

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

STARRED QUESTION NO:471

ANSWERED ON:09.05.2012

UTILIZATION OF USO FUND

Bundela Shri Jeetendra Singh;Pradhan Shri Nityananda

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

- (a) the total amount lying with the Universal Service Obligation Fund (USOF) as on 31st March, 2012 for disposal;
- (b) the norms and criteria for grant of USOF to telecom companies;
- (c) whether USOF meant for rural telephone, is being directed towards other flagship projects;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the action taken by the Government in this regard?

Answer

THE MINISTER OF HUMAN RESOURCE DEVELOPMENT AND COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI KAPIL SIBAL)

(a) to (e) 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 (e) OF LOK SABHA STARRED QUESTION NO. 471 FOR 9TH MAY, 2012 REGARDING "UTILIZATION OF USO FUND"

(a) The total amount available in the Universal Service Obligation Fund (USOF) as on 31.03.2012 is Rs.21,839.45 Crore.

(b) The norms and criteria for grant of USOF to telecom companies are:

1. Administration of Universal Service Obligation Fund (USOF) is governed by Indian Telegraph Rules, 1951 as amended from time to time. The scope of USOF covers all telegraph services including mobile services, broadband connectivity and creation of infrastructure like Optical Fibre Cable in rural and remote areas.

2. Criteria for selection of Universal Service Providers (USPs) is as per Rule 526 of the said Indian Telegraph Rules. The selection of the Universal Service Provider shall be made by a bidding process from amongst the "eligible operators". "Eligible operators" means the entities having valid license or registration or authorization from Central Government/Department of Telecommunication for providing telecom services or infrastructure or any other entities as may be specified in this regard by the Central Government from time to time.

3. Subsidy from USO Fund is disbursed/ granted to selected bidders as per the terms & conditions of the agreement(s) signed by USOF with them.

4. As per Rule 525 of the Indian Telegraph Rules " For creation of National Optical Fibre Network for extending the Broadband connectivity upto all Gram Panchayats or villages by bridging the gaps in the aggregation layer through laying of Fibre and installation of end-equipment or terminals, the Capital Expenses and Operating Expenses net of revenue incurred by the Special Purpose Vehicle (SPV) as nominated or identified or approved or created by the Central Government shall be funded by Universal Service Obligation Fund (USOF) for a period of five years".

Accordingly, the Special Purpose Vehicle namely Bharat Broadband Network Limited (BBNL), has been incorporated on 25-02-2012.

(c) No, Madam. The Universal Service Support Policy for provision of telecom facilities in rural and remote areas of the country came into effect from 01.04.2002. Subsequently, the Indian Telegraph Act, 1885 was amended in December 2003 vide the Indian Telegraph (Amendment) Act, 2003 thereby creating Universal Service Obligation Fund (USOF). The USO Fund was established with the fundamental objective of providing access to 'Basic' telegraph services to people in the rural and remote areas at affordable and reasonable prices. Subsequently the Indian Telegraph (Amendment) Act 2006 was passed on 29.12.2006 wherein the scope of USO Fund was widened to provide subsidy support for enabling access to all types of telegraph services including mobile services, broadband connectivity and creation of infrastructure like OFC in rural and remote areas. The rules were further amended in 2008 for providing subsidy support to eligible operators for operational sustainability of Rural Wireline Household Direct Exchange Lines

(DELS) installed prior to 01.04.2002. The Rules were again amended as the Indian Telegraph (Amendment) Rules 2012 on 28.03.2012 to provide financial support from USOF for creation of National Optical Fibre Network (NOFN) for extending the broadband connectivity up to all gram panchayats or villages by bridging the gaps in the aggregation layer through laying of fibre and installation of end equipments or terminals.

(d) & (e) Does not arise in view of (c) above.