

COMPREHENSIVE RENTING-OUT POLICY

(CROP-2020)

**FOR RENTING OUT OF SPAREABLE BUILDING SPACE
INCLUDING RESIDENTIAL ACCOMMODATION AND OTHER
BUILT-UP FACILITIES IN BSNL**

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1. INTRODUCTION

- 1.1. This policy shall be called the “Comprehensive Renting-Out Policy for renting-out of spareable building space including residential accommodation and other built-up facilities in BSNL (‘CROP-2020’ in short).
- 1.2. BSNL owns more than 15,000 lands parcels all over the country having various types of buildings viz administrative office buildings, technical buildings, staff quarters, training centres etc. As a result of continually decreasing employee strength and miniaturization of electronic equipment, vacant/sub-optimally used space is available in these buildings. It is felt desirable to rent/lease out the available vacant built up space with the following purpose in mind-
 - a) To maximize revenue from rent.
 - b) To maintain the building assets of BSNL in view of the fact that vacant buildings are likely to deteriorate much faster as compared to occupied buildings. Further, vacant buildings without any purposeful utilization are a continuous source of expenditure on BSNL.
- 1.3. With the above purposes in mind, BSNL shall identify and carve out vacant space in all its buildings and rent out the same as per the methodology brought out in this policy.
- 1.4. This policy replaces the following earlier policies of Building Works (BW) and Staff Relation (SR) Cell issued from time to time –
 - a) BW Cell Policy/Methodology for renting-out spare/vacant space in BSNL buildings, issued vide no. 501-12/2012-BT dated 17.07.2012 and subsequently modified vide amendments dated 29.05.2013, 17.09.2014, 13.10.2014, 14.01.2015, 11.01.2016, 12.06.2018 and 14.06.2019.
 - b) BW Cell Policy for Installation of ATMs in BSNL premises issued vide no. 482-16/2006-BG dated 23.04.2014.
 - c) BW Cell Policies for utilization of vacant staff quarters issued vide circulars dated 01.09.2011, 10.07.2013, 06.08.2015 and ‘AMRUT’ policy issued on 06.04.2016.
 - d) SR Cell policy for retention of staff quarters beyond the normal permissible period issued vide circular dated 31.10.2011 and BW Cell policy for retention of BSNL residential quarters by BSNL/DoT employee working on Deputation in BSNL issued vide no. BSNL/4/BW/2019 dated 16.09.2019.
- 1.5. **Interpretation:** If any question arises as to the interpretation of any of the provisions of this policy, it shall be referred to the Director (HR), BSNL Board, whose decision thereon shall be final.
- 1.6. **Relaxation:** The CMD BSNL may dispense with or relax the requirements of any of provisions of the policy to such extent and subject to such conditions, as deemed fit in the interest of BSNL. If the policy is silent on any particular point and it is necessary to supplement the provisions under the policy, BW Cell shall issue executive instructions with the approval of CMD BSNL as and when required under this policy.
- 1.7. **Maximum lease period:** The Article 144(3) of the Articles of Association of BSNL requires prior approval of the President to lease/rent spare-able capacity of buildings exceeding ten years period or extension thereof. Therefore, spare-able capacity of buildings shall be rented out for a maximum period of ten years as per delegated power under this policy. The cases where lease period is more than ten years or extension of lease period beyond ten years is required, shall be submitted to BSNL Corporate Office for taking prior approval of the President.

1.8. Review – The policy may be reviewed after every two years by the Management based on the experience and feedback from the field units to see that it is appropriate with the changing requirements.

2. BUILT-UP SPACES THAT CAN BE RENTED OUT:

- 2.1.** This policy shall be applicable for renting-out of spare built-up spaces in all types of BSNL buildings viz. Office buildings, Technical buildings, Staff quarters, Training Centres, Hostels, Community Centres, Clubs etc.
- 2.2.** The lands & buildings for which Presidential directives have been issued for their retention with DoT shall not be covered under this policy, till further clarification.
- 2.3.** While deciding vacant space in buildings, the existing/proposed DoT offices and residential accommodation occupied by the TERM cells/ CCA offices shall not be dislocated, unless agreed to by DoT.
- 2.4. Short-term and Part-time renting:** Short-term renting (i.e. renting for a period between half-day to 11 months) and Part-time renting (i.e. renting for particular hours on multiple days) is also allowed in following cases-
- a) Short-term renting is allowed for the hostel rooms in training centres to the students through their academic / educational institutions.
 - b) The vendors, franchisees and other service providers of BSNL can also be allowed to rent space for their office and/or operations under short-term renting, only during the validity of their contract/agreement. It may however be ensured that sufficient security deposit/performance guarantee etc. of such tenants are available to safeguard BSNL's interest.
 - c) Short-term or Part-time renting of Conference Halls, Classrooms, Auditoriums, Parking ground, Built-up ground appurtenant to buildings, Community Centres, Playgrounds, Clubs etc. is allowed for organizing Corporate functions, Academic events, Social functions, Marriage ceremonies, Sports events etc.

BSNL buildings/facilities shall not be given on rent for duration of less than 4 hours. For any use of the space for less than 4 hours, rent for 4 hours shall be charged. The permissible class of tenants for short-term and part-time renting shall be as per section 3.5 of this policy.

- 2.5. Vacant Staff Quarters** – The spare/vacant staff quarters can also be leased out for the use of office purpose but only to Public Organisations as defined in section 3.1(a). The staff quarters can also be leased out to Educational Institutions for use as Students Hostels/facilities. It shall however be ensured that there are sufficient safeguards to cause minimum inconvenience to allottees of other quarters and that the rates for electricity, water, taxes etc. are consistent with the proposed use of quarters and all financial interest of BSNL are protected. Moreover, special provisions for renting of spare/vacant staff quarters to eligible individuals are given in section-9 of this policy.
- 2.6.** In all cases of renting, necessary safeguards shall be taken to ensure the safety, security & smooth working of the BSNL offices, avoidance of inconvenience to the public / residents and adherence to local bye-laws etc., besides taking care of financial interests of BSNL.

3. PERMISSIBLE CLASSES OF TENANTS:

- 3.1.** In order to ensure that BSNL premises are leased out only to the tenants having good reputation and sound financial standing and there is no problem later on relating to realization of rent or vacation of the building, the buildings shall be rented out only to the following classes of organizations:
- a) Public Organizations, which, for the purpose of renting, shall mean –
 - (i) Central/ State Government offices
 - (ii) Central/ State PSUs and their subsidiaries/ joint ventures.
 - (iii) Autonomous bodies/ Boards/ Councils/ Commissions/ Statutory bodies/ Regulatory bodies etc. running with the budgetary support of Government or controlled by the Government or set-up by a Government Act/Executive order.
 - (iv) Constitutional bodies, Judicial & Quasi-Judicial bodies and Organisations set up by an Act of Parliament.
 - b) Scheduled Banks, both Governments owned as well as Private, except the Co-operative Banks.
 - c) International bodies, and
 - d) Reputed Private Organisations with annual turnover of not less than Rs. 25 Crores in Delhi / Mumbai / Chennai / Kolkata, Rs.10 Crores in other State/UT Capitals and Rs. 5 Crores in other cities and towns. The Heads of the Circle are empowered to relax the provision of minimum turnover amount by upto 20% for recorded reasons. However, any such relaxation in turnover shall be subject to deposit of 12 months rent equivalent as Performance Guarantee in advance (in addition to the usual security deposit).
- 3.2.** It should be ensured that the leasing of the property is not prejudicial to the interest of BSNL. Notwithstanding the eligibility criteria, the BSNL shall have the right to refuse leasing of property to any client even if otherwise eligible.
- 3.3.** The vacant spaces shall not be rented out to other Telecom Service Providers for their telecom operations, being competitors of BSNL.
- 3.4.** The proposal for renting-out space to International Bodies shall be considered on case to case basis by BSNL Corporate Office. Therefore, all cases related to renting-out vacant space to International Bodies shall be submitted by CGMs to BSNL Corporate Office for approval.
- 3.5.** For short-term or part-time renting (referred in section 2.4), the CGMs are empowered to decide the eligibility criteria for the permitted class of tenants/clients. The rent in such cases shall be recommended by FRAC based on type of event, current market trend in the vicinity for similar facility, the utilities on offer and the physical condition of the facility. The working and retired employees of BSNL/DoT may be given a rebate of 25% on the rental rates for the use of facilities described in section 2.4(c) for self and family only. The payment in such cases shall be made by the concerned employee through cheque or electronic means only. The definition of family shall be as provided in section 9.1.
- 3.6.** The Eligibility of individuals for leasing of Staff Quarters shall be as per section 9.2 and 9.3.

4. DELEGATION OF FINANCIAL POWERS:

4.1. The financial powers to approve the cases of renting-out vacant built up space at various levels in Circles shall be as follows –

- a) SSA/BA Head – Rent amount up to Rs 2 lakhs per month per case.
- b) Circle Head – Rent amount up to Rs 10 lakhs per month per case.

Provided that –

- (i) The rent offer is equal or more than the Fair Rent; and
- (ii) Approval of the Corporate office as per section 3.4 is obtained before renting out space to International Bodies.

4.2. The CGM can also approve rent below the Fair Rent, but the reasons for acceptance must be recorded by the CGM while accepting the case. Such cases be sent to BSNL Corporate office for information.

4.3. The financial powers at Corporate Office level, to approve the cases of renting-out vacant built up space, shall be as follows –

- a) CGM (BW) – Rent amount up to Rs.20 lakhs per month per case.
- b) Dir(HR) – Rent amount up to Rs.40 lakhs per month per case
- c) CMD – Full powers

4.4. For the purpose of application of the above delegated financial powers, the term ‘Rent amount’ is exclusive of applicable taxes and operation & maintenance charges.

4.5. **Expenditure on rented space:** In order to make the vacant space rentable/livable, the CGMs are empowered –

- a) to incur the expenditure upto three months rental revenue to renovate the building / open space provided that lease period is not less than 2 (two) years.
- b) to incur the expenditure more than three month rental with the condition that the tenant organization shall provide the interest free advance and this expenditure shall be adjusted from the monthly rental (in no case more than 50% of monthly rental shall be adjusted). Suitable penalty clause may be inserted in lease agreement in the interest of BSNL that if the tenant vacates the premise before the recovery of the expenditure, the balance amount shall be forfeited and shall not be refunded in any case. Such expenditure by BSNL shall be done with the condition that expenditure is accounted in the calculation of rent by FRAC by considering the case as business case.

Any expenditure under (a) & (b) shall be incurred only after executing the lease agreement (except for short-term or part-time renting).

- c) Further, in case of Short-term/Part-time renting (as per section 2.4), the expenditure (to make the facility rentable) may be incurred by CGMs considering it to be a profitable business case for BSNL presuming the annual revenue potential from the facility. However, such expenditure shall not exceed three months revenue of expected annual revenue from the facility.

4.6. **Permitting rent-free period after leasing:** As an alternative to provision under Para 4.5(a) above, in case of spaces/buildings which are uninhabitable in their present condition, the CGMs are empowered to permit ‘rent-free period’ of up to six months (in tranches in three years) to the tenant for undertaking repair/renovation works at his own cost, subject to following conditions-

- a) The premises shall be handed over in present condition only, after signing of lease deed and submission of Security Deposit. All repairs/renovation works to make the space/building habitable have to be undertaken by tenant at his own cost.
- b) The rent-free period shall be @ 2 months per year of lease period subject to maximum 6 months,i.e.
 - (i) For initial lease period of 1 year, 2 months may be rent free.
 - (ii) For initial lease period of 2 years, 4 months may be rent free.
 - (iii) For initial lease period of 3 years or more, 6 months may be rent free.
- c) No rent for the space shall be charged for the 1st, 2nd, 13th, 14th, 25th and 26th month with effect from handing over of site. However, other charges like electricity, water, service charges, taxes etc., if applicable, shall have to be paid by the lessee. No further rent-free period shall be allowed if the lease is extended after three years.
- d) The Security Deposit shall be forfeited if the tenant vacates the premises before the full period of lease.
- e) The Head of Circle, on the recommendations of the circle level standing committee, shall declare the list of spaces/buildings for which this provision shall be applicable, preferably before the start of each financial year. This provision can also be advertised in EoI along with the names of such buildings to maintain transparency and to attract clients.
- f) No repair/modification involving structural changes shall be allowed to be done by the client in the premises. In case some structural change is felt necessary to put the building to use, the same shall be carried out by the client after obtaining permission from BSNL and under supervision and directions of civil wing of BSNL.
- g) The tenant shall give a self-certification along with details of expenditure incurred for repair work(s).

4.7. The Head of the Circle shall be empowered –

- a) to waive off the full or part amount of Security Deposit, Stamp duty charges, lease registration charges, Cost of sub-meter, Municipal Taxes etc as per the modalities & local needs in the interest of BSNL by evaluating the case as business case provided the same has been loaded in the calculation of fair rent.
- b) to exempt the Central / State Governments from depositing the Security Deposit & advance rent if they express unwillingness/ inability to do so.

5. STANDING COMMITTEES FOR SCRUTINY OF RENTING CASES:

Standing Committee shall be formed at all the levels to scrutinize the rent proposals and submit its recommendations for approval of the competent authority as per Para 4.1 to 4.3 above.

The composition of these standing committees shall be as under:

5.1. At Business Area / SSA level

- | | | |
|------------------------------|---|----------|
| a) One DGM from Telecom side | - | Chairman |
| b) IFA of the BA | - | Member |
| c) EE(C) | - | Member |
| d) One AGM/SDE level officer | - | Convener |

Note: Where any of the above designated executive is not available locally, an executive one level below can be nominated by the SSA/BA head.

5.2. At Circle Level

- a) CE(Civil) / GM(L&B) / GM(Admn) - Chairman
- b) IFA to the CGM or a GM level officer from finance side nominated by CGM - Member
- c) One GM from SSA/BA concerned. - Member
- d) SE(C) concerned - Convener

Note: Where any of the above designated executive is not available locally, an executive one level below can be nominated by the CGM.

5.3. At Corporate office level [For cases to be approved by CGM(BW)]:

- a) GM (LM) -Chairman
- b) IFA to CGM -Member
- c) One DGM/AGM level officer - Member & Convener

5.4. At Corporate office level [For cases to be approved by Dir(HR)]:

- a) CGM (BW) -Chairman
- b) GM (EF) -Member
- c) GM(LM) -Member
- d) One DGM/AGM level officer -Convener

5.5. At Corporate office level [For cases to be approved by CMD]:

- a) Dir(HR) -Chairman
- b) CGM (BW) -Member
- c) GM (EF) -Member
- d) GM(LM) -Member
- e) One DGM/AGM level officer - Convener

6. STANDARD OPERATING PROCEDURE:

6.1. Space Audit / Identification of vacant space:

- a) Space audit is a collaborative process of maximizing the value, functionality and usability of the optimal space to create additional space for renting. Space audit conducted for identification of vacant space shall be with due regard to the applicable Schedule Of Accommodation (SOA) for office space and area in excess of the prescribed entitlement shall be segregated, building and floor-wise. Space should be effectively and efficiently managed so as to optimize the building usage and saving in the building operational cost. Space vacated after the exercise of space audit shall be segregated and the portion of the building which may fetch more revenue shall be earmarked for renting.
- b) Record of the space audit of important buildings at SSA/BA level shall be examined by the Standing Committee at Circle level (at least one building of every SSA/BA every month till at least 10% of the buildings are covered) to suggest the measures for

enhancing the effectiveness of this process to the Head of the Circle every month. Circle Standing Committee, inter alia, shall see that no built-up space is kept occupied by disposable stores, old furniture etc. All unserviceable stores must be duly disposed off as per guidelines to vacate space for renting. Monthly report shall be submitted by the Circles to BW Unit informing the name of the buildings whose audit report has been examined by the Circle standing committee.

- c) Before declaring any vacant space as “surplus”, the SSAs/Circles will examine and ensure that no other BSNL office which might be running in rented building or in commercially more important areas, can be shifted to this spare space. The BSNL offices working in rented premises shall be shifted to BSNL owned premises having least commercial importance or vacant staff quarter. To get maximum revenue from renting, office space available shall be used for renting out, even if it necessitates shifting BSNL offices to less commercially important places / staff quarters without affecting its functionality.
- d) In case of staff quarters, the number & type of staff quarters to be treated as surplus should be decided judiciously considering various parameters such as -
 - (i) **Waiting list:** There should be no waiting list for similar categories of quarters at the station.
 - (ii) **Period of vacancy:** Some staff quarters in similar categories should have remained unoccupied for last three months at the station (This condition may be relaxed by the head of the Circle judiciously examining sub-para (iii) to avoid loss of revenue by keeping the staff quarter unoccupied only to fulfill the requirement of three months).
 - (iii) **Future requirement:** The requirement of staff quarters for staff likely to join in near future and for the staff posted to tenure stations should be considered before declaring quarter as surplus.

6.2. Assessment of Fair Rent:

- a) The fair rent for each rentable building/space shall be got assessed in advance so that immediate quote can be offered when a prospective lessee approaches for renting of space and opportunities are not lost. The assessment of fair rent every year shall preferably be completed before the 1st of April and shall remain valid for whole financial year.
 - b) The concerned SSA/BA head will get the rent assessed through a Fair Rent Assessment Committee (FRAC) consisting of the following-
 - (i) Officer in DGM rank - Chairman
 - (ii) IFA of the BA/ CAO nominated by SSA/BA Head - Member
 - (iii) Executive Engineer (Civil) - Member
- Note:** Where any of the above designated executive is not available locally, an executive one level below can be nominated by the SSA/BA head.
- c) The FRAC shall assess the rent according to following two alternate methods –
 - (i) On the basis of recognized principles of valuation; and
 - (ii) On the basis of prevailing market rent.

The rent worked out as per the recognized principles of valuation should include the effect of House/Property tax. It should also account for any additional "Open space"

or other facilities situated outside the Carpet area of any building but within the premises to be rented out, if the rent of the same is not to be charged separately.

The rent based on the prevailing market rates is ascertained by making inquiries in respect of rented properties/spaces in a comparable locality. While comparing the properties, due care should be taken to ascertain whether the properties under assessment and the one considered for comparison are nearly similar in terms of the location, facilities, condition of building, general environment, specifications and other common utilities in the building like lifts, toilets etc., and if the same are not on equal footing, a careful assessment is made for suitable addition or subtraction, as the case may be. In case the market rate differs significantly with the rate calculated through principles of valuation, more weightage should be given to the prevailing market rate and therefore the same shall be assessed very carefully.

After working out the rents according to the two alternate methods as described above, the FRAC shall discuss and arrive at a reasonable rent value, duly considering the effect of all the additional charges and taxes which the tenant may have to bear over and above the basic rent. The reasonable rent so decided shall be intimated in the report of FRAC.

- d) The rent may be calculated either on the basis of 'Built-up area' or the 'carpet area' as per local practice or requirement of the clients. For staff quarters, hostel rooms, classrooms etc., rent can also be calculated on 'per unit' basis.

6.3. Approval of Fair Rent:

- a) The FRAC shall submit its report to SSA/BA Head or the CGM (for the buildings directly under Circle office), who will decide a 'Fair Rent' taking into consideration the recommendations of the FRAC
- b) The 'Fair Rent' so decided for the premises shall be valid for a period of one year or till its revision through another FRAC, whichever is earlier. All efforts shall be made to get the fair rent updated on a yearly basis for all vacant spaces before the end of March.
- c) In cases where 'Fair rent' had been approved by SSA/BA Head but the total monthly rental is beyond the acceptance powers of SSA/BA Head, it shall be mentioned in the offer to client that the rent being offered is subject to the approval of competent authority in BSNL as per the delegation of financial power
- d) In case it is urgent to quote the rental rate to a client but the approved 'Fair rent' is more than a year old, then the last approved 'Fair rent' may be increased @ 5% per annum for quoting.
- e) The Operation and Maintenance (O&M) charges shall be worked out separately, if significant, for the premises to be rented out.

6.4. Publicity for vacant space:

- a) The Circles shall publish the details of rentable space on the website **rent.bsnl.co.in** (or any alternate website approved by Corporate Office) and link of this website will be displayed conspicuously on the Company's website '**bsnl.co.in**' and Circles' website. Complete details of such space on **rent.bsnl.co.in** shall be filled including contact details of authorized official of BSNL and image of the building.
- b) After identification of the space, an Expression of Interest (EoI) containing the details of such space along with plan, area calculations and other features etc., as deemed fit, shall be prepared by the SSA/BA level Standing Committee as per the sample draft

EoI enclosed as Annexure-A1. In case of buildings directly under the control of Circle office, the EoI shall be prepared by the Circle Level Standing committee. The sample Standard Lease Deed (SLA), as enclosed at Annexure-A2 shall form a part of the EoI.

- c) The SSA/BA/Circle Head shall approve the EoI prepared by the SSA/BA Level Standing Committee / Circle Level Standing Committee respectively.
- d) The CGM may allow modification in the conditions of the sample EoI, if required, due to local requirements.
- e) The SSA/BA/Circle office will publish the EoI on the prescribed e-tendering portal, at least once every year, for submission of the offers by the prospective tenants.

The Circle Heads (if found necessary) are also empowered to insert an advertisement in prominent Real Estate Websites like www.99acres.com, www.magicbricks.com, www.property.sulekha.com etc. with a summary of vacant space along with a link to the website on which detailed EoI or the details of vacant space is available.

For local level publicity, advertising for vacant space available on rent may also be done through flex banner placed at entrance gate or other location with high visibility in prominent buildings.

After the call of EOI, if no suitable offer is received for a particular space against the EOI, the subsequent offers for the same space, if received, shall be deemed to be in response to the EoI.

- f) The Circle heads are empowered to relax the condition of calling of EOI or giving advertisements, for renting-out of built-up space to Public Organizations and Scheduled Banks.
- g) The Circle heads are also empowered to explore the possibility of involvement of registered Real Estate Agents, for renting-out vacant space(s) in BSNL premises. In such cases, one month rent as an incentive, shall be paid to Real Estate Agent in four equal instalments from the amount of rent received from the tenant. The services of Real Estate Agent shall not be utilized for renting out of space to Public Organisations as defined in section 3.1(a) and to Public sector banks.

6.5. Scrutiny and acceptance of offers:

- a) The offers received shall be scrutinized by the SSA/BA level Standing Committee/ Circle Level Standing Committee in the prescribed checklist for detailed scrutiny as per Annexure-A3, and put up to the appropriate authority.
- b) The cases falling within the powers of SSA/BA Head shall be decided by him directly on the recommendations of the committee. The cases falling beyond the financial powers of SSA/BA Head will be forwarded by him to the Chairman of the Circle Level Standing Committee along with his recommendations.
- c) The cases falling within the powers of CGM shall be decided by him directly on the recommendations of the Circle level Standing Committee.
- d) The cases beyond the powers of CGM shall be submitted to the CGM(BW)) unit of Corporate office, along with all details, checklist in Annexure-A3 and recommendation of CGM for decision. Such cases may be -
 - (i) Cases where the rent per month is beyond the financial power of CGM.
 - (ii) Cases for Renting of space to International Bodies.
 - (iii) Cases requiring some relaxation in the eligibility criteria.

(iv) Cases requiring DoT/ Presidential approval etc.

The cases received in Corporate Office shall be scrutinized by the appropriate standing committee in Corporate Office. The Standing Committee's report shall be submitted directly to the competent authority for approval.

- e) The competent authority for approval of the renting-out space may also authorize the Standing Committee for any type of negotiations, if required and to re-submit its recommendations.
- f) Since, the renting-out cases are revenue generating and the prospective tenants may also not wait for long, the Standing Committee should finalize its recommendations within 15 days of receipt of the cases. In case of delay, reasons for delay should be recorded.

7. SALIENT FEATURES OF THE LEASE DEED:

7.1. Normally, the terms and conditions of renting-out of spaces shall be as per Standard Lease Agreement (Annexure-A2). However, the Standing Committee may alter the terms and conditions with the approval of approving authority, after taking into account the local bylaws etc, in consultation with the legal cell of the Circle, before enclosing it with EoI.

7.2. The lease agreement should normally contain the following conditions, unless modified with the approval of the Circle Head :-

- a) **Period of Lease:** Normally the lease period shall be of minimum 3 years and the lease agreement shall be got registered with the local authority. The lease may be extended for two more terms of 3 years each. However, the approving authority is empowered to approve the cases having any lease period up to 10 years. In case of lease period less than one year, the decision on registration of lease agreement may be taken by approving authority concerned as per provisions of law in the interest of BSNL.
- b) The rent shall be revised every year and this revision shall be @ 5% per annum of the last rent paid at the time of such revision or 15% at the end of every 3rd year at the insistence of Government or Semi-Government organisation.
- c) The stamp duty/lease registration charges shall be borne by the tenant.
- d) The tenant shall deposit interest free Security Deposit equivalent to three months rent and one month advance rent before taking possession.
- e) The Municipal Tax (except House/Property tax) and water charges are to be borne by the bidder proportionately including any future revision with retrospective effect for the area of occupation. Any other tax or any hike imposed by the appropriate authority is to be borne by the bidder.
- f) The bidder shall pay all charges in respect of electric power used in the said premises in accordance with the separate meter/sub-meter installed therein during the currency of this agreement including proportionate fixed charges against bills raised by the appropriate authorities beginning from the date of taking over the demised possession of the said premises. The cost of separate meter /sub-meter including its installations shall be borne by the bidder.
- g) GST / Applicable taxes are to be borne by the tenant / bidder at the applicable rates.
- h) In order to ensure the structural safety of our building, it is proposed that only minor additions/ alterations and system of low partitions etc. may only be permitted to be

made by the tenants. Major structural changes shall be avoided and in case they are felt necessary, in view of the tenant's specific requirement, the same shall be permitted after assessing the structural suitability and cost implications for the same by the Standing Committee.

- 7.3. CGMs are empowered to negotiate and sign the SLA proposed by tenant organisation (only for Public Organisations/ Banks) if their Terms & Conditions does not match BSNL's SLA conditions. In such case, negotiation may be done to modify/insert suitable Clause(s) in the Lease agreement, keeping in view the standard SLA of BSNL and to protect the interests of BSNL.

8. SUBMISSION OF OFFER IN RESPONSE TO THE EOI CALLED BY OTHER ORGANIZATION:

- 8.1. If BSNL has to quote for leasing out its buildings in response to bids called for by other parties:
- a) Fair rent shall be assessed by the FRAC as defined in SOP (Section-6)
 - b) The Standing Committee shall scrutinize the case and submit its detailed recommendation to the appropriate authority (SSA/BA/Circle Head as the case may be).
 - c) SSA/BA Heads while bidding/tendering for Government/ Public Organisation/ Banks, as defined in Clause 3.1(a) can quote upto 15% discount below FRAC rate considering the market condition and further discount can be given with the approval of CGM.
 - d) The cases beyond the delegated financial powers of CGM shall be sent by the concerned CGM to the Corporate Office i.e. CGM (BW) with the proposed rent and his recommendations.
 - e) These cases shall be processed on top priority to meet the deadlines prescribed in the tender/EOI etc.

9. PROVISIONS FOR RENTING OUT OF RESIDENTIAL ACCOMODATION TO INDIVIDUALS:

This section will replace BW Cell Policies for utilization of vacant staff quarters issued vide circulars dated 01.09.2011, 10.07.2013, 06.08.2015 and 'AMRUT' policy issued on 06.04.2016.

Notwithstanding anything to the contrary contained elsewhere in this policy, the 'surplus' residential accommodations can be rented out to individual persons as per the following provisions-

- 9.1. **Definitions:** Under these provisions, unless the context otherwise requires,
- a) "**allotment**" means the renting of a residential accommodation in accordance with this policy.
 - b) "**allotting authority**" means the authority in BSNL who is empowered to allot residential accommodation at the station.
 - c) "**damages**" means a compensation to be levied in the event of unauthorized occupation or misuse of whole or any part of accommodation by the occupant of the accommodation.
 - d) "**family**" means family defined in BSNL CDA Rules 2006 and any amendment

thereof from time to time.

- e) “**Relatives**” means all other relatives of the employee not covered under the term ‘family members’.
- f) “**Surplus accommodation**” means the residential accommodation declared as “Surplus” in accordance with per Para 6.1(d) of this policy.

9.2. Eligibility Criteria: Such surplus accommodations can be rented-out to the following applicants-

- a) Serving employee of BSNL for self, family & relatives
- b) Retired employee of BSNL for self and family.
- c) Serving / Retired employee of DoT for self and family.
- d) Serving employee of a Public Organisation [as defined in Para 3.1(a)] or a Public Sector Bank for self and family.

9.3. Entitlement for Type and number of Accommodation:

- a) For a BSNL serving employee, any number of surplus residential accommodations can be rented-out anywhere irrespective of his place of posting, as per following entitlement:

Grade of BSNL serving employee	Types of residential accommodations that can be given on rent
Up to E-2A grade	Any type upto Type-III
E-3 to E-8 grade	Any type upto Type-V
E-9 and above grade	Any type

Provided that the total rent of allotted accommodation(s) to a BSNL serving employee shall not be exceeded 40% of the basic pay plus DA of the employee. However, if the total rent for full period of allotment is paid in advance for any accommodation, then the rent of that accommodation shall not be included in the 40% limit.

- b) For all other eligible applicants, a single residential accommodation of any Type upto one step above the entitlement of the applicant can be rented-out, provided that in case of a retired employee, the rent of allotted accommodation shall not exceed 40% of his pension.

9.4. Period of Allotment:

- a) The residential accommodation shall be rented for a maximum period of 2 years with a provision of further extensions in stretches of 2 years at the sole discretion of BSNL, subject to total maximum renting period of 10 years in accordance with the Article 144(3) of the Articles of Association of BSNL.
- b) The lock-in-period for occupancy shall be 3 months.
- c) Either party can issue an advance notice of 2 months to vacate the rented accommodation after completion of lock in period.

9.5. Application for renting of Residential Accommodation:

- a) The applicant shall submit an application for renting of residential accommodation as per the enclosed format (Annexure-B1).

- b) For a serving employee of BSNL/ DoT/ Public Organisation/ Public Sector Bank, the application shall be duly recommended by the Controlling Officer of employee and submitted to the allotting authority.
- c) The retired employees of BSNL/DoT shall submit the application directly to the allotting authority.
- d) If a tenant desires to continue in the same accommodation after completion of current period of lease, he shall have to apply afresh for re-allotment in the extant category at least two months before the expiry of lease. If he is listed in fresh allotment, the rent will be again decided at the rates applicable at the time of re-allotment.
- e) The cases for renting of residential accommodation to individuals need not go through the standing committee and the allotting authority can directly allot the residential accommodation through the usual channel for allotment of staff quarters to BSNL employees.

9.6. Rent and other charges:

- a) The rent for the residential accommodation shall be as specified in Section-11 of this policy.
- b) If an employee who is drawing HRA from BSNL takes an accommodation on lease under this Policy at his place of posting, then the lease rent shall be maximum of –
 - (i) Rent as per Section 11
 - (ii) HRA drawn + License Fee (if accommodation is as per his entitlement)
 - (iii) HRA drawn + 3 times License fee (if accommodation is higher than his entitlement).

This is in view of the guiding principle that HRA is a compensatory allowance given by an employer towards the rental accommodation expenses when the government is unable to provide suitable accommodation to its employee and it should not be source of profit while availing the accommodation provided by the employer.

However, an employee is allowed to take a quarter on lease of any Type below his entitlement at his station of posting without affecting his HRA.

- c) After leasing of a residential accommodation, the applicable rent shall be enhanced @ 5% per annum with effect from 1st April each year.

d) Mode of payment of rent-

- (i) In case of a BSNL serving employee, all dues will be recovered from his salary through the concerned drawing officer. The rent shall be recovered from his salary at the end of the month. The employee shall have the option of depositing the total rent for full period of allotment in advance, in which case recovery from salary will not be made.
- (ii) All tenants other than BSNL serving employees shall pay monthly rent in advance by the 5th day of each month.
- (iii) The tenants (in all categories) shall also have the option to deposit advance rent for 3,6 or 12 months at time, in which case they shall be entitled to a rebate of 1.5%, 3% and 6% respectively on the rental amount.

9.7. Security Deposit :

- a) No security deposit shall be required from a serving employee of BSNL for one

quarter leased under this policy. However, for other quarters, he shall deposit interest free Security Deposit equivalent to three months rent.

- b) All other tenants shall deposit interest free Security Deposit equivalent to three months rent and minimum one month advance rent before taking possession. Such tenants shall also have an option to provide the guarantee of one serving BSNL/DoT employee who is not due for retirement within six months after the allotment period, in which case the Security Deposit can be waived off.
- c) On vacation of rented accommodation by the tenant, security deposit shall be returned after deducting dues, charges, etc., if any. However, if the tenant surrenders the accommodation within the lock-in period, the rent for the lock-in period shall also be recovered from the security deposit.

9.8. Unauthorized Occupation and Damages:

- a) Unauthorized Occupation of accommodation:
 - (i) If the accommodation is not vacated by the last day of lease period, it will be deemed to be under unauthorized occupation of the tenant from the next day after the expiry of lease period.
 - (ii) If a tenant, who was eligible as per Para 9.2 & 9.3 at the time of allotment, becomes ineligible at any later date, he shall immediately inform the allotting authority and vacate the accommodation within 2 months thereof, failing which it will be deemed to be under 'unauthorized occupation' from the date of expiry of two month period.
 - (iii) If the rent or any other dues remain unpaid upto 15 days from the due date of payment, an interest at the rate of 12% per annum for the period of delay calculated on day-to-day basis shall be charged. Such interest shall be compounded on a monthly basis. If the rent or any other dues still remain unpaid upto 45 days from the due date of payment, the accommodation will be deemed to be under unauthorized occupation of the tenant from the original due date of payment. In such case, the competent authority in BSNL shall issue the eviction notice and the accommodation shall be got vacated before expiry of 3 months from the due date of payment.
- b) In all cases of 'unauthorized occupation' of accommodation, the tenant shall be liable to pay damages per month at the following rates-
 - (i) Twice the normal rent of such accommodation for the first 4 months of unauthorized occupation.
 - (ii) Four times the normal rent of such accommodation thereafter.
Interest @ 12% per annum (to be compounded monthly) shall also be charged on the due amount. This shall be without prejudice to other actions for eviction, disconnection of utility connections, etc. to be taken by the BSNL.
- c) Any amount remaining due even after adjusting security deposit shall be recovered from salary of the tenant/ Guarantor of the tenant or from the tenant through all available means including legal actions.

9.9. Maintenance of accommodation

- a) Only minimum maintenance by providing labour connected with water supply, sanitation, etc. will be done by BSNL. Any material replacement has to be borne by the tenant himself/herself. All repairs including painting etc. shall be got done by

tenant and BSNL shall not bear any cost whatsoever for repair to these accommodations.

- b) No repair/modification involving structural changes shall be allowed in the accommodation. If the tenant wants to carry out any civil or electrical works (not involving any structural change) in his accommodation, he shall have to take prior permission from the concerned civil/electrical enquiry office. However, no permission will be required for carrying out whitewashing/painting or routine carpentry/plumbing/electrical repair.
- c) On vacating, the tenant shall handover the accommodation in the same or better condition as it was handed over to him. If any damage is found, the same shall be rectified at his cost or the estimated cost of repairs will be recovered from the Security Deposit.

9.10. Other terms and conditions:

- a) Lease agreement with all tenants shall be signed under this policy. All charges for executing lease agreement shall be borne by the tenant.
- b) The necessary safeguards shall be provided in the allotment letter to prevent unlawful use of such rented-out accommodations and non-payment of statutory dues like rent, electricity, water bill, common service charges, maintenance etc.
- c) No sub-letting of rented-out accommodation shall be allowed. The tenants shall be bound by all the Rules and regulations which are applicable for allotment of BSNL staff quarters regarding conduct, sharing, water and electricity charges etc. The lease will be liable to be cancelled in case any misuse or breach of lease/allotment conditions comes to notice of BSNL.
- d) The tenant shall not derive any financial benefit in lieu of this allotment. If at any stage, it is found that tenant is deriving any financial benefit, the allotment shall be cancelled and two month's notice shall be issued to vacate the accommodation. In case of BSNL employee, disciplinary action shall be initiated as per extant BSNL Conduct Rules. However, reimbursement of rent to a BSNL employee by his relatives shall not be considered as financial benefit.
- e) The tenant to whom such vacant accommodation is rented, shall be responsible for all the acts and/ or omissions of his family members/ relatives. Any illegal activity or any nuisance to neighbours may render him ineligible for allotment and may lead to termination of lease at the discretion of CGM, without prejudice to any other action as deemed fit by BSNL.

9.11. Expenditure on initial repairs to make accommodations livable

- a) CGMs can incur expenditure on minimum maintenance/ minor repairs necessitated before allotment to make the accommodation livable. The expenditure which can be incurred on such works shall be limited to 3 months rental amount received as deposit.
- b) In case expenditure of more than 3 months of rental value is required for making a accommodation livable, the case may be submitted to BW unit in BSNL Corporate Office with recommendations of Circle head. The proposal should include the estimates for repairs, expenditure done on the accommodation in previous years, probability of renting-out after repairs and all other such details necessary to make out a profitable business case for BSNL.

9.12. Permitting rent-free period after leasing: As an alternative to provisions of Para 9.11(a) above, in case of residential accommodation which is uninhabitable in its present

condition, the CGMs are empowered to permit 'rent-free period' in accordance with Para 4.6 of this policy.

10. RETENTION OF RESIDENTIAL ACCOMMODATION BEYOND THE NORMAL PERMISSIBLE PERIOD BY WAY OF RENTING.

10.1. Applicability of this Section:

- a) If a serving BSNL employee has been allotted a staff quarter under normal allotment Rules, then in case of events such as transfer, deputation, retirement, death etc. he is allowed to retain the quarter for a certain period, called the normal permissible period. The duration of normal permissible period, the fees/charges and the terms & conditions thereof are governed by the corresponding Rules followed by the Directorate of Estates, Govt. of India and/or any other instructions issued by BSNL in this regard.

This section pertains to retention of a quarter **beyond** the "Normal Permissible Period" and will replace the corresponding provisions contained in SR Cell policy no. BSNL/6-1/SR/2011(i) dated 31.10.2011. (In the said SR Cell policy, the Circle heads were delegated powers to allow retention "beyond normal permissible period" i.e. for "Extended Period" at stations where sufficient staff quarters are vacant to meet the foreseeable requirement and there is no waitlist.)

- b) Further, this Section shall only be applicable for retention of a staff quarter allotted under normal Allotment Rules and not under the various policies earlier issued by BSNL for allotment of 'surplus staff quarters'.

10.2. Eligibility Criteria and procedure:-

- a) If an allottee or his family (in case of death of allottee) desires to retain a staff quarter beyond the "Normal Permissible Period", he shall apply to the Circle Head in Proforma placed at Annexure-B2. The Circle heads are empowered to rent it out to him under this policy, provided there is no waiting list at the station. Moreover, in case of a deceased allottee, the extended retention period shall be allowed only if the deceased allottee or any member of his family does not own a house at the place of occupation of accommodation.

- b) The cases/requests for retention shall be decided by the Circle head, who may be assisted by a High Power Committee to be constituted at Circle Headquarters and may consist of the following –

- | | |
|---|------------|
| • PGM/Sr. GM | – Chairman |
| • GM (concerned with quarter allotment) | – Member |
| • Circle IFA or a DGM(F) nominated by him | – Member |

The concerned cell in the Circle office, handling cases of quarters will coordinate/provide necessary support to the committee.

10.3. Period of retention-

- a) The accommodation can be retained on rent for a maximum period of 6 months at a stretch, subject to a total of maximum two years beyond the "Normal Permissible Period".
- b) Either party can issue an advance notice of 2 months to vacate the rented accommodation.

10.4.Unauthorized Occupation and Damages:

- a) If the accommodation is not vacated by the last day of extended retention period, it will be deemed to be under unauthorized occupation of the tenant from the next day after the expiry of extended retention period.
- b) If the rent or any other dues remain unpaid upto 15 days from the due date of payment, an interest at the rate of 12% per annum for the period of delay calculated on day-to-day basis shall be charged. Such interest shall be compounded on a monthly basis. If the rent or any other dues still remain unpaid upto 45 days from the due date of payment, the accommodation will be deemed to be under unauthorized occupation of the tenant from the original due date of payment. In such case, the competent authority in BSNL shall issue the eviction notice and the accommodation shall be got vacated before expiry of 3 months from the due date of payment.
- c) In cases where permission for further retention of staff quarter is not granted and the occupant of the quarter continues beyond the permitted period, the entire period after the last date of permitted period shall be treated as unauthorized.
- d) In all cases of 'unauthorized occupation' of accommodation, the tenant shall be liable to pay damages per month at the following rates-
 - (i) Twice the normal rent of such accommodation for the first 4 months of unauthorized occupation.
 - (ii) Four times the normal rent of such accommodation thereafter.

Interest @ 12% per annum (to be compounded monthly) shall also be charged on the due amount. This shall be without prejudice to other actions for eviction, disconnection of utility connections, etc. to be taken by the BSNL.

10.5.Other terms and conditions-

- a) The rent and other charges shall be as specified in Section-11 of this policy.
- b) No security deposit is required to be deposited for retention of quarters.
- c) Only minimum maintenance by providing labour connected with water supply, sanitation, etc. will be done by BSNL. Any material replacement has to be borne by the tenant himself/herself. All repairs including painting etc. shall be got done by tenant and BSNL shall not bear any cost whatsoever for repair to these accommodations. On vacating, the tenant shall handover the accommodation in the same or better condition as it was handed over to him..
- d) The necessary safeguards shall be provided in the permission letter for retention to prevent unlawful use of such retained accommodation and non-payment of statutory dues like electricity, water bill and rental, maintenance etc.
- e) Status of availability of staff quarters will be reviewed every month. In case, the situation/status of vacant quarters changes and quarters are required by the eligible employees, then the quarter may be got vacated after giving due notice of two months to the allottee. This condition shall be mentioned in the order allowing retention of the quarter.
- f) On transfer, if the accommodation at old station is retained, then HRA is admissible only for 8 months at the new station. Thereafter, the employee is not eligible for grant of HRA at the new station. In case the employee is allotted quarter at the new station in addition to retention of quarter at the old station, then the employee shall pay HRA + licence fee + departmental charges for the accommodation allotted at the new place

of posting. In addition, the employee will pay the prescribed rent and other charges for the accommodation retained at the old place of posting.

- g) Government of India has issued separate instructions on “Post-Attached/Earmarked Quarters”. Any provision under this policy will apply on Post-Attached Quarters only as long as it is not in contravention to such instructions on this category of quarters.
- h) In case of transfer of an allottee to other organization, if BSNL has an MoU for staff quarters with that organisation, the retention beyond the normal permissible period can also be decided under the T&C’s of such MoU.

11. RENT FOR RESIDENTIAL ACCOMMODATION

11.1. The monthly lease rent to be charged from individuals for various types of residential accommodation shall be as under –

a) For Delhi and Mumbai

Type of Quarter	Rent in Rupees per month
I	8607
II	11561
III	19765
IV	27322
IV(S)	31627
V-A & V-B	38521
VI-A	49359
VI-B	55680

b) For locations other than Delhi & Mumbai

Type of Quarter	Rent in Rupees per month		
	Class Z Cities	Class Y Cities	Class X cities
I	2670	5190	7710
II	3694	7078	10462
III	6459	12449	18438
IV	8917	17195	25472
IV(S)	10200	19720	29240
V-A & V-B	13801	23398	34462
VI-A	15752	29944	44136
VI-B	18038	34206	50374

- c) In case of Bungalows (i.e. stand-alone houses), a premium as given below, shall be charged over the rent prescribed in Section 11.1(a) & (b) –

For 'X' cities (including Delhi & Mumbai)	Rent shall be charged 25% extra over and above the prescribed rent in Section 11.1(a) & (b)
For 'Y' cities	Rent shall be charged 20% extra over and above the prescribed rent in Section 11.1(b)
For 'Z' cities	Rent shall be charged 15% extra over and above the prescribed rent in Section 11.1(b)

- 11.2.** The above rent shall be applicable with effect from the date of implementation of this policy. It shall be increased @2.5% with effect from 01.04.2021. Thereafter, w.e.f. 01.04.2022, it shall be increased @5% per annum.
- 11.3.** In some colonies, there may be substantial variation between rental rates specified in Section-11.1 and the prevailing market rent due to various factors such as Premium/Non-premium location of colony, condition of staff quarters, demand-supply position, amenities available etc. In such cases, the Circle Head may alternatively decide the lease rent through FRAC as per procedure detailed in Para 6.2 and 6.3 of this policy. However, the decided lease rent shall not be lower than 90% of that indicated in the relevant table provided under Section-11.1 above.
- 11.4.** In addition to the above lease rent, Service Charges (for housekeeping, street lighting, pump operation, horticulture etc. as fixed by the concerned CGM), water charges, electricity charges and GST as applicable will also be paid by the tenant. License fee shall not be charged separately.
- 11.5.** All income tax liabilities and other taxes, if applicable, will be borne by the tenant only. No perquisite tax and rebate in income tax, if any, shall be borne by BSNL.
- 11.6.** The Classification of Cities X, Y, Z shall be as per Ministry of Finance, Department of Expenditure OM No. 2/5/2014-E.II(B) dated 21st July 2015 read with up-to-date amendments.