

Universal Service Obligation Fund (USOF)

December 2, 2021

In news- The Union Cabinet has approved the utilisation of the Universal Service Obligation Fund (USOF) for provisioning of mobile services in Uncovered Villages of Aspirational Districts of five states.

Key updates-

- The Project envisages to provide **4G based mobile services in the 7,287 uncovered villages of 44 Aspirational Districts across five States.**
- The **five states include Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra & Odisha.**
- The cost of the project is Rs 6,466 crore including operational expenses for 5 years.

About Universal Service Obligation Fund (USOF)-

- USOF is a fund **under the Department of Telecommunications, Ministry of Communication.**
- USOF **generated by Universal Service Levy(USL) which is collected from the Service Providers** at a defined percentage of Adjusted Gross Revenue (AGR) as a component of Licence Fee.
- The **collections of USL are credited to the Consolidated fund of India** and allocation of funds to USOF is through Parliamentary approval.
- The balances to the credit of the **Fund does not lapse** at the end of the financial year.
- It aims to provide a balance between the provision of Universal Service to all uncovered areas, including the rural areas.
- The **concept of Universal Service Obligation was originated by Rowland Hill in 1837, with his postal reforms,** which included uniform rates across the United

Kingdom.

- **The New Telecom Policy (NTP) 1999 of the Department of Telecom**, GoI had Universal Service as one of its main objectives.
- Further, NTP envisaged the implementation of USO for rural and remote areas would be undertaken by all fixed service providers who shall be reimbursed from the USOF.
- The Universal Service Support Policy came into effect in 2002.
- **The Indian Telegraph (Amendment) Act, 2003** gave statutory status to USOF.
- **There are 24 partners for USOF including** Bharat Sanchar Nigam Limited, Bharti Airtel Limited, Tata TeleServices Limited, Reliance Communications Limited, Reliance Telecom Limited, Aircel, Vodafone, etc

Objectives of USOF-

- Economic: Network extension & stimulate uptake of the ICT services.
- Social: Mainstreaming the underserved & un-served areas/groups by bridging the Access Gap.
- Political: To enable citizens to exercise their political rights in an informed way.
- Constitutional: Equitable distribution of the fruits of the telecom/digital revolution and fair allocation of national resources (pooled USO levy) via targeted subsidies.