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

No 482-5/2012-BG

Dated: 28 .01.2013

To

All Chief General Manager ,
BSNL, Telecom Circle

Subject:-Guidelines on hiring, extension, vacation and new lease deeds of private properties for official use by its field formations on all India basis.

Kindly refer regarding above mentioned subject, In this regard a circular was issued by DDG (SR), BSNL CO New Delhi vide letter No. BSNL/15-1/SR/NB/2001/LR&BT dated 23.03.2004 regarding circulation of Standard Lease Agreement Format for use in BSNL and related aspects. The guidelines to be followed are compiled and enclosed as Annexure 'A'

You are further requested to submit the detailed status of rented buildings in the prescribed format attached as Annexure 'A' along with certificate from concerned CGM.

It is requested that the above information, which is to be submitted to CVC may please be submitted within 15 days.

20.01.2013
AGM (BG)

Encl: As above

Copy to -

1. CVC BSNL for kind information please along with enclosures.

2 GM(ITP/RA)&Team lead (ERP-FICO) for information & taking necessary action to incorporate necessary check and balances to ensure that intimation on vacation of hired building flows thro' the system and drawl and payment of rent is regulated by the ERP system.

Regd & Corporate Office- Bharat Sanchar Bhawan, H. C. Mathur Lane Jan Path New Delhi-110 001

**Subject:- Circulation of detailed guidelines on hiring, extension, vacation and new lease deeds of private properties for office use in BSNL and related aspects.
(SR's)**

A case has reported to this office where monthly rent for a hired building was continued to be paid thro' ECS for 41 months even after its vacation resulting in irregular payment of Rs 19, 51,436/-. It has been further highlighted that no lease deed was available and that validity of sanction for payment of rent had expired long back. No check was exercised to confirm above the status of physical possession of the said hired building before making the payments. Therefore, these guidelines on hiring, extension, vacation and new lease deed for private properties are framed. It has been further desired to immediately take up an exercise of checking of all premises which are leased and lease has expired and which are lying unutilized, to prevent excessive payment of rentals. Accordingly, the following guidelines are issued for strict compliance and furnishing of a Quarterly Statement in the enclosed format for each preceding Quarter by 15th of subsequent month viz 15th July, 15th Oct, 15th Jan, 15th April for Q-1, Q-2, Q-3, Q-4 respectively. These guidelines are in continuation of the guidelines already issued vide Ir no. BSNL/15-1/SR/NB/2001-/LR&BT dated 23.03.2004 and other circulars on the subject.

Guidelines on hiring of accommodation -

- (i) To ensure competitiveness and transparency, whenever any commercial/ residential premises are to be acquired on lease/rent etc., an advertisement in leading newspapers is required to be given. The advertisement should contain salient features like area of accommodation required, locations preferable (so that the bids can be compared for identified location only) and other terms and condition to be quoted by the tenderer. Preferably, tenders shall be invited by the two bids system viz, technical and financial.
- (ii) The technical bid shall be opened in the first instance and legal entitlement of the person making the offer and legal ownership of the property, municipal approval of the building from different local bodies, suitability of accommodation, term and conditions offered, specifications and other liabilities should be assessed. The market rate justification for the areas at which property is available should be assessed before opening the financial bid.
- (iii) The accommodation should be procured only after proper advertisements in leading newspapers etc. irrespective of the amount (s) of rent etc., involved. However, competent authorities could decide cases on merits subject to usual formalities if government/ Public Sector accommodation is proposed to be procured. Whenever in any rare/ minor cases, any departure is made, reasons therefore should be recorded in writing and such decision should be taken in consultation with IFAs.

- (iv) While inviting tenders for renting accommodation it should be borne in mind that tender is invited for hiring of accommodation on the basis of carpet area prescribed in BIS: 3861. The Civil Wing in accordance with relevant instructions should measure the carpet area and a certificate of measurement be obtained of the building offered. Any discrepancy between the carpet area quoted in the tender and that actually measured should be settled before hand. FRAC should be asked to recommend rent in terms of carpet area and give clear recommendation taking all relevant factors into account.
- (v) The rent should be fixed only on the basis of carpet area and the lease deed should be accordingly worded.
- (vi) All the offers received for hiring of accommodation are to be listed in serial order and evaluated.
- (vii) The measurement of the premises recommended for hire is to be indicated in clear terms in the brief of points by the Committee (i.e. the area of accommodation both carpet and plinth).
- (viii) The suitability of the accommodation offered with reference to the requirement of the department should be assessed after visiting the premises, especially, the availability of municipal water supply, electricity etc, and other facilities in the building. Merits and demerits of the accommodation offered will have to be clearly brought out in the minutes.
- (ix) The assessment of the building on capital cost basis should be ensured and the rent so assessed is to be taken into consideration while recommending the rent per sq feet of the carpet area.
- (x) The minutes of the committee have to be signed by all the concerned with date.
- (xi) The reasonableness of the rent of the accommodation offered for rent is to be made with reference to prevailing rent for similar accommodation in the area.
- (xii) The accommodation has the required basic infrastructure like sufficient rooms to accommodate various sections, light points and fan points etc, so that the Department will not have to incur huge expenditure for providing partitions, extra light/fan points etc., IFAs who are nominated as members of the Fair Rent Assessment Committee should also examine taking all the above aspects in account.
- (xiii) Whenever any premises includes any open land etc, full details of area/boundaries etc., of the same should be clearly mentioned in the agreements so that there are no occasions of dispute.
- (xiv) To avoid in fructuous expenditure, it should be scrupulously ensured that there are no time gaps between dates of execution of lease deeds and date of actual occupations of the rented premises.
- (xv) Appropriate notices should be sent to the landlords well in time as per the general prescribed notice periods for such actions as per the signed agreement. Such compliances are essential for safeguarding the B.S.N.L's interest.

- (xvi) As the signed lease deeds are required to be got registered, it may be useful if the advertisement for accommodation also makes it clear that the lease deed will be got registered expeditiously by the landlord at his own expenses.
- (xvii) As non-payment of rent can even result into eviction and other penalties, expeditious action should be taken for payment of rent regularly as per rules and relevant guidelines.
- (xviii) The increase in rent proposed by the units should be based on the existed market trend in that area. However, as per normal practice the payment of rent at enhanced rate should be subject to signing and executing a fresh lease deed by the landlord.

Further precautions in renting

Prevailing rent:-

While assessing rent for a particular building, the FRAC shall take into consideration the prevailing rate of rent (Per sq. ft. per month) in the same commercial or industrial complex/areas where the proposed building is located and mention the rate in its minutes. The rent paid by any other Government organization hiring an office in the same area should also be taken into account. In case the assessed rate of rent of the proposed building exceeds the prevailing rate, full justification for the higher rent must invariably be recorded in the minutes.

Possession of rented building:-

It should be ensured that the building is occupied as soon as the lease deed is signed and payment of rent begins. Any work to be got done should preferably be done immediately after the occupation. Where it is not possible, it should have the personal approval of the concerned Heads of the Circle/District.

Shifting of offices to rented Building: Preplanning

Before renting the Private accommodation the need for the same must be examined & the offices etc to be shifted must be planned and the entire process of shifting must be carried out smoothly in consultation with the staff proposed to be shifted. After shifting, there must be gainful utilization of space hired.

Under no circumstances should be a rented building be left unutilized and offices should be shifted into within reasonable time from the date of its hiring.

Lease Deed Agreement

Once the rent has been fixed, the department has to enter into lease agreement.

(a) The charge of registration of lease deed should normally be borne by the landlord but in exceptional cases where the landlord do not agree to pay, the same may be paid by BSNL but shall be recovered from rent payable. This should be done with the personal approval of Heads of Circles for such course of action.

(b) The lease agreement should have clause for renewal of lease with due enhancement of rent as per market trend available in that area after expiring of lease period.

(c) Circle head/ SSA head has to decide the period of currency of lease agreement to be kept as per local bye-laws.

(d) The sample lease deed agreement was already issued by BSNL CO letter No. BSNL/15-1/SR/NB/2001-/LR&BT dated 23.03.2004.

Timely issue of Notice for renewal of lease deed

It has been observed that in most cases where the BSNL have taken accommodation on rent from private parties, and a lease agreement is properly executed and registered for a fixed time, notice intimating to retain the premises for a further period as provided for in the initial lease deed is not issued in time. The notice if issued confers on BSNL the legal right to retain the premises even if a fresh renewed lease deed is not executed therefore, registered notice shall be issued in term of lease agreement 3 months before the expiry of initial lease period. It may kindly be ensured that the notices for renewal of lease deeds are issued within the stipulated time, and suitable entry made in the register of rented biddings

Where the lease deed could not be got renewed.

Notice to extend lease period in term of lease agreement should be sent well in time and reassessment of Rent should be got done immediately and intimated to the owner, if the lease agreement does not have quantum of enhancement in lease agreement after the expiry of lease. Efforts should be made to get the lease agreement renewed.

Lease Agreement:-

The sample lease deed agreement was already issued vide SR CELL Letter No. BSNL/15-1/SR/NB/2001-/LR&BT dated 23.03.2004. However, the proforma can be modified to some extent depending on valid consideration by Heads of circles with local legal advice

Reassessment of Rentals

There would be some occasions for reassessment of reasonable rent of private building at the instance of landlords. Practically, in such cases, lease deeds have been entered which becomes a bilateral transaction between the landlord and the tenant on the terms stipulated in the lease deed itself. The quantum of rent is one of the conditions agreed to between the parties at the inception. The revision of rent is to be done as follows:-

(i) In the case of lease for a specific period, the same rent be continued till the expiry of the said period unless there is a condition terminating the lease deed by either party before the date of expiry and the landlord in pursuance of the condition terminates the lease earlier. But the landlord cannot insist on a higher rent while the lease subsides

(ii) However, on expiry of lease deed the case is to be decided as fresh case for enhancement of rent unless the quantum of enhancement is already provided in lease agreement.

(iii) In all cases of re-assessment of reasonable rent a fresh lease agreement in prescribed form is to be entered into with concerned landlord.

Vacation of Rented accommodation:-

- (i) The reasons for taking a building rent should be reviewed after every three months and efforts should be made to vacate the rented buildings.
- (ii) If the rented building cannot be vacated then lease deed should be renewed immediately on expiry.
- (iii) The rented building not required for future use should be vacated immediately and payment of rent should be stopped.

Monitoring of rented buildings:-

- (i) A Circle level quarterly report should be sent by SSA heads in prescribed Proforma [annexed].
- (ii) Valid sanction for payment of rent should be quoted on the bills for drawal of monthly rent and checked by **Drawing officer** without fail.
- (iii) Payment should be made by concerned finance branch after getting the report from Circle/SSA that building is in occupation and lease agreement is in force or notice for extension of lease period has been issued with enhanced rent as per lease agreement.
- (iv) If no quantum of enhancement in rent on expiry of lease period is mentioned in lease agreement, the rent as per existing agreement should be paid unless lease agreement is revived by the owner.
- (v) All Circles shall submit quarterly statement of rented buildings in prescribed format for each preceding Quarter by 15th of subsequent month viz 15th July, 15th Oct, 15th Jan and 15th April for Q-1, Q-2, Q-3, and Q-4 respectively to BSNL CO for review.
- (vi) A certificate from Circle is to be submitted along with report that:-
 - (a) *"It is certified that there is no building in possession of BSNL of which lease period is not renewed and no rent is paid for the building vacated by BSNL."*
 - (b) *"All possibilities of utilizing the exiting vacant space in BSNL's building/staff quarters have been explored to avoid hiring private buildings/properties in this circle for which rent is being paid and it is found that there is no other option available but to continue to hire the private buildings in the interest of service"*
- (vii) Whenever a hired building is vacated, the officer in charge should intimate the buildings section under acknowledgment. The buildings section in turn should intimate the Drawing officer and get a certificate that necessary entries have been made in records to stop further drawal of rent for the building.
- (viii) As regards payment of rent thro' ECS, the instructions contained in Ir. no. 1-4/2010/ERP/FICO/BSNL dated 08.07.2011 should be followed. Rule 32 of FHB vol. I stipulates that payment of rent for hired buildings should be made on obtaining a receipt (duly stamped, wherever necessary) from the owner. This should be ensured by the disbursing officer.

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Annexure 'A1'

Circle	SS-A	Number of buildings taken on/rent	Monthly rent paid for all buildings	Lease expiring/ or expired	Lease Renewed	Number of Building in possession even after lease is expired	Reasons of not renewal of lease period	Number of building for which Rent is paid even after lease is expired	Reason for rent payment where lease is expired	Remarks
1	2	3	4	31.03.13 30.06.13	01.01.13 01.04.13 01.07.13	10	11	12	13	14

It is certified that:-

- (a) "there is no building in possession of BSNL of which lease period is not renewed and no rent is paid for building vacated by BSNL."
- (b) "All possibilities of utilizing the exiting vacant space in BSNL's building/staff quarters have been explored to avoid hiring private buildings/properties in this circle for which rent is being paid and it is found that there is no other option available but to continue to hire the private buildings in the interest of service."

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