

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

UNSTARRED QUESTION NO:132
ANSWERED ON:24.11.2014
SUBSIDY TO TELECOM SECTOR
Dhurve Smt. Jyoti

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

- (a) whether the Department of Telecommunications proposes to provide incentives as well as a kind of subsidy to service providers in order to increase the mobile coverage area in the country;
- (b) if so, the details thereof;
- (c) the details of recommendations made by Telecom Regulatory Authority of India (TRAI) in this regard;
- (d) whether the Department of Telecommunications has accepted the recommendations of TRAI; and
- (e) if so, the details thereof?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI RAVI SHANKAR PRASAD)

(a) & (b) Financial support from Universal Service Obligation Fund (USOF) is provided to Service Providers implementing USOF schemes for provision of telecom services to people in the rural and remote areas at affordable and reasonable prices. Selection of Service Provider is made by an open bidding process from amongst the eligible entities or by nomination. The open bidding process has been adopted in the Shared Mobile Infrastructure Scheme and has been approved for adoption in the Scheme for Comprehensive Telecom Development Plan for North East States (except Arunachal Pradesh and two districts of Assam) and the Islands namely Andaman & Nicobar Islands and Lakshadweep. USOF has awarded the work on nomination basis to Bharat Sanchar Nigam Limited (BSNL) in the Left Wing Extremism (LWE) affected areas, Arunachal Pradesh and two districts of Assam. USOF would fund the Capital Expenditure (CAPEX) and Operational Expenditure (OPEX) net of revenue for five years.

(c) Telecom Regulatory Authority of India (TRAI) in its recommendations 'Approach to Rural Telephony' recommended that "USOF should determine the subsidy support for setting up towers in different regions and any Infrastructure Provider-I (IP-I)/Cellular Mobile Telephone Services (CMTS)/ Unified Access Service Licence (UASL) operator, who sets up a tower in the designated Short Distance Charging Areas (SDCAs) and shares it, should be paid subsidy depending on the number of operators sharing the tower".

(d) & (e) Government is deliberating on strategies for increasing rural penetration including the recommendations of TRAI.