

## UPSC Preparation

### What is the Universal Service Obligation Fund?

Universal Service Obligation Fund (USOF) is the pool of funds generated by 5% Universal Service Levy that is charged upon all the telecom fund operators on their Adjusted Gross Revenue (AGR). This fund is deposited in the Consolidated Fund of India and is dispatched on the approval of the Indian Parliament.

The USOF comes under the Indian Telegraph Act 1885. The act was amended in 2003 to give statutory status to the fund. The Department of Telecommunications, Ministry of Communications governs the fund and related provisions.

The aim of USOF is to provide a balance between the provisions of Universal Service to all uncovered areas, including the rural areas.

**Latest Context:** The USOF is in the news as the Cellular Operators Association of India (COAI) has asked to reduce the license fee of 8% which comprises USOF (5%) and License Fee (3%). The proposal has come on the account of debts faced by Telecom Companies, and the rising demand for telecom services with the advent of Work From Home (WFH) amid the COVID-19 pandemic.

### Why is the Universal Service Obligation Fund created?

The government of India kept Universal Service as an objective in its New Telecom Policy (NTP) of 1999. Universal Service stands for universal, interdependent and intercommunicating, affording the opportunity for any subscriber to any exchange to communicate with any other subscriber of any other exchange.

It was through NTP 1999 that it was envisaged to levy Universal Access Levy (UAL) upon the telecom licensees' revenue in consultation with the [Telecom Regulatory Authority of India \(TRAI\)](#).

### History of Universal Service:

1. The concept of USOF is said to be originated by postal reforms of Rowland Hill (An English Reformer famous for his campaign on postal system reforms) in 1837.
2. It is a key objective of the Universal Postal Union.
3. The term, 'Universal Service' is said to be first used by the President of AT & T, Theodore Vail.
4. The benefits of telecommunication technologies are to be extended to the world's inhabitants and such an objective is enshrined in the Constitution of the [International Telecommunication Union \(ITU\)](#).

### Universal Service Obligation Facility in India:

1. In 2002 (1st April), the Universal Service Support Policy (USSP) came into effect.
2. The Department of Telecommunications (DoT) had issued the guidelines on the USSP on 27th March 2002.
3. In 2004, the rules for the administration of the USOF were notified. The rules were known as Indian Telegraph (Amendment) Rules, 2004.
4. The fund does not lapse on its under-use annually.
5. Currently, the power sector is requesting to decrease the USO levy from 5% to 3%.

## USOF Vision & Objectives

Based on its genesis, the vision of the Universal Service Obligation Fund is to provide affordable access to a reliable and ubiquitous telecommunications network to all rural Indians which in return help them achieve their fullest potential.

The USOF proposes to meet its social, economic, political and constitutional objectives which are as follows:

1. To extend the telecommunication network.
2. To stimulate the uptake of Internet and Communication Technologies (ICT) services.
3. To bring the underserved and unserved areas of the country into the telecom spectrum and narrow down the access gap.
4. To use the pooled USO levy for an equitable distribution through target subsidies.

## Who are the partners of USOF?

As per the Department of Telecommunications, there are 24 partners of USOF. It includes:

1. Bharat Sanchar Nigam Limited
2. Tata Tele Services Limited
3. Reliance Communications Limited
4. Vodafone
5. Bharti Airtel Limited, etc.

## Advantages of USOF

It is perceived to bring social and economic benefits with the focus on telecom connectivity.

1. With access to affordable telecom services in remote and rural areas, the USOF is the right step towards stemming urban migration. This would ensure to generate employment opportunities in the rural areas which would help generate more income.
2. The extension of ICT services will ensure the growth of Rural Business Process Outsourcing (BPOs-Rural) and Rural Knowledge Process Outsourcing (KPOs-Rural.)
3. The increased awareness of ICT services in the rural areas and growing participation of the rural people would help promote facilities related to health, education etc.
4. USOF is also perceived as the right tool to extend the benefits of the government schemes aimed at the social development of the rural population.
5. The rural areas get the Village Public Telephones (VPTs), Rural Community Phones (RCPs), Rural Household Telephones (RDELs), and mobile infrastructure.

## Schemes run by USOF

There are several activities that are being undertaken using the Universal Service Obligation Fund. Some of the schemes are:

1. [BharatNet](#) – The aim is to provide broadband connectivity to all the gram panchayats of the country. The project was approved in 2011. It is expected to be completed in 2023. USOF is funding this project.

2. Optical Fibre Cable for North East – It is being run in phases. In phase-I, Meghalaya, Mizoram & Tripura are considered for OFC augmentation; while, Arunachal Pradesh, Manipur & Nagaland are taken up in Phase-II.
3. Submarine Cable Connectivity to Andaman and Nicobar Islands (CANI) – It was inaugurated by the Prime Minister in August 2020. An undersea cable of nearly 2300 KM length is laid between Chennai-Port Blair and Port Blair and 7 Islands.

