

UNIVERSAL SERVICE OBLIGATION FUND

The Universal Service Policy for development of telecom networks in the rural and remote areas of the country came into effect from 01.04.2002. The Indian Telegraph(amendment) Act, 2003 was enacted to constitute a non lapsable fund called Universal Service Obligation Fund and a statutory setup to operationalize the universal support policy by utilizing the fund. The Fund is to be utilized exclusively for meeting the Universal Service Obligation by providing access to telegraph services to people in the rural and remote areas at affordable and reasonable prices. The USO Fund was established with the fundamental objective of providing access to basic telegraph services. Subsequently it was felt that subsidizing only basic service will not serve the purpose of achieving the aim and objectives of USO policy. Hence an act has been passed on 29.12.2006 to enable provision of all types of telegraph services.

For administration of the Fund, Indian Telegraph (Amendment) Rules were notified on 26.03.2004. The Rules were subsequently amended in order to enable support for mobile services and broadband connectivity in rural and remote areas of the country as Indian Telegraph (Amendment) Rules 2006. The Rules have recently been amended to provide subsidy support to eligible operators for operational sustainability of Rural Wire Line Household DELs installed prior to 01.04.2002, for a period of 3 years subject to a ceiling of Rs.2000 Crore per annum for the country.

The Fund for implementation of USO are raised through a Universal Service Levy (USL) which has presently been fixed at 5% of the Adjusted Gross Revenue (AGR) of all Telecom Service Providers except the pure value added service providers like Internet, Voice Mail, E-Mail Service providers etc. In addition, the Central govt. may also give grants and loans to the Fund.

USO related activities are being implemented through the "eligible operators" as per the aforesaid Indian Telegraph (Amendment) Rules covering Basic Service Operators, Cellular Mobile Service Providers, Unified Access Services Licensees and Infrastructure Providers (IP-I). Different streams of programmes were enunciated since the creation of fund and subsidy disbursed for development of telecom network in remote and rural areas as below:

- (i) Stream-I : Provision of Public Telecom and Information Services
 - (a) Operation and Maintenance of Village Public Telephone in the revenue villages identified as per Census 1991 and Installation of Village Public Telephone in the additional revenue villages as per Census 2001.

- (b) Provision of additional Rural Community Phone in areas after achieving the target of one Village Public Telephone in specified revenue village.
- (c) Replacement of Multi Access Radio Relay (MARR) Technology Village Public Telephone installed before 1st day of April 2002.
- (ii) Stream-II :Provision of Household Telephones in rural and remote areas as may be determined by the Central Government from time to time.
- (iii) Stream-III: Creation of Infrastructure for provision of Mobile Service in rural and remote areas.
- (iv) Stream-IV: Provision of Broadband connectivity to villages in a phased manner.
- (v) Stream-V: Creation of General Infrastructure in rural and remote areas for development of telecommunication facilities.
- (vi) Stream-VI: Introduction of New Technological developments in the telecom sector in rural and remote areas.

USOF Activities in Orissa Service Area

CCA, Orissa serves as functional head of USOF Administration in the State of Orissa for implementation of all USO activities. Presently the following schemes are in vogue in Orissa Circle.

1. Village Public Telephone (VPT) scheme.
2. Rural Community Phone (RCP) scheme.
3. Rural Household Direct Exchange Lines (RDEL) scheme.
4. Setting up and managing infrastructure sites and provision of mobile services in the specified rural and remote areas.
5. Provision for Wire line Broadband connectivity in rural and remote areas.

The details of payment made during 2008-09 are given below: -

(Rs. in lakh)			
Sl.No.	USP	Activity	Amount disbursed during 2008-09
1	BSNL	VPT	2486.92
2	-do-	RCP	26.36
3	-do-	RDEL	1231.72
		Total	3745

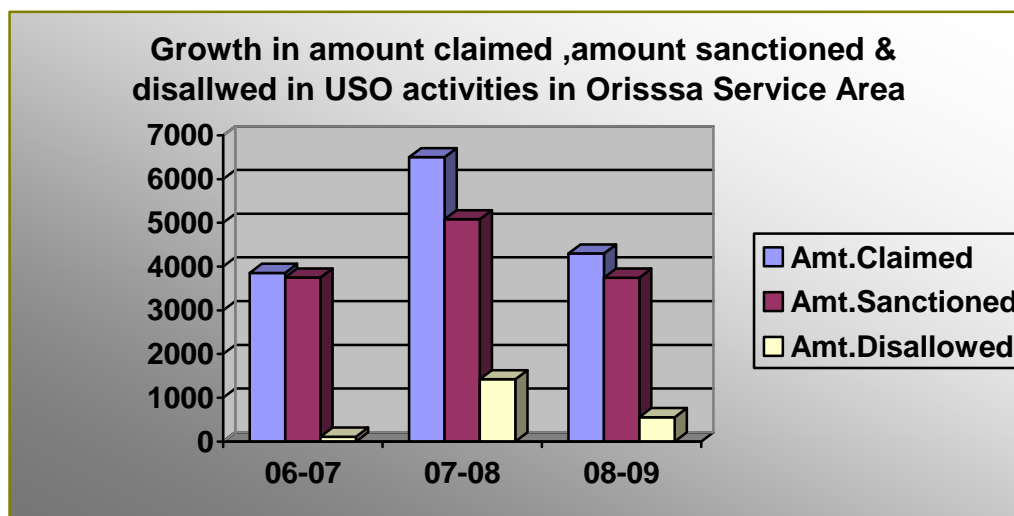
Details of Subsidy payment to BSNL, Orissa VPT, RCP & RDELs

(Rs. in lakh)				
Period	VPT Amount	RCP Amount (Rs.)	RDELs Amount (Rs.)	Total
2003-04	240.09	-	-	240.10

2004-05	1326.45	-	-	1326.45
2005-06	2574.24	184.86	6908.55	9667.66
2006-07	1131.96	90.67	2527.59	3750.23
2007-08	3381.23	28.79	1671.08	5081.10
2008-09	2486.93	26.36	1231.72	3745.01
Total	11140.90	330.69	12338.94	23810.55

Details of USO subsidy payments up to 2008-09

Year	Amount Claimed	Amount sanctioned	Amount disallowed
2006-07	3855.36	3750.23	105.13
2007-08	6501.33	5081.10	1420.22
2008-09	4297.51	3745.01	552.50
	14654.20	12576.34	2077.85



3. Setting up and managing infrastructure sites and provision for mobile services in the specified rural and remote areas.

A scheme was launched by Government of India under USOF for provision of mobile services in rural and remote areas of the state. In Orissa, 4 clusters were selected for erection of telecom towers which will be shared by three Universal Service Providers (USPs) for providing mobile connections to the remote areas under each tower location. M/s Reliance Communications and Infrastructure Ltd. & BSNL were selected as Infrastructure Provider (IPs) through bidding for setting up and managing the sites for which agreed subsidy will be paid from USOF. M/s Reliance Communication Ltd., (RCL), M/s Reliance telecom Ltd. (RTL), M/s Dishnet Wireless Ltd. (DWL) & M/s Bharati Airtel are the Universal Service Providers (USPs) for provision of mobile services in those remote areas. Service Level Agreements were signed

with IP & USPs which will remain valid up to six and half years and implementation shall be monitored by Controller of Communication Accounts, Orissa. 169 sites have been commissioned by the IPs and all three USPs have started providing service. The work in progress apart from the above as on 31st March 2009 is stated below:

Milestone	No of sites
No. of sites planned to be commissioned	435
Land Acquired	435
Foundation laid	382
Erection of tower completed	230
Engine alternator installed	171
Power supply received	45
No. of sites commissioned	169

4. Agreement for Wireline Broadband connectivity in rural and remote areas.

Government of India has entered in to an agreement with BSNL on 20.01.2009 for providing 30,144 Wireline Broadband in rural and remote areas of the country for a period of eight years from the date of agreement. In Orissa state 942 rural exchanges are identified for the implementation of the scheme by M/s BSNL. According to the agreement in each exchange 31 connections and one Kiosk shall be subsidized from USOF. The implementation of the Scheme by BSNL in Orissa State is in progress. As on 31st March 2009, 485 Wireline Broadband connections have been given in Orissa.







i) Settlement of claims

(Rs. in lakh)

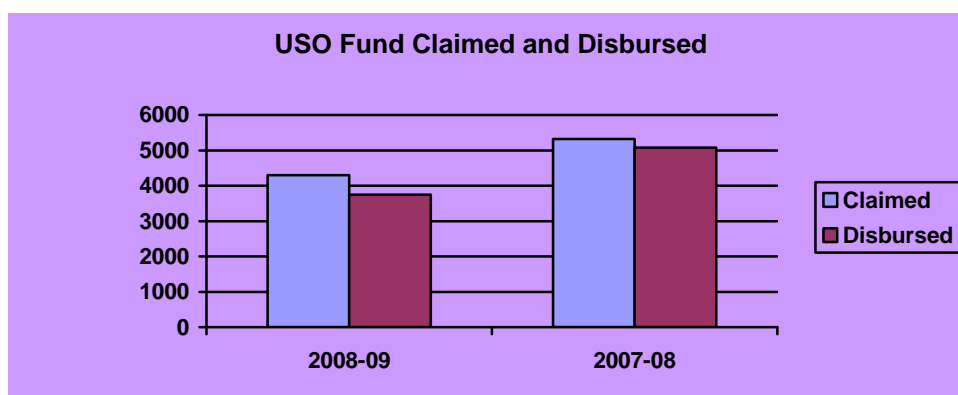
Sl. No.	Service provider	Amount claimed during the year 2008-09	Amount disbursed during the year 2008-09	Amount claimed during the year 2007-08	Amount disbursed during the year 2007-08
1.	BSNL	4297.51	3745.01	5318.24	5081.10

Amount disallowed/adjusted in 2008-09-Rs.552.50 lakh.

It's Break up:

Rs.132.56 lakhs disallowed on verification of claims.

Rs.419.57 lakhs adjusted/recovered due to NIMR/DNP/Fault found during USO Inspection.



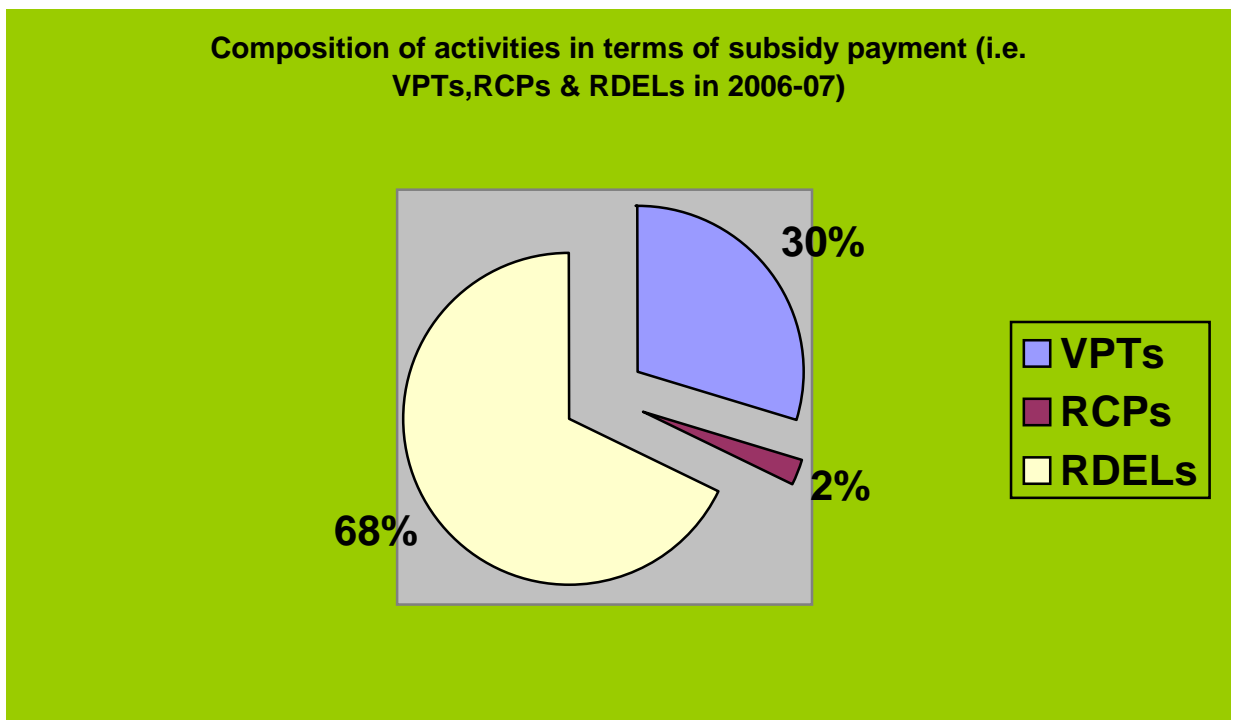
Inspection conducted

Name of SSA	Qtr of the Year/Period	Month
Keonjhar	1,2,3 & 4 (2006-07)	April
Cuttack	1,2 & 3(2006-07)	May
Bolangir	1,2,3 & 4 (2006-07)	June
Bhawanipatna	1,2,3 & 4 (2006-07)	June
Sambalpur	4(2006-07)	June
Berhampur	1,2,3 & 4 (2006-07) & 1,2,3 & 4 (2007-08)	July
Dhenkanal	1,2,3&4 RDELs only(2006-07) 1,2,3 & 4 (2007-08)	July
Balasore	4(2006-07) 1,2,3 & 4 (2007-08)	September
Baripada	1,2,3 & 4 (2007-08)	October
Keonjhar	1,2,3 & 4 (2007-08)	November
Bhubaneswar	1,2,3 & 4 (2007-08)	November
Sambalpur	1,2,3 & 4 (2007-08)	December
Koraput	1,2,3 & 4 (2007-08)	December
SSA, Berhampur (Spl. Inspn. of DSPTs)		December
Rourkela	1,2,3 & 4 (2007-08)	January
Phulbani	1,2,3 & 4 (2006-07) & 1,2,3 & 4 (2007-08)	January
Cuttack	1,2,3 & 4 (2007-08)	February
Bhawanipatna	1,2,3 & 4 (2007-08)	February
Bolangir	1,2,3 & 4 (2007-08)	March

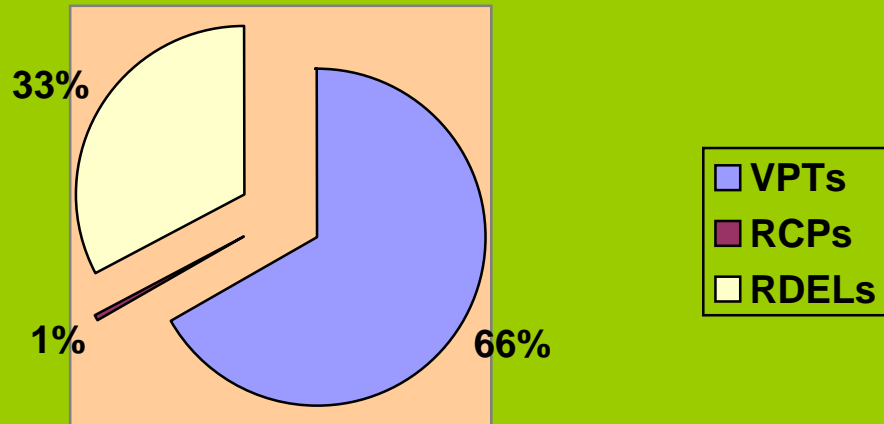
Amount recommended for recovery by USO Inspection team from SSAs for 2008-2009.

SI.No.	SSA	Subsidy claim verified for Quarter/Year	Amount for Recovery (Rs. In Lakh)
01	Keonjhar	1,2,3 & 4 (2006-07) & 1,2,3 & 4 (2007-08)	7.69 8.92
02	Cuttack	1,2 &3(2006-07) 1,2,3 & 4 (2007-08)	66.28 10.38
03	Bolangir	1,2,3 & 4 (2006-07) & 1,2,3 & 4 (2007-08)	29.76 9.98
04	Bhawanipatna	1,2,3 & 4 (2006-07) & 1,2,3 & 4 (2007-08)	26.73 3.88
05	Berhampur	1,2,3 & 4 (2006-07) & 1,2,3 & 4 (2007-08)	2.89 2.03
06	Sambalpur	4(2006-07) 1,2,3 & 4 (2007-08)	9.57 18.34
07.	Dhenkanal	1,2,3&4 RDELs only(2006-07) 1,2,3 & 4 (2007-08)	4.20 10.89
08.	Balasore	4(2006-07) 1,2,3 & 4 (2007-08)	15.03 31.24
09.	Baripada	1,2,3 & 4 (2007-08)	14.25
10.	Koraput	1,2,3 & 4 (2007-08)	6.10
11.	Phulbani	1,2,3 & 4 (2006-07) & 1,2,3 & 4 (2007-08)	2.96 5.17
12.	Bhubaneswar	1,2,3 & 4 (2007-08)	1.15
13.	Rourkela	1,2,3 & 4 (2007-08)	7.11
Total			294.54

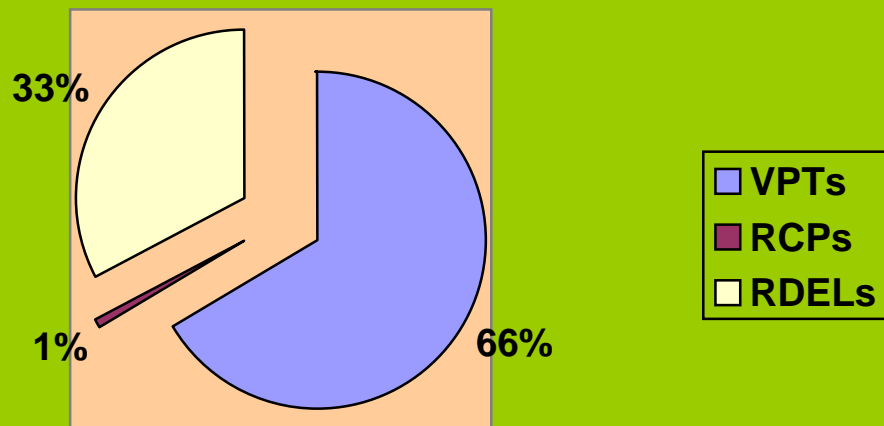
i) There is only one USP in Orissa i.e. BSNL.



Composition of activities in terms of subsidy payment (i.e. VPTs,RCPs & RDELs in2007-08)



Composition of activities in terms of subsidy payment (i.e. VPTs,RCPs & RDELs in 2008-09)



a) Growth in USO (F):

1) Overall growth: A line chart indicating the year wise disbursement.

