

O/o Chief General Manager (BW),

BSNL Corporate Office,  
 Telegraph Office Building,  
 Kashmere Gate, Delhi - 110006  
 011-23865254,  011-23865284



भारत संचार निगम लिमिटेड

(भारत सरकार का उपक्रम)

BHARAT SANCHAR NIGAM LIMITED

(A Govt. of India Enterprise)

BSNLCO-W/QA/12(17)/2/2020-BW-Part (2)

Dated: 13 .01.2022

**OFFICE MEMORANDUM**Subject: **Guidelines for execution of BTCL works**

The Guidelines for execution of various works under BTCL has been approved by the competent authority and same enclosed herewith for compliance and further necessary action.

This is issued with the approval of competent authority.

Encl: As above

*A Khare*  
 (A C Khare) 13/01/2022

Jt.GM (BW)

(011- 23860031)

Copy for to :

- (1) The CMD BSNL for information please.
- (2) The Director(CM) for information please.
- (3) The Director(HR) for information please.
- (4) The Director(F) for information please.
- (5) The Director(CFA) for information please.
- (6) The Director(EB) for information please.
- (7) The CGM (Arch) for information please.
- (8) The CGM (EW) for information please.
- (9) The PGM (Infra) for information please.
- (10) The GM (F-CM) for information please
- (11) All CGM BSNL Telecom Territorial Circles for information please.
- (12) All the Sr. CE(C)/CE(C) for necessary action please.

## 1.0 INTRODUCTION

1.1 BSNL CO letter no BSNL/SECTT/2018/Vol-II dated 1.10.2020 vide which management has issued guidelines for activities to be carried on by the BTCL. Therein:

1.1.1 It is mandated that for the non telecom projects where telecom component is small, all activities may be carried on through the subsidiary company BSNL tower corporation Ltd.(BTCL).

1.1.2 Management has identified six activities at present, out of which one of them pertains to Civil Works viz, Execution of external works as Project Management Consultant for clients State Governments, Public Sector Banks, Autonomous bodies, etc.

1.1.3 Identify the existing manpower of BSNL occupied in aforesaid non-telecom activities, which will be carried through BTCL, their role and responsibilities be accordingly modified/ reframed.

1.1.4 The existing BSNL officers/officials devoting their time for such activities shall continue to do so on behalf of BTCL and BSNL needs to raise invoices for supply of manpower services at Arms Length Price (ALP) to BTCL on monthly basis along with applicable GST and the same will be paid by BTCL. Alternatively, BSNL can send required number of BSNL employees to BTCL on deputation basis wherein they will work under the roll of BTCL and their salaries will be prepared and paid by BTCL only. Further, in case BSNL provides any services to BTCL and vice versa that will be on the basis of Arms Length Price (ALP).

## 2.0 OBJECTIVE

2.1 The non Telecom activities are to be executed through BTCL. This will enable focused attention to the Telecom activities of BSNL as well as BTCL becomes commercially operational.

2.2 The execution of non-Telecom projects and projects where Telecom component is small will also help BSNL to reduce its license fee liability on the activities which do not require Telecom license for execution. In all such cases where Telecom activity is part of the project, BSNL shall issue invoice to BTCL for licensed Telecom services at Arms Length Principle.

## 3.0 OBJECT CLAUSE -CIVIL / Electrical Works Scope

3.1 As per part III(A) 3 & part III (A) 4 of Memorandum of Association of BTCL:

3.1.1 Para III(A)3 - To carry on the business of study and evaluation of all set ups, process, techniques and methods for setting up of all types of

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Infrastructure and Telecommunication Projects, facilities or works and to install, erect, lay down, commission, establish, own operate, manage, control and administer, lease, transfer all Infrastructure and Telecommunication Projects including dark fiber, duct space, towers, switches and other related ancillary infrastructure services and to carry on the business of building, establishing, setting-up, acquiring, developing, managing, providing, operating and/or maintaining, fully or partially, infrastructure facilities of all description including, without limitation, relating to power, water supply, inland water ways, air-ports, telecommunications, roads, pipelines of all kinds and usages and other infrastructure facilities and/or to provide services for setting up of such infrastructure facilities and for the above purposes to carry on the business of engineers and general or special contractors for design, construction, manufacture, erection, maintenance, alteration, restoration work of all types and descriptions in India and overseas, as contractors or subcontractors for the whole or part of such works including water works, oil wells, tramways, dams, bridges, underground railways, cable cars, docks, wharves, jetties, power generation and/or distribution, factories, mills, drainage and sewage works, roads, airfields, airstrips, airports, helipads, cable lines, power transmission towers, towers and networking of all types, wagons shelters and vessels of every description for use on or under the land, water and air and buildings and structures of all types and descriptions and for the purpose to acquire any lands, buildings, tenements, premises, equipments, spares/parts of all kinds, description, design, configuration and in connection therewith to provide any consultancy, project management services, hardware or software implementation, customization, certification, inspection, resource pool management in relation to all kinds of infrastructure services inter-alia including but not limited to telecom, cellular services, basic telecom services, IT enabling services, industrial purpose and other infrastructure industries and in connection therewith to acquire, sell, dispose of, lease, hire goods/services of any nature/description.

3.1.2 Para III(A)4 -To enter into any arrangements with any Government authorities, municipal, local or otherwise or any persons or company that may deem conducive to the objects of the company or any of them and to obtain from any such Government, authority, person or company any rights, privileges, charters, contracts, finance, licenses and concessions including in particular rights in respect of railway, waterways, roads and highways, which the company may think fit desirable and carry out, exercise and comply therewith.

#### 4.0 CIVIL WORKS OBJECTIVE

4.1 The primary objective of execution of External works is to generate revenue for BSNL. All the External works are got executed through funds of Client received in advance. Under no circumstances BSNL/BTCL money will be used in execution of external works.

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4.2 BSNL Civil Wing field units have been procuring External works. Third party quality assurance agency of Central/State Govt/PSU/Autonomous bodies/Banks and Govt institutions etc on Nomination basis (as per CPWD guidelines) or through participating in Competitive bidding. While quoting work experience, financial turnover of previous financial years in the bids of client department the work experience, financial turnover of BSNL for external work shall be considered by client department.

All BSNL enlisted contractors will be considered enlisted in BTCL ipso facto.

4.3 The External works are executed as:

4.3.1 PMC works (inviting tenders on behalf of the client) and payments are made by BTCL. In this case BTCL is acting as Principal to Principal (P2P) basis with potential customers (External Agencies) and accordingly whole consideration including PMC to be received from potential customers will be booked as revenue in the books and accounts of BTCL. Following points needs to be incorporated at the time of entering into MOU /Agreement between BTCL and potential customers (External Agencies) to make it tax compliant:

4.3.1.1. Invoices will be in the name of BTCL.

4.3.1.2. BTCL will be liable to make all the tax compliances on its own PAN,TAN, GSTIN,GST TAN etc.

4.3.2 PMC works (inviting tenders on behalf of the client) and payments are made by Client directly to Agency and BTCL gets its commission. In this case, BTCL is acting as Execution Agency and accordingly the relationship between BTCL and potential customers (External Agencies) will be Principal to Agent (P2A) basis and only PMC or Commission to be received from potential customers will be booked as revenue in the books and accounts of BTCL. Accordingly, following points needs to be incorporated at the time of entering into MOU /Agreement between BTCL and potential customers (External Agencies) to make it tax compliant:

4.3.2.1. Clearly mentions that BSNL will work as pure agent on behalf of Principal i.e. Potential Customers (External Agency)

4.3.2.2. Tender needs to be called by BTCL on behalf of Principal i.e. Potential Customers(External Agency)

4.3.2.3. Invoices will be issued by third parties (prospective vendors) in the name of Potential Customers (External Agency) will be used for Tax compliances. Accordingly, BTCL cannot receive invoices from third parties in its own name.

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4.3.2.4. BTCL cannot generate revenue from the use of asset so created.

4.3.2.5. BTCL shall be reimbursed actual expenditure incurred in addition to project management commission (PMC).

4.3.2.6. Invoices by third parties (prospective vendors) is to be in the name of Principal i.e. Potential Customers (External Agency)

4.3.2.7. PAN, TAN, GSTIN, GST TAN etc. of Principal i.e. Potential Customers (External Agency) will be used for Tax compliances.

4.3.2.8. Payment to third parties (prospective vendors) will be made by BTCL only upon authorization of Principal i.e. Potential Customers (External Agency).

4.3.2.9. BTCL can raise invoices in respect of PMC/commission portion only along with applicable GST and also comply GST law.

4.3.3 Third party consultant wherein payments are made by Client directly to Agency and BTCL gets its commission. Accordingly, following points needs to be incorporated at the time of entering into MOU /Agreement between BTCL and potential customers (External Agencies) to make it tax compliant:

4.3.3.1. Clearly mentions that BSNL will work as pure agent on behalf of Principal i.e. Potential Customers (External Agency)

4.3.3.2. Invoices will be issued by third parties (prospective vendors) in the name of Potential Customers (External Agency) will be used for Tax compliances. Accordingly, BTCL cannot receive invoices from third parties in its own name.

4.3.3.3. BTCL cannot generate revenue from the use of asset so created.

4.3.3.4. BTCL shall be reimbursed actual expenditure incurred incidental to consultancy services, if any, in addition to commission.

4.3.3.5. Invoices by third parties ( prospective vendors) is to be issued in the name of Principal i.e. Potential Customers(External Agency) Payment to third parties (prospective vendors) will be made by Principal i.e. Potential Customers (External Agency).

4.3.3.6. BTCL can raise invoices in respect of commission portion only along with applicable GST and also comply GST law incorporated.

4.3.4 Regarding GST:

  
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4.3.4.1. All GST related compliances to be made by States/UTs for which GST registrations have been obtained/ in the process of obtaining. However, considering low volume of business transactions the discharge of GST liability by way of payment through challan would be made centrally from the Operation Account maintained at Corporate Office. States to intimate GSTR 3B details to Corporate Office for the same.

4.3.4.2. For day to day activities like receiving advance, raising of GST compliant invoice, filing of GST returns etc. existing instructions issued for BSNL will also be applicable for BTCL.

4.3.4.3. TDS, TCS deductions under Income Tax Act are to be done in the BTCL Circles. However, payments of tax and filing of TDS/TCS returns would be made centrally at Corporate Office. BTCL Tax Registration Details are as under:

PAN : **AAICB6702D**

TAN : **DELB21450C.**

4.3.4.4. Tax Audit, if required and Income Tax returns of BTCL Circles will be filed centrally at Corporate Office.

4.3.4.5. All statutory compliances in respect local taxes, State taxes, if any, will be made by the BTCL Circles.

4.3.4.6. The above practice will be followed till any further orders are issued in this regard. A separate BTCL HQ Collection Account has been opened in Bank of Maharashtra (Current account no 60378272456) in which advanced received from Client department shall be got deposited.

4.3.5 **Legal Implication:** To avoid Legal implication following shall be strictly followed:

4.3.5.1 "The client / \_\_\_\_\_ agrees to be responsible for ensuring the compliance of Labour Laws both Central and State especially, but not limited to Employees State Insurance Act, 1948 and Workmen's Compensation Act, 1923, Employees Provident Funds & Miscellaneous Provisions Act 1952, Payment of Wages Act 1936, Minimum Wages Act, 1938, Contract Labour (Regulations and Abolition) Act, 1970, any other applicable law (as applicable from time to time) and further shall be solely responsible for any cost and consequences on account of any breach and / or non-compliance of any other provisions of Labour Laws and shall indemnify BTCL against any claim / cost / remedies and penalties in respect of breach of any of the provisions of Laws in force."

4.3.5.2. **Compliance of Laws:** BTCL and M/s\_\_\_\_\_ shall perform their duties in strict compliance with respective laws of land along with rules and regulations of duly constituted Govt. authorities and shall obtain all

  
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licenses, restrictions or other approval, if any, required by respective laws of land in connection with the services to be rendered hereunder.

4.3.5.3. **General Exit:** BTCL reserves the right to suspend the operation of this agreement, at any time, due to change in its own license conditions or upon directions from the competent government authorities. In such a situation, buyer shall not be responsible for any damage or loss caused or arisen out of aforesaid action. Further, the suspension of the agreement will not be a cause or ground for extension of the period of the agreement and suspension period will be taken as period spent.

4.3.5.4. **Definitive agreement:** Whenever need for discharge of responsibilities of each party under this MOU and/or when specific obligation for any financial commitments arises under this MOU, a separate definitive agreement may be executed between the parties defining the final obligations, terms & conditions of the agreement, by mutual consent of the parties.

## 5.0 METHODOLOGY

5.1 Work can be procured from clients either on nomination or through competitive bidding. In case work is allotted/awarded/offered to BTCL on nomination basis by Client department, on full departmental charges as per CPWD, then a brief proposal mentioning name of work, cost of work, time period, PMC Charges, terms and condition etc salient features should be send to BTCL HQ for information. No prior approval is needed.

5.2 External projects are being executed by the existing manpower as an additional works which is besides the internal workload of the BSNL. As per management letter dated 01.10.2020, Circles have been directed to identify the manpower of BSNL occupied in non-telecom activities and their salaries and expenses shall be charged to BTCL proportionately.

5.3 Keeping in view the need of Civil/Electrical works around the country:

5.3.1 All the Civil/Electrical Engineers in BSNL should also be mandated to carry out External works of BTCL.

5.3.2 Circles should ensure that executives executing the works of BTCL, should charge their salaries & expenses to BTCL proportionately.

5.4 In BSNL, financial power have been delegated to Civil Wing Officers for procurement and execution of External works [letter no 7-11/EF/2009 dated 13.06.2011, 7-2/204-W(T) dated 19.10.2015 etc. Above powers as well those revised by BSNL in future, shall also be applicable under BTCL.

5.5 In Civil wing, BSNL management has approved the adaptation of extant CPWD works manual, specifications etc for execution of External Works.

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5.6 External works shall be procured as per the guidelines mentioned in Annexure-5 of Standard Operating Procedures to CPWD works manual 2019 and delegation of financial powers of BSNL.

5.7 The PMC rates are calculated on the basis of clause 3.1.1.4 and Annexure 5 of CPWD works manual The external works are got executed through outsourcing from vendors.

5.8 Before execution, a detailed Project viability report (PVR) is prepared to ascertain the profitability of the project in the pro forma enclosed. If client deptt is offering work at:

5.8.1 Full PMC rate as per Annexure 5 of CPWD Works manual with terms of M.O.U as per annexure 13, then there is no need to send Project Viability report along with the proposal.

5.8.2 Less than full rates then PVR shall also be prepared and sent along with the proposal as per letter no 7-2/2009-W(T)/378 dated 17.11.2011 for seeking approval. PVR shall be prepared carefully and shall consider all possible cost/expense to the company versus likely income in executing the work and shall explicitly mention how much the project is viable.

5.9 Consequent to approval of the project, PE/PE Cum DE/estimate shall be submitted to the client. CE(C/E) is nominated as Nodal Officer / CPM of external project as per major component of the project. Other wing SE(E)/SE(C) and Senior Architect shall form the concerned project work team responsible for execution of concerned work. This project team shall assist CE of major component to ensure project is completed as per agreed timeline and cost.

5.10 Terms & conditions as per Annexure-13 of Standard Operating Procedures to CPWD works manual 2019 before undertaking the works be got approved from the Client department. If agreed by Client, a MOU may be signed by both Client and BTCL. In case of any deviation, the same shall be sent to the BTCL along with self contained business proposal for approval. The broad terms of annexure 13 of Standard Operating Procedures to CPWD works manual 2019 are as under:

5.10.1 The detailed estimate of proposed works shall be framed by BTCL including departmental charges and shall be submitted to client deptt. The client deptt shall accord AA&ES along with 33<sup>1</sup>/<sub>3</sub>% as advance on cost of project value before calling tender as per guidelines laid in Annexure 5 of CPWD works manual 2019. In case client department expresses inability to deposit 33<sup>1</sup>/<sub>3</sub>% as an advance, and undertakes to deposit the balance amount, then work should be carried out to the extent advance available with BTCL. It should be ensured that Client department advance is available at all times.

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5.10.2 No interest will be paid by BTCL to the client department for such deposits.

5.10.3 The client department should hand over vacant possession of land/site to BTCL. BTCL may, if so required, take responsibility for demolition/disposal of existing buildings/ structures.

5.10.4 BTCL does not bind itself to complete the work within the estimated cost. If additional funds are required, the same will have to be provided by the client department. Necessary revised estimate will be submitted as and when required.

5.10.5 Any dispute arising out of the operation of the contract(s) for the subject work will be defended by BTCL on behalf of clients subject to arbitration as provided for in the contract agreement. BTCL will defend the arbitration proceedings as best as it can and get the Arbitrator's award examined by the appropriate authority. The decision of the competent authority in BTCL to accept the award or to challenge the same in a Court of Law will be binding on the client department.

5.10.6 Funds for making payment of all amounts which may be decreed by a Court of Law, Tribunal or by award of an Arbitrator in relation to the deposit work will be made available by the client department promptly irrespective of it not being a party before the Court, Tribunal or Arbitrator. Such payments will be in addition to the payments made to the contractors for execution of work.

5.10.7 After receipt of A/A & E/S from the client department, the BTCL will prepare and submit various detailed architectural drawings and service plans to Local Bodies whose approvals are required before taking up the construction work. These Local bodies are independent organizations and BTCL has not control over them. These Local Bodies take their own time for approving the Plans. The time required to get such approvals is not included in the time of construction indicated in the estimate. Although BTCL will make all out efforts to get such approvals early, it may be necessary for the client department also to pursue with Local Bodies for early approval.

5.10.8 The BTCL has no funds of its own for investing in the work. The client department should, therefore, ensure that adequate funds are available with BTCL for executing the work. In case the client department fails to provide funds as per requirements, it may be necessary for BTCL to suspend/ abandon the work. In such eventuality, the client department shall be solely responsible for all the consequences arising out of such stoppage/abandonment of work including claims of contractors for compensation/ damages.

  
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5.10.9 The client department will help BTCL in - (a) providing site for labour huts for the contractor's labour free of cost, (b) providing free access to contractor's materials and labour to the site of work, (c) providing electricity connection for execution of work on payment of usual charges, and (d) sanction and release of load from the concerned Electricity Board/Authority.

5.10.10 BTCL may at its discretion allow the clients to deposit the funds in installment. In such cases 33<sup>1</sup>/<sub>3</sub>% of the estimated cost should be deposited as advance. Thereafter, expenditure incurred should be reimbursed in full through monthly bills. The initial deposit of 33<sup>1</sup>/<sub>3</sub>% would be retained for adjustment against the last portion of the estimated expenditure.

5.10.11 In cases where funds are deposited in installments, BTCL will not be responsible for any delay, damage, stoppage of work, claims of contractors for compensation/damages etc. due to non receipt of funds in time.

## 6.0 BILLING

6.1 The bill of contractors shall be processed in BTCL as per guidelines of BSNL and CPWD manual. For the period:

6.1.1 prior to moving to SAP, preparation / checking/ passing of bills shall strictly be done as per BSNL/CPWD manual. EE(C) shall be final authority to pass contractor bill after due scrutiny by AO in o/o CE(C) or as directed by IFA to CGMT. Scanned copy of Bill pro forma shall be sent to concerned nodal section in BTCL CO for record and audit.

6.1.2 After moving to SAP, The SAP process of BTCL for Civil works shall be in line with BSNL. However some more facilities may be provided e.g. to get Contractor ledger, payment status of vendor, payment of secured advance in running bill etc.

6.2 The advance received from Client department shall be got deposited in BTCL HQ COLLECTION Account with details as under:

Name of the Account BTCL HQ COLLECTION ACCOUNT

Current Account no 60378272456

Name of Bank Bank of Maharashtra

Name of Branch Connaught Place Branch

IFSC MAHB0000343

Swift MAHBINBBCPN

PAN ACCB0774B

GST 07AACCB0774B1Z6

6.3 On receipt of advance funds from client, Circles shall submit ATC pro forma to respective nodal branch in BSNL CO as per the existing external works BSNL procedure, and R&P section shall check the details of the circle and on confirmation shall configure the fund to respective circle.

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6.4 On preparation/passing of bill(offline and removal of block in online mode) cash drawl shall be sought as per the existing external works BSNL procedure, duly signed by IFA to CE(C), IFA to CGMT & CE(C) sent to R&P section in BSNL CO. R&P section shall process the cash drawl and payment shall be made to Vendor/contractor by BTCL. Voucher/CMB and other records related to bill to be kept in C.A.U in O/o CE(C) and with EE[C].

## 7.0 REPORT

7.1 The Concerned CE(C)/CE(E) shall submit Monthly/Quarterly reports to the respective nodal branch in BSNLCO.

## 8.0 COMPLETION

8.1 The Concerned CE(C)/CE(E) shall submit Completion report showing salient features of the project including PMC fee earned by BTCL, expenditure booked, etc to the respective nodal branch in BSNL CO.

  
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