

**TELECOM REGULATORY AUTHORITY OF INDIA**

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**TRAI issues recommendations on “An approach to Rural Telephony – Suggested measures for an accelerated growth.”**

**New Delhi, 19<sup>th</sup> March, 2009.** Telecom Regulatory Authority of India (TRAI) has today released the recommendations on “An approach to Rural Telephony – suggested measures for an accelerated growth”. TRAI has suo motu recommended concrete measures to overcome the various constraints coming in the way of increasing rural telecom penetration.

2. The rate of growth of telecom penetration in urban India has been high as compared to rural. Total subscribers as on January 2009 are 400.04 million, out of which only 27.6% is the contribution from rural India which constitutes 70% of the total population of the country. As on Dec 08, the rural teledensity is 12.59 and urban teledensity is 81.38. Though the last year has witnessed a laudable trend of more and more operators focusing on the semi urban and rural markets, yet communications – one of the most basic need of mankind, still remains a challenge for many rural and remote areas. The Universal Service Obligation Fund (USOF) subsidy has also not spurred the investments in rural areas to the desired level. There are still a number of constraints which are required to be addressed to encourage the telecom service providers to move to these apparently less lucrative markets.

3. The salient points of the recommendations are:

- The USOF Administrator should be empowered effectively in terms of administrative, financial powers and ultimate decision making.

**USOF needs to be separated from Department of Telecom** and a framework on the lines of National Highway Authority should be considered. **USO Fund Act/ Rule should be so amended that the funds accruing to USOF through levy is directly managed by the organization and is not routed through the budgetary process of the Union Government.**

- The USOF should follow the bidding process only where it is necessary and it should concentrate primarily on planning and monitoring of the implementation of the scheme.
- The USOF should determine the subsidy support for setting up mobile towers in different regions and any IP-I/CMTS/UASL operator, who sets up the tower in the designated SDCAs and share it, should be paid subsidy depending on the number of operators sharing the tower.
- The Authority reiterated its earlier recommendations of charging a reduced USO levy of 3% on covering 75% of the development blocks including villages in a licensed service area.
- The development of local content needs to be area specific and should address the local and immediate needs of the people.
- The USOF may devise a scheme to call expression of Interest from IP-I/NLD/UAS licensees to provide optical fibre from the USOF subsidized towers to nearest block headquarter. USOF shall give subsidy @ maximum one lakh per KM per sharing (to be distributed over a period of three years) provided it shares it with at least one access service provider.
- The payments for subsidy claims shall be made in a certain time frame based on the self certifications of the service providers.

- USOF may device a scheme / agreement with state governments in which broadband connection are facilitated by USOF while state Government would assure fixed number of broadband connections for Government offices/ public places such as hospitals /schools etc.
- An amendment is recommended in section 10 of the Indian Telegraph Act, 1885 to curtail delay in obtaining right of way permission.
- For VSATs clearances, DoT should prescribe strict timelines and also simplify the procedures with emphasis on automatic clearances in case of non critical approvals. The Authority further recommended that the charges for VSATs (except transponder charges) may be borne by USOF initially for a period of three years for all the VSATs installed in rural areas.
- The USOF should negotiate with the Department of Post so as to facilitate the following activities
  - Working as sales outlet of telecom service providers
  - Bill Collection centers based on mutually agreed commission
  - subscriber verification
  - Telecom service providers can offer some commission for bringing in new subscribers
  - A pilot scheme for a duration of 3-6 months in each state for gaining experience may be advisable

4. With the objective of increasing the rate of growth of telecom services in rural areas, the TRAI had issued a paper on “Measures to Improve Telecom Penetration in Rural India – The Next 100 million subscribers” on 16th December 2008. Comments from the stakeholders on the various issues discussed in the paper were invited by 12th

January 2009. Based on the comments received and its own analysis the Authority has issued these recommendations on “An approach to rural telephony suggested measures for an accelerated growth”.

5. Full text of the recommendations is available on TRAI’s website ([www.trai.gov.in](http://www.trai.gov.in)).

**Contact Details in case of any clarifications**

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