

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

UNSTARRED QUESTION NO:4085
ANSWERED ON:19.02.2014
WORK UNDER USOF
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the works assigned to or undertaken by private telecom companies under the Universal Service Obligation Fund (USOF) have been completed within the prescribed time frame;
- (b) if so, the details thereof and if not, the names of such companies which have not fulfilled the obligation under USOF and failed to complete the works; and
- (c) the action taken by the Government against erring companies and the outcome thereof, company-wise?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a) & (b) There have been some delay in rollout of services by private telecom companies under Shared Mobile Infrastructure Scheme of Universal Service Obligation Fund (USOF).

Shared Mobile Infrastructure Scheme was launched by USO Fund to provide subsidy support for setting up and managing 7,353 infrastructure sites/ towers spread over 27 states for provision of mobile services in the specified rural and remote areas, where there was no existing fixed wireless or mobile coverage. Villages or cluster of villages having population of 2000 or more and not having mobile coverage were taken into consideration for installation of the tower under this scheme. The agreements were effective from 01.06.2007. The prescribed limit has been extended from time to time with levy of Liquidated Damages (LD).

As on 30.11.2013 i.e. till the closure of the scheme, 7,317 towers i.e. about 99.51% have been set up. Company-wise details are given below:

Sl.No.	Name of the Infrastructure Provider (IP)	Number of tower sites under the scheme	Number of Infrastructure tower sites not established
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1. Bharat Sanchar Nigam Ltd. 5758 33

2. GTL Infrastructure Ltd. 410 0

3. Vodafone Essar Cellular Ltd. 93 0

4. Vodafone Essar South Ltd. 216 0

5. National Information Technologies Ltd. (Now M/s KEC) 381 0

6. Quipo Telecom Infrastructure Ltd. 88 0
(Now M/s Viomnetworks Limited)

7. Reliance Communications Infrastructure 407 3
Ltd.

Total 7,353 36

The details of commissioning of BTSs (Base Transceiver Stations) by the operators under the Shared Mobile Infrastructure Scheme of USOF are given below:

S.No. Name of Operator Number of BTSs to be Number of pending
commissioned under BTSS
the scheme

1 Bharat Sanchar Nigam Ltd 5311 156

2 Reliance Communications Ltd 4774 3141

3 Reliance Telecom Ltd 3641 1755

4 Bharti Airtel/Hexacom Ltd 1174 40

5 Dishnet Wireless Ltd/ Aircel 1586 560

6 Idea Cellular Ltd 2630 78

7 Vodafone Essar Cellular/ 2943 75
South/Gujarat Ltd

TOTAL 22,059 5,805

(c) The Government set up a Committee on 15th July 2011 under the Chairmanship of Secretary (Telecom) to consider all aspects of delay in rollout of mobile services under shared mobile infrastructures scheme of USOF and suggest appropriate action that may be required to be taken in the facts and circumstances of the cases.

Legal opinion was obtained on the report of the committee on amendments to the existing agreement as the agreement did not provide enough safeguards/penalties. Based on the legal opinion, it was decided that there did not appear to be need for any further action in the current USOF agreement that exists between USOF and various USPs. Subsidy is being released to Universal Service Providers (USPs) on the basis of performance as per contractual obligations and Liquidated Damages (LD)/ financial penalties are imposed on defaulters for shortfall in providing the required number of Tower Sites and BTSs in accordance with the provisions of the agreement(s) signed with implementing agencies. The detail of LD imposed in this respect is enclosed at Annexure.

M/s Reliance Communications Limited (RCL) and M/s Reliance Telecom Limited (RTL) filed an arbitration case requesting for exit from the agreement for some of the clusters [RCL- 46 out of the 51 clusters; and RTL- 7 out of the 40 clusters]. The Government appointed Mr. Justice(retired) A. R. Lakshmanan as the Sole Arbitrator in the case. The Sole Arbitrator has given the 'Award' on 21 December 2013 wherein he has stated, inter-alia, that "that the Claimant in both the cases stand discharged from all its contractual obligations as set forth in the respective Agreements as an Operators of Part-B of the Scheme. In view of above, I hold that the Claimants are entitled to exit from their continued performance of the obligations under the Agreements without levy of penalty or interest". Legal opinion is being sought by USOF for further action in the matter.