

THE GAZETTE OF INDIA

EXTRAORDINARY

PART II-Section 3- Sub-section (i)

**MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(DEPARTMENT OF TELECOMMUNICATIONS)**

**NOTIFICATION
NEW DELHI, THE 26TH MARCH, 2004**

G.S.R. 220(E).- In exercise of the powers conferred by section 7 of the Indian Telegraph Act, 1885 (13 of 1885), the Central Government hereby makes the following rules further to amend the Indian Telegraph Rules, 1951, namely:-

1. (1) These rules may be called the Indian Telegraph (Amendment) Rules, 2004.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Indian Telegraph Rules, 1951, after rule 522, the following shall be inserted, namely;

‘PART-X

UNIVERSAL SERVICE OBLIGATION FUND

523. Definitions. – In this part -

- (a) “Administrator” means the Administrator of the Fund appointed by the Central Government for the administration of the Fund;
- (b) “Agreement” means an agreement made between the Administrator and one and more of the Universal Service Provider for the purpose of implementation of Universal Service Obligation;
- (c) “Capital Cost” means the capital expenditure incurred on providing access as may be determined by the Administrator;
- (d) “Capital Recovery” means the aggregate of depreciation, interest on debt and return on equity on the capital cost annualized over a period of seven years;

(e) “Fund” means the Universal Service Obligation Fund established under sub section (1) of section 9A of the Indian Telegraph Act, 1885 (13 of 1885);

(f) “High Speed Public Telecom and Information Centre” means a centre which offers additional facilities including tele-education and tele-medicine at a minimum data speed of 128 Kbps, for use by public;

(g) “Multi Access Radio Relay Technology” means a technology used for providing telephone services;

(h) “Public Telecom and Information Centre” means a centre which offers data applications including FAX, e-mail, internet besides voice telephony, for use by the Public;

(i) “Net Cost” means Operating Expenses plus Capital Recovery minus Revenue;

Explanation.- Where support is to be extended towards Operation and Maintenance only, Net Cost shall mean Operating Expenses minus Revenue;

(j) “Operating Expenses” means the annual Operating Cost incurred on operation and maintenance of the specified facilities as may be determined by the Administrator;

(k) “Revenue” means the annual charges including usage charge and applicable rental from the specified Service, without any deduction of any kind whatsoever except taxes relating to the specified Service, if any, paid to the Government;

(l) “Secondary Switching Area” means the area in which the country is divided by the Telegraph Authority, and is co-terminus with a Long Distance Charging Area;

(m) “Universal Service Obligation” means the obligation to provide access to basic telegraph services to people in the rural and remote areas at affordable and reasonable prices;

(n) “Universal Service Provider” means the person who has entered into an Agreement with the Administrator for the purpose of implementation of Universal Service Obligation;

(o) “Village Public Telephone” means the first public telephone installed in a village.

524. Administration of the Universal Service Obligation Fund. – The Administrator shall have powers to, -

- (i) formulate bidding procedures including its terms and conditions for the purposes of implementation of Universal Service Obligation;
- (ii) evaluate the bids called for the purposes of implementation of Universal Service Obligation;
- (iii) enter into Agreement with the Universal Service Provider for the purposes of implementation of Universal Service Obligation;
- (iv) settle the claim of Universal Service Provider after due verification, and make disbursements accordingly from the Fund;
- (v) specify relevant formats, procedures and records to be maintained and furnished by the Universal Service Provider;
- (vi) monitor the performance of the Universal Service Provider as per the procedure specified by him from time to time.

525. Scope of support from Universal Service Obligation Fund. - (1) Financial Support from the Fund shall be provided to meet the Net Cost of providing the specified Universal Service Obligation as per the procedure specified by the Administrator from time to time, and the period for which such support shall be provided and the services covered shall be governed by an Agreement entered into with the Universal Service Provider.

(2) The following services shall be supported by the Fund, namely:-

(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.-** For installation of Village Public Telephone in the revenue villages, identified as per 1991 Census, only the Operating Expenses and Revenue shall be taken into account for determining the Net Cost. For the additional revenue villages identified as per 2001 Census, Capital Recovery in addition shall also be taken into account for determining the Net Cost:
- Provided that in the case of the Village Public Telephone which are still to be installed in the villages identified as per Census 1991, Capital Recovery shall also be taken into account while determining the Net Cost;
- (b) **Provision of additional rural community phones in areas after achieving the target of one Village Public Telephone in every revenue village.-** Where in a village the population is more than 2000 and no public call office is existing, a second public phone shall be installed and for the purposes of determining the Net Cost, Capital Recovery, Operating Expenses and Revenue shall be taken into account;
- (c) **Replacement of Multi Access Radio Relay Technology Village Public Telephone installed before 1st day of April 2002.-** Capital Recovery, Operating Expenses and Revenue shall be taken into account for determining the Net Cost.
- (d) **Up-gradation of a Public Telephone to Public Tele Information Centres.-** The data transmission facilities shall be provided within 5 Kms. of a village with a population exceeding 2000, preferably in those villages where post offices are

located and the Capital Recovery only towards provision of customer premises equipment; namely, Computer, Uninterrupted Power Supply and Modem, Operating Expenses and Revenue shall be taken into account to determine the Net Cost.

- (e) **Installation of High Speed Public Telecom Information Centres** in a public place at Block Headquarters and in villages with a population exceeding 2000 shall be made in a phased manner. Capital Recovery towards customer premises equipment as in the case of Public Telecom Information Centres, and required access as well as Operating Expenses and Revenue shall be taken into account to determine the Net Cost.

Note. - Unless otherwise specified by the Central Government , the Secondary Switching Area shall be taken as a unit for the purpose of arriving at the Net Cost for activities specified in items (a) to (e) of stream I.

(ii) **Stream-II – Provision of household telephones in rural and remote areas as may be determined by the Central Government from time to time:**

- (a) For household Direct Exchange Lines installed prior to 1st day of April, 2002, the difference in rental actually charged from rural subscribers and rent prescribed by Telecom Regulatory Authority of India for such subscribers shall be reimbursed until such time the Access Deficit Charges prescribed by Telecom Regulatory Authority of India from time to time take into account such difference.
- (b) For household Direct Exchange Lines installed after 1st day of April, 2002, Capital Recovery, Operational Expenses and Revenue shall be taken into account to determine the Net Cost.

Note. - Unless otherwise specified by the Central Government, the Short Distance Charging Area shall be taken as a unit for the purpose of arriving at the Net Cost for activities specified in item (b) of Stream II.

526. Criteria for selection of Universal Service Provider. – The selection of the Universal Service Provider shall be made by a bidding process from amongst the eligible operators , except for household Direct Exchange Lines referred to in item (a) of clause (ii) of sub-rule (2) of rule 525 and the Agreement signed as a result of the bidding process shall not be treated as grant of fresh license under the Indian Telegraph Act, 1885 (13 of 1885).

Explanation.- For the purposes of this rule, “eligible operators” means the Basic Service Operators, Cellular Mobile Service Providers and Unified Access Services Licences or any other entities as may be specified in this behalf by the Central Government from time to time.

527. Release of Funds to Universal Service Providers. – Fund shall be released to the Universal Service Provider in a manner and at such intervals as may be specified in the Agreement.’

(No. 30-1/2004 –LF)

P K SINHA, Director (LF)

FOOT NOTE:- The principal rules have been published in the Post & Telegraph Manual Volume I. Legislative Enactments, Part II, Edition. These have subsequently been amended as under:-

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|-----------------------------|--------------------------------|
| 1.GSR 190 dt. 18-2-1984 | 28. GSR 606 dt. 14-7-1988 |
| 2.GSR 386(E) dt. 22-5-1984 | 29. GSR 812 (E) dt. 26-7-1988 |
| 3.GSR 387 (E) dt. 22-5-1984 | 30. GSR 888 (E) dt. 1-9-1988 |
| 4.GSR 679 dt. 30-6-1984 | 31. GSR 907 (E) dt. 7-9-1988 |
| 5.GSR 428 dt. 27-4-1985 | 32. GSR 916 (E) dt. 9-9-1988 |
| 6.GSR 729 dt. 3-8-1985 | 33. GSR 1054 (E) dt. 2-11-1988 |
| 7.GSR 982 dt. 19-10-1985 | 34. GSR 179 dt. 18-3-1989 |
| 8.GSR 553 (E) dt. 27-3-1986 | 35. GSR 358 (E) dt. 15-3-1989 |

9.GSR 314 dt 26-4-1986
10.GSR 566 dt. 26-7-1986
11.GSR 953 (E) dt. 23-7-1986
12.GSR1121 (E) dt. 1-10-1986
13.GSR 1167 (E) dt. 28-10-1986
14. GSR 1237 (E) 28-11-1986
15. GSR 49 dt. 17-1-1987
16. GSR 112(E) dt. 25-2-1987
17. GSR 377 (E) dt. 9-4-1987
18. GSR 674 (E) dt. 27-7-1987
19. GSR 719 (E) dt.18-8-1987
20. GSR 837 (E) dt. 5-10-1987
21. GSR 989 (E) dt. 17-12-1987
22. GSR 337 (E) dt. 11-3-1988
23. GSR 361 (E) dt. 21-3-1988
24. GSR 626 (E) dt. 17-5-1988
25. GSR 660 (E) dt. 31-5-1988
26. GSR 693 (E) dt. 10-6-1988
27. GSR 734 (E) dt. 24-6-1988

36. GSR 622 (E) dt. 15-6-1989
37. GSR 865 (E) dt. 29-9-1989
38. GSR 413 (E) dt. 29-3-1990
39. GSR 574 (E) dt. 15-6-1990
40. GSR 933 (E) dt. 3-12-1990
41. GSR 985 (E) dt. 20-12-1990
42. GSR 74 dt. 18-1-1991
43. GSR 237 (E) dt. 25-4-1991
44. GSR 251 (E) dt. 2-5-1991
45. GSR 543 (E) dt. 21-5-1992
46. GSR 560 (E) dt. 26-5-1992
47. GSR 587 (E) dt. 10-6-1992
48. GSR 730 (E) dt. 19-8-1992
49. GSR 830 (E) dt. 28-10-1992
50. GSR 62 (E) dt. 11-2-1993
51. GSR 80 dt. 6-2-1993
52. GSR 384 (E) dt. 27-4-1993
53. GSR 387 (E) dt. 28-4-1993