

**Press Information Bureau  
Government of India  
Cabinet**

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**Cabinet approves USOF support to BSNL for Rural Wire-line connections installed prior to 1.4.2002**

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved the proposal to extend subsidy support of Rs. 1,250 crore to Bharat Sanchar Nigam Limited (BSNL) from Universal Service Obligation Fund (USOF), as compensation for deficit incurred by BSNL in operating the Rural Wire-line connections installed prior to 1<sup>st</sup> April, 2002. The eligible rural wire-line connections installed prior to 1.4.2002 is 32.32 lakh, across India as on 31.3.2014.

The Cabinet also approved that the above subsidy support would be the last and final payment and no further request from BSNL for financial/subsidy support from USOF on this count shall be considered.

In order to make Bharat Sanchar Nigam Limited (BSNL) eligible for subsidy funding on nomination basis from USOF, amendment will be required in Rule 526 of the Indian Telegraph Rules (ITRs), 1951. It stipulates that the criteria for selection of Universal Service Providers shall be made by bidding process from amongst eligible entities for implementation of USOF schemes. Corresponding Amendment in Rule 525 will also be required.

Full/lump-sum amount of Rs. 1,250 Crore shall be disbursed, consequent to necessary amendment of the ITRs and signing of USOF agreement with BSNL. Utilization certificate of the USOF subsidy disbursed towards operation and maintenance of the rural wire-line connections would be submitted by BSNL.

**Background:**

USOF since its inception in 2002 has been providing subsidy for BSNL for the rural wire line connections installed prior to 1.4.2002. A total of Rs. 8,692 crore has been extended as USOF subsidy support till date, for the rural wire-line connections, installed by BSNL prior to 1.4.2002. The details are as follows:

<b>USOF Scheme</b>	<b>Basis</b>	<b>Amount (Rs. crore)</b>	<b>Period of support</b>
RDEL-D	Difference between regulated rental and actual rental	1192	1 <sup>st</sup> April 2002 to 31 <sup>st</sup> January 2004
RDEL-P	TRAI recommendations dated 27.03.2008	6000	18 <sup>th</sup> July 2008 to 17 <sup>th</sup> July 2011
RDEL-P	TRAI recommendations dated 14.05.2012	1500	18 <sup>th</sup> July 2011 to 17 <sup>th</sup> July 2012

The TRAI in its report dated 14.05.2012 had recommended amount of subsidy support-of Rs. 1,500 crore for the period 18th July 2011 to 17th July 2012 and Rs. 1,250 crore for the 18th July 2012 to 17th July 2013.

Telecom Commission, in its meeting dated 11.12.2012, considered the views of the TRAI and USOF and directed that an assessment be carried out of the current status of the infrastructure.

Telecom Commission/EFC in its meeting dated 14th July 2015 considered the findings of the evaluation/assessment study conducted by National Institute of Communication Finance and recommended the subsidy support of Rs. 1250 crore to BSNL from USOF, as compensation for deficit incurred by BSNL in operating the Rural Wire-line connections installed prior to 1st April 2002 Telecom Commission also recommended that the subsidy support of Rs. 1250 crore would be the last and final payment and no further request from BSNL for financial/subsidy support from USOF on this count shall be considered.

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