

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

STARRED QUESTION NO:109

ANSWERED ON:02.08.2010

USO FUND

Hegde Shri Anant Kumar;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the Government has constituted Universal Service Obligation Fund (USOF) to promote the setting up of telephone network in the rural areas of the country;
- (b) if so, the details thereof alongwith the amount deposited under the USO Fund during the last three years and the current year, State-wise and company-wise;
- (c) whether the said Fund has not been adequately disbursed for the development of rural telecom services in the country; and
- (d) if so, the details thereof alongwith the utilized and unutilized funds during the last three years and the current year, State-wise?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SACHIN PILOT)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 109 FOR 2ND AUGUST, 2010 REGARDING "USO FUND"

(a) Yes, Madam. The Government has constituted USOF to provide access to Telecommunications services to the people in rural and remote areas.

(b) The Universal Service Obligation Fund was created with effect from 01.04.2002 by an amendment to the Indian Telegraph Act 1885 in December 2003 to provide access to telecommunications facilities to people in rural and remote areas at reasonable and affordable prices. The rules for administration of the fund known as The Indian Telegraph (Amendment) Rules 2004 were notified on 26th March 2004. These rules govern the scope of activities of USOF. The resources for USO Fund are generated through Universal Service Levy (USL) which is at present 5 % of the Adjusted Gross Revenue of all Telecom Service Providers except pure value added service providers. As per provisions of Indian Telegraph (Amendment) Act 2003, the collections under USL are first credited to the Consolidated Fund of India and allocations of Funds to USOF are made through Parliamentary approvals. In 2006 the USOF Rules were amended to enlarge the scope of activities that can be carried out under the USO Fund to include provision of Mobile Infrastructure and Services, Broadband Services, General Infrastructure such as OFC for rural and remote areas and Pilot projects for induction of new technological developments in the rural telecom sector.

State-wise and company-wise details of amount of Universal Service Obligation (USO) Fund deposited during the last three years and the current year are given in the Annexure.

(c) & (d) During the financial years 2007-08, 2008-09 and 2009-10, final allotment of funds of Rs. 1290 Crore, Rs.1600 Crore and Rs. 2400 Crore respectively was made to USO Fund (USOF) and the entire allotment of Funds was optimally utilized for development of Rural Telecom services in the country in the respective years. During current financial year 2010-11, allotment of Funds of Rs. 2400 Crore has been made to USOF and till June 2010, Rs. 887.03 Crore have been utilized for development of Rural Telecom services. A statement showing Service area-wise disbursement of USO Funds during the last three years and current financial year (up to June 2010) is given in the Annexure.

On account of the enabling amendment to the USOF Rules a number of new activities are being taken up under USO Fund to provide mobile services and broadband services etc. to the people in rural and remote areas.