

Consultation Paper No.2000/3

Telecom Regulatory Authority of India

Consultation paper On Universal Service Obligations

Date: July 3, 2000

PREFACE

The National Telecom Policy, 1994 as well as the new Telecom Policy of 1999 have laid down great emphasis on universal service. Recognizing that the universal service obligation may not be fulfilled under normal commercial considerations, new Telecom Policy, 1999 stipulates raising of resources for this purpose through the imposition of a universal access levy, which would be a percentage of the revenue earned by the operators under various licenses. The universal access levy, required for supporting the provision of village public telephone and rural exchange lines would cover both capital expenditure and recurring expenses to run the services. The percentage referred to above is to be decided by the Govt. in consultation with TRAI.

To work out the details of the Universal Access Levy, the Govt. has also sought the recommendations of TRAI on the following:

- a. Class of operator to fund the UAL.
- b. Various possible cost model/approaches to determine:
 - Percentage contribution from revenue of the operators and the mechanism for computing it;
 - Per unit subsidy for VPTs and rural DEL's separately to cover capital and recurring expenditure;
 - Whether per unit subsidy will be the same or different in different geographical areas/tribal and non-tribal areas of the country; and
 - Per unit subsidy for low calling urban DELs.

The new Telecom Policy, 1999 has laid down specific time bound targets that require telecom coverage of all villages and provision of reliable media to all exchanges by the year 2002, tele density of 4 in rural areas by the year 2010 and internet access to all district headquarters by the year 2000, provision of high speed data and multi media capability, using modern technology including ISDN to all towns with a population greater than 2 lakhs by the year 2002 and provision of telephone on demand by the year 2002, reaching tele density of 7 by the year 2005 and 15 by the year 2010.

This paper analyses the existing and future scenario and presents approaches, methodologies and options for determining the cost of meeting universal service obligation, the manner in which the required funds will be raised and the administration of the funds so raised.

I hope this Consultation Paper would generate useful inputs from all stakeholders viz. Service Providers, Consumers and Consumers' Organizations, Financial Institutions and Banks, Policy Makers and Research Institutions. I request that written comments on this Consultation Paper may please be furnished to Secretary, TRAI by 24th July, 2000. For any further clarification of the matter, Joint Secretary(Engineering) or Director (Engineering), TRAI may be contacted at Phone Nos. 3357815 and 3736515 respectively. (Fax No. 3738708, 3356083) (E-mail: traidel2@vsnl.net.in)

-Sd-
(M. S. Verma)
Chairperson

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