolkatta
2. Bangalore
3. Lucknow
4. Ahemdabad

Mass Calling IN Platform

1. Hyderabad

Each of the GPIN Platform can handle 15 million IT Cards & traffic of 1.2 million BHCA. The calling cards (ITC) PINs will be made available through one of the designated general purpose IN.

### **3.0 Purpose of the EOI**

This EOI invites offers from interested eligible companies for

- (a) Printing, selling and marketing of domestic calling card (ITC) of BSNL by setting up their distribution network for printing and marketing. The bidder should be able to cater to the demand of the existing BSNL franchisees at their doorstep of the concerned circle.

The bidder shall be responsible for complete printing, selling and marketing of BSNL's Calling card (ITC) along with the supply to existing distribution channel partners.

### **4.0 Agreement period**

The agreement shall be valid for one year and extendable up to one year on mutually agreeable terms & conditions.

### **5.0 Eligibility Requirements**

- 5.1 The Bidder should be a company registered & incorporated under the Indian Companies Act, 1956.
- 5.2 The company shall have an experience of at least 2 years in telecom/FMCG/electrical goods/in the related area for marketing and selling similar service/products.
- 5.3 The company shall have a minimum turnover of Rs 5 crore for last two years. Audited Balance sheets for the last 2 years shall be enclosed as supporting document. The Turnover mentioned in this clause shall not include businesses other than IT/ Networking/ Telecom/ Content delivery/FMCG/electrical goods etc.
- 5.4 The Bidders are allowed to submit their application for any number of circles.
- 5.5 The ITC Card Franchisees should have expertise in printing, selling and marketing of calling cards.

## **6.0 Franchisee Network**

- 6.1 The ITC Card Franchisee should have their presence in all Circles where he would like to operate through their franchisee/retailers for ITC franchisee.
- 6.2 Franchisee can appoint any number of retailers for sale of ITC cards.
- 6.3 Franchisee must ensure availability of ITC card at least within each 500 meter in commercial area and within one kilometer in residential areas through their distribution channel.
- 6.4 Existing franchisee network and customer service centre of BSNL will also work as a sales outlet for all types of services offered by BSNL including ITC card. But the existing franchisee should purchase cards from one of the ITC franchisee of the concerned Circle.

## **7.0 Financial Requirement**

- 7.1 PBG of Rs. 25 lakh to be submitted before signing of the agreement. All the bidders meeting the eligibility criterion & agreeable to the terms and conditions of the EOI shall be appointed as ITC Card Franchisee.
- 7.2 The PINs will be available to ITC Franchisee by making the upfront payment for the same after deducting the commission.
- 7.3 BSNL reserves the right to seek/verify financial information from franchisees' bankers/credit provider and pursue any other source as to carry out verification.
- 7.4 ITC Card Franchisee shall deposit the aforesaid PBG of the said amount as BSNL may recommend from time to time. BSNL reserves the right to forfeit/adjust the said PBG in full or part or any sum due from the franchisee to BSNL at any time. Franchisee shall continue to be liable for balance if any. BSNL reserves the right to increase the amount of PBG at any time in its own discretion with respect to any/some/all franchisee.

## **8.0 Evaluation Criterion**

The bidders meeting the eligibility requirement and agreeable to all the terms and conditions will be allowed to operate within the Circle/circles for which they have submitted the bid.

The BSNL reserves the right to reject the application of any 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.

## **9.0 Review**

- 9.1 Quarterly review will be done of the ITC Card Franchisee for their performance.

## **10.0 Commission and Incentive**

- 10.1 The existing commission structure of ITC Cards is indicated below. The franchisee should purchase ITC card worth minimum Rs. 5 lakhs in a lot (month). The franchisee shall be given additional 3% commission towards printing, selling & marketing of ITC cards. The ITC Franchisee will extend a minimum existing

discount for franchisee as fixed by BSNL from time to time to existing franchisee. Presently existing minimum discount for franchisee is 9%.

<b>Purchase amount of ITC, excluding Service Tax</b>	<b>Commission offered</b>
Rs. 1,00,001 to 5,00,000	9%
> Rs. 5 00 000	10.5%

10.2 The ITC Card Franchisee should achieve the targets in the respective circles as per the type of Circle given below ; (List of type of Circle to be attached as Annexure)

Type of Circle	Target/Rs. Crore
A	5
B	4
C	3

### **List of Circles**

S. No.	Circle	Type	S. No.	Circle	Type
1	Andhra Pradesh	A	14	Orissa	C
2	Bihar	C	15	Punjab	B
3	Jharkhand	C	16	Rajasthan	B
4	Chennai Telecom District	A	17	Tamil Nadu	A
5	Calcutta Telecom District	B	18	Uttar Pradesh (East)	B
6	Gujarat	A	19	Uttar Pradesh (West)	B
7	Haryana	B	20	Uttaranchal	C
8	Himachal Pradesh	C	21	West Bengal	B
9	Karnataka	A	22	Andaman & Nicobar	B
10	Kerala	B	23	North East-I	C
11	Madhya Pradesh	B	24	North East –II	C
12	Chattisgarh	C	25	Assam	C
13	Maharashtra	A	26	Jammu & Kashmir	C

### **11.0 Billing and Payment**

- 11.1 The franchisee will provide the bank guarantee of Rs. 25 lakh before signing the agreement.
- 11.2 The franchisee will have to make the upfront payment for purchasing the PINs in electronic form which will be subsequently printed by franchisee and sold to the end customer/existing franchisee.
- 11.3 The franchisee will be passed on the minimum commission upfront (9%) at the time of purchase of PINs. The balance commission will be paid to the franchisee after achieving the targets. The targets will be reviewed after 6 months :

### **12.0 Office Support**

All office support related to stationery items, sales, bills, vouchers shall be the responsibility of the franchisee. However, the layout/design of the stationery and calling card will be provided by Marketing Cell of BSNL. BSNL may decide to provide computer connectivity to franchisee for on-line activity such as bill payment/settlement/ PINs etc. at its sole discretion.

BSNL shall have free access to the franchisee premises and to inspect all records, receipt vouchers, sale book or any other document related to ITC card activity.

### **13.0 Responsibilities of Franchisee**

- 13.1 The Franchisee shall work out strategies for advertising, marketing and promoting the Calling Cards/ITC to the users. Promotions shall be carried out under BSNL's brand name.
- 13.2 The Franchisee shall solely be involved in distribution of the cards. Apart from the places/ distribution points of Franchisee's choice the cards shall be made available to the users at various outlets, prominent commercial places, airports, Railway stations through retailers.
- 13.3 Franchisee shall be able to meet the targets defined by BSNL failing which minimum commission shall be paid.
- 13.4 Franchisee shall generate demand for providing services permitted by BSNL to franchisee. BSNL franchisee will target both individual and corporate customers.
- 13.5 After sales services: Franchisee shall receive, attend & rectify the complaints. All forms of complaints on phone and walk-in-complaints will be handled directly by Franchisee. Franchisee shall redress all possible complaints on the spot and forward the remaining to call center for further disposal.
- 13.6 The payment of commission to existing franchisee shall be the responsibility of ITC franchisee, for which BSNL will not have any responsibility. The existing franchisee should be extended the commission at the time of purchase of ITC card by ITC franchisee.

### **14.0 Responsibilities of BSNL**

- 14.1 BSNL shall be responsible for Operation, Maintenance, Provisioning, billing etc of the Intelligent Network.
- 14.2 BSNL shall provide to the Franchisee the PINs electronically for BSNL defined denominations.
- 14.3 BSNL shall be responsible for Dimensioning/ up-gradation of IN as per requirement.
- 14.4 Selection of Franchisee.
- 14.5 Getting MIS from franchisees and other sale points.
- 14.6 Co-ordination of activation of telecom services.
- 14.7 Operation of various telecom services.
- 14.8 Tech. Support to Franchisees/sub-Franchisees.
- 14.9 Distribution of Mktg. material to Franchisees.
- 14.10 Marketing Research on periodic basis.
- 14.11 Co-ordination of training of Franchisee.
- 14.12 Defining geographical areas of operation of franchisee.

- 14.13 Fixing commission to marketing agents/STD-PCOs working directly under BSNL.
- 14.14 Media publicity may include name of franchisee.

## **15.0 Branding**

The card will be solely branded as BSNL calling cards. The design (in terms of colour, logos etc.) will be provided by BSNL Marketing Cell for this purpose to the Franchisee. The cards will be sold under the BSNL brand name only.

## **16.0 General Terms and Conditions:**

### ***Commercial Terms & Conditions:***

- (i) The company reserves the right to change the terms of trade from time to time with notice period of 30 days.
- (ii) The company reserves the right to withhold or delay the commission for the ITC Franchisees in case of any pending disputes in matters relating to activations or cancellations.
- (iii) In case of dispute arising between the ITC Franchisee and BSNL, the same shall be adjudicated by the CGM or any official appointed by the CGM in concerned Circle.
- (iv) The company's decision will be final on all matters relating to the business and will be binding on the ITC Franchisee.
- (v) It will be the Company's endeavor to make the payment to the ITC Franchisees as per the schedule. However this may stretch beyond the scheduled time only in case of delays in getting claims from the ITC Franchisees or in case of incorrect claims.
- (vi) The payment to the ITC Franchisees will be made through a cheque after deducting applicable taxes. Payment of all the taxed like octroi will be the responsibility of the franchisee.
- (vii) All ITC Card Franchisees will coordinate various activities with GM(Marketing),Circle.
- (viii) All taxes present & Future additional, taxes /Lesses/ duties etc thus may be levied by the govt/Local authorities etc. will be to the franchisee a/c.
- (ix) 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.
- (x) The franchisee has to fully cooperate with BSNL to investigate any complaint from the public.
- (xi) ITC 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.
- (xii) The ITC 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.
- (xiii) BSNL shall not be liable for any act of commission or omission of any third party.
  - (xiv) That during the currency of agreement with franchisee, ITC franchisee will not be permitted to provide services to any other service provide.
  - (xv) That franchisee should have to pay minimum guarantee revenue as prescribed by BSNL from time to time.
  - (xvi) 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.
  - (xvii) The same shall be adjustable by the CGM or official appointed by CGM.
  - (xviii) 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.
  - (xix) If any proof is found, suggesting involvement of Franchisee/Sub Franchisee, a committee of 3 officers as below will decide and propose cancellation of Franchisee license. The committee may be as below:
    - a) GM (Mktg), Circle Office
    - b) GM (BD), Circle office
    - c) IFA
  - (xx) Franchisee will submit list of material received, sold and available with him and all his sub-franchisees on 3rd day of every month. 10% of such reports may be personally verified by SSA Head.

## **17.0 EOI submission**

The bid may be submitted upto 1<sup>st</sup> September 2006 at following address:

**ADG (Business Development)**  
**BHARAT SANCHAR NIGAM LIMITED**  
**Room No 908,**  
**Statesman House, Barakhamba Road,**  
**New Delhi-110 001**

**Tel: 011-23734036**  
**Fax 011- 23734012**

## **18.0 CLARIFICATION OF EOI DOCUMENTS**

The bidders may seek clarifications regarding the EOI Documents, from purchaser, within one weeks of issue of EOI. BSNL shall respond in writing to any request for the clarifications within four weeks of issue of EOI.

## **18.1 PROCEDURE FOR SUBMISSION OF EOI**

- 18.2 The application for Expression of Interest must be submitted in sealed envelopes, super scribed "Expression of Interest for Calling Card/ITC" and addressed to the contact person indicated in this EOI.
- 18.3 The EOI should be submitted in person. Outstation applicants can send their application of EOI by Registered Post/Speed post.
- 18.4 The prescribed document as per eligibility criterion should be submitted by bidder.
- 18.5 The franchisee should provide the information regarding commission, presence of company in different cities/towns along with the address, number of employees/sales force, experience, etc.

**Annexure 1 – Format of Certificate regarding close relatives working in DOT/BSNL/ MTNL**

**Annexure 2 – Format of Non Disclosure Agreement**

**FORMAT OF THE NON-DISCLOSURE UNDERTAKING**

(To be submitted duly notarized on non-judicial stamp paper of Rs. 50/-)

M/s \_\_\_\_\_, a company registered under the Companies Act 1956, having its registered office at \_\_\_\_\_ acting through Shri \_\_\_\_\_, the Authorized signatory ( which expression shall, unless repugnant to the context, include its successors in business, administrators, liquidators and assigns or legal representatives) hereby declare and undertake that we will not divulge any part of this agreement either through oral or written communication or through any mode to any one.

We further undertake and declare that we shall be responsible for safe custody of the Papers/ documents including the Franchise Agreement proposed to be entered into between M/s BHARAT SANCHAR NIGAM LIMITED and ourselves. We shall take all necessary steps to safeguard the privacy and confidentiality of the Franchise Agreement and shall use our best endeavors to secure that no person acting on our behalf or ourselves divulge or disclose or use any part of the Franchise Agreement without the written consent of M/s BHARAT SANCHAR NIGAM LIMITED.

We further declare and undertake that if we do not agree to sign the above Agreement, we shall return back the copy of the Agreement (in original) back to Sr DDG (New Services) acting on behalf of M/s BHARAT SANCHAR NIGAM LIMITED within one month without preserving any copy of the same.

We further declare and undertake to indemnify M/s BHARAT SANCHAR NIGAM LIMITED for any loss or damage(s) caused to it by virtue of inadvertent or willful default in compliance to the aforesaid conditions.

Signed on behalf of M/s \_\_\_\_\_ by Mr. \_\_\_\_\_  
(Name and Designation) authorized signatory