EFFECTIVE IMPLEMENTATION & MONITORING OF USOF SCHEMES

CCA CONFERENCE ON USOF IMPLEMENTATION ISSUES
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USOF (Finance) Wing, Department of Telecommunications
PREFACE

Monitoring & Reporting from the Field

USOF has a well established verification mechanism, which forms an integral part of the Agreements signed with Telecom Service Providers for the implementation of its schemes. As field offices charged with facilitation and verification functions on behalf of the USOF Administration, CCA Offices have over the past seven years evolved innovative and effective means of ensuring that the ground level results envisaged by USOF schemes are achieved to a very high degree of satisfaction. Apart from regular authentication of subsidy claims through physical verification and documentary checks, CCAs also carry out special verification drives as per USOF HQ instructions.

The vigilant approach of CCA offices ensures that schemes are implemented properly on ground in keeping with the letter and spirit of USOF Agreements. Further, constant feedback from CCA offices regarding ground level implementation issues has been of invaluable assistance to the USOF Administration in effecting mid course corrections and in improving the design of new schemes.

This report describes the facilitation and verification mechanism adopted by USOF and the role and valuable contribution of CCAs thereof.

![Inspection of USOF Site in Punjab](image1)

![RDEL Inspected in Rajasthan](image2)
## LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>CAF</td>
<td>Customer Application Form</td>
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<td>CCA</td>
<td>Controller of Communication Accounts</td>
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<td>CCB</td>
<td>Coin Collection Box</td>
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<td>CDMA</td>
<td>Code Division Multiple Access</td>
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<td>CDR</td>
<td>Call Data Record</td>
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<td>CPE</td>
<td>Customer Premises Equipment</td>
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<td>CRM</td>
<td>Customer Relations Management</td>
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<td>DOC</td>
<td>Date of Commissioning</td>
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<tr>
<td>DSLAM</td>
<td>Digital Subscriber Line Access Multiplexer</td>
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<td>FWT</td>
<td>Fixed Wireless Terminal</td>
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<td>IP</td>
<td>Infrastructure Provider</td>
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<td>OPEX</td>
<td>Operating Expenses</td>
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<td>RDEL</td>
<td>Rural Direct Exchange Line</td>
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<td>RCP</td>
<td>Rural Community Phone</td>
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<td>RFI</td>
<td>Ready for Integration</td>
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<td>SLA</td>
<td>Service Level Agreement</td>
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<td>TRAI</td>
<td>Telecom Regulatory Authority of India</td>
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<td>TSP</td>
<td>Telecom Service Provider</td>
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<td>USP</td>
<td>Universal Service Provider</td>
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<td>USOF</td>
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INTRODUCTION

THE ‘WHY’ OF USOF & HENCE MONITORING

As laid down in the Indian Telegraph Act, the mandate of USOF is to make telecommunication services available to people in rural and remote areas at reasonable and affordable prices. To this end, USOF provides subsidy support to close the viability gap and incentivize telecom operators to serve this market segment which is otherwise not commercially viable and thus does not attract the needed investment. Thus, USOF subsidy serves as the catalyst and encourages telecom operators to create new/incremental infrastructure or leverage existing infrastructure to provide rural telecommunication services. The infrastructure serves as the means, while the end is affordable and reliable customer service to populations in rural and remote areas. The primary function of USOF Administration is to provide the necessary financial incentives to bridge universal access/service gaps and to monitor service delivery as per agreed terms and conditions. In keeping with this requirement even the most infrastructure-centric schemes of USOF are designed to be technology neutral, to the extent possible, as it is understood that telecom operators are the best judges of the required technical parameters of the infrastructure they create/use for service provision.

The infrastructure created is largely financed and owned by service providers who would have little reason to compromise on the quality of their own revenue earning assets which would outlast the subsidy payment period by several years. This becomes even more pertinent when one acknowledges the current telecom scenario wherein urban markets are approaching saturation and telecom operators are increasingly interested in rural roll outs.

When it comes to the quality of telecom services (QoS); this aspect is statutorily monitored by TRAI across the country. On the other hand, effective delivery of USOF’s unique promises of fair sharing of infrastructure by multiple service providers as per USOF agreements, enforcement of discounted tariffs, assured public access, reliable and non-discriminatory customer services to target beneficiaries, customer satisfaction and effective grievance redress etc are aspects that require special and continuous monitoring through a non-technical, customer centric and socio-economically sensitive approach.
The Underlying Principle

In USOF programmes, subsidy is paid over a two-seven year period. Payment commences only after actual infrastructure or services are commissioned. Claims are accepted on self certification (as to adherence to Agreement conditions) by service providers. In addition, subsidy claims for end-user oriented services are required to be based on billing records in proof of existence and functioning of facilities provided. Thus, for e.g. claims submitted for public access facilities such as Village Public Telephones (VPTs)/ Rural Community Phones (RCPs) and private access facilities i.e. Rural Household Direct Exchange Lines (RDELs)/broadband connections are certified to be as per billing records and accompanied by documentary proof in this regard.

Post payment verification of claims is carried out by Controller of Accounts Offices (CCAs) for their respective service area.

USOF support is provided for a finite period after which it is expected that the endeavour would attain commercial sustainability and continue to generate revenues for the owner-service providers. This being the case, the recipient of subsidy would in his own interest utilize the subsidy period to create robust infrastructure, which would be the bedrock of his commercial operations in the post - subsidy phase.

Even for the newer schemes such as those for OFC connectivity and Mobile Infrastructure, though infrastructure is to be created with the support of USOF, the assets thus created have a long term value for TSPs which extends far beyond the subsidy payment period. These infrastructural assets are likely to generate significant revenues in the long run. USOF’s monitoring effort should accordingly be primarily focused on issues such the fair sharing of infrastructure with other service providers and customer service aspects as prescribed by USOF agreements, rather than the technical aspects of infrastructure created.

The focus of USOF monitoring for infrastructural support schemes would therefore be as follows:

A. At the completion of roll out, to conduct a onetime verification of physical infrastructure. (In the Mobile Infrastructure scheme this is being carried out by CCA Office inspection teams vis-a-vis information furnished in the self certificate accompanying the first claim. In OFC scheme, this forms a part of the terms of reference of the technical consultants who have the requisite expertise.)

B. In the subsequent period, monitoring is to focus on tariff being charged to other telecom operators/ customers as the case may be, customer satisfaction, quality of service and grievance redress. These activities require familiarity with telecom tariff and Customer Relations Management systems.
THE ‘HOW’ OF MONITORING

Methodology: Physical & Documentary Verification

The subsidy payment and claim authentication functions of USOF are carried out by 22 CCA Offices located at the HQs of telecom service areas. There is a well established system of authentication.

In particular, public access facilities (VPTs, RCPs and Broadband kiosks) and infrastructure based facilities (mobile towers) are verified physically in a phased manner by CCAs. Detailed instructions and formats have been prescribed for the same.

For facilities such as RDELs whose numbers run into several lakhs and which are located in private premises, along with sample physical verification, reliance is placed on dialling, inspection of records from the billing/CRM systems of service providers as well as other documents such as Customer Application Forms (CAFs). All facilities barring those for which 100% verification is prescribed are to be authenticated on sample basis.

Inspection reports are compiled and submitted to the USOF (Finance) wing at HQ, every quarter. Here they are analyzed for necessary remedial action, instructions etc. In case of detection of significant irregularities as a result of inspection, the sample size is increased.

Practicality of Continuous Cent Percent Physical Verification

The numbers involved as of today are approximately 5.6 lakh VPTs, 40,000 RCPs, 79,00,000 plus RDEls, a lakh plus Broadband connections and 7387 Mobile Infrastructure Towers. It would definitely not be feasible for any agency to conduct a hundred percent physical check of USOF subsidized facilities in one go.

For Mobile Infrastructure sites, CCAs are to conduct physical verification of cent percent sites in a phased manner over one/two years depending on the numbers involved in their jurisdiction. For other activities, physical verification on sample basis, is supplemented by telephonic interaction with subscribers and inspection of documents such as CAFs, CDRs, Fault records, bills etc. This serves to effectively establish the existence and status of the facilities.

The expertise of the P&T AFS officers who man USOF (Finance) and CCA Offices, in telecom billing and customer relations management systems has helped them to devise innovative and effective methods of verification which combine the above measures to cross check claim data efficiently.
**Methodology: Special Verification Drives & Corrective Measures**

Based upon analysis of physical inspection reports from CCA Offices, wherever a persistent and widespread irregularity is suspected, special verification drives are launched by USOF whereby detailed and exhaustive authentication is carried out.

- Thus, in 2004-05 a special drive was launched to verify every VPT claimed, against billing records, so as to establish the authenticity of VPT claims.

- Similarly in 2006-07, around 10,00,000 RDELS installed in the last quarter of 2007-08 were verified by adopting a multistage scientifically designed statistical sampling methodology. This involved a hundred percent check of RDELS against the Call Data Records (CDRs) coupled with sample based dialling and physical verification.

- Further, the claim submission formats are modified to respond to field realities. For e.g. when reports flowed in from CCA offices about RDELS claims being erroneous on account of location of DELs in urban areas, it was decided that claims be submitted against the village census codes. The same is also followed in case of VPTs and RCPs which are meant to be located in particular villages.

- To deter erroneous claim submission, instructions were issued to the effect that claims submitted by BSNL (who is the major beneficiary of USOF payments) must be certified and countersigned by the senior Telecom Revenue Accounts (TRA) Officer concerned to establish the veracity of information submitted vis-a-vis billing records.

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**NEW METHODOLOGY FOR VPT VERIFICATION**

Keeping in view the need to standardize inspection formats, streamline inspection procedures and generate quantifiable and statistically acceptable reports, a committee of CCAs was constituted by Administrator USOF.

With the assistance of this committee and a Statistical Services officer, USOF (F) wing has redesigned the VPT inspection formats and procedures. **The first All India Report for the year 2009-10 will be released shortly.**

An in-house computer software has also been developed by USOF (F) wing to assist in compilation of the reports at CCA offices. This is at present under field trial.
ACHIEVEMENTS:

Valuable Impact of CCA Office Inspections:

Field investigations conducted by the CCA offices have led to valuable insights into ground level functioning of USOF scheme and this has resulted in necessary corrective measures as detailed below:

Field level functioning of VPTs:
Based on the inspection reports and feedback obtained from CCAs, an exhaustive mid term review report was prepared by USOF (Finance) HQ in 2007. (Annexure1). This report highlighted critical issues ailing the VPT schemes including:

- Lack of public access
- Lack of public awareness
- Non provision of prescribed Boards with tariff, timing, complaint mechanism related information
- Non provision of charge indicators
- Non provision of STD facilities
- Frequent faults and poor grievance redress
- Billing problems and the need for prepaid/CCB PCO model
- Review of tariff and commissions to franchisees
- Rural power shortages and consequent Non functioning of CDMA FWT based VPTs as batteries run out

This report formed the basis of a high level meeting between USOF and BSNL Corporate Office which resulted in the chalking out of a detailed time bound programme to tackle these issues.(ANNEXURE 2).The result has been that BSNL Corporate Office has issued instructions to its Circles for remedial action.

Today VPT directories are being printed by every Circle listing the phone number and address of every VPT SDCA, SSA and Circle wise; advertisements are being placed in newspapers to educate the public about VPT schemes; Boards and tariff charts etc are being increasingly displayed; toll free numbers for complaints are being provided etc. Further BSNL Circles are working on improving commission and tariff structure, provision of STD and are exploring viable billing models such as CCB/Prepaid models for VPTs.

Also to tackle the issue of powering CDMA FWT VPTs, 50,000 CDMA FWT VPTs are being provided solar charging devices by BSNL under joint subsidization of USOF and Ministry of New and Renewable Energy.

New VPT schemes link the provision of charge indicators, solar chargers and public access to subsidy payment.

It is the customer oriented inspections carried out by CCA offices which have sensitized the USOF Administration to ground level implementation issues making it a unique subsidy programme where targets are monitored at ground level by experts who regularly interact with rural population.
Valuable Impact of CCA Office Inspections:

Field level functioning of RCPs and RDEls: In spite of the numbers involved, the CCAs comprehensively covered implementation issues of RDEls bringing to notice of USOF issues relating to lack of interconnectivity with BSNL, inadmissible location of RDEls, and tariffs etc. The frequency of erroneous claim detection reported from the field caused USOF Administration to initiate a cent percent verification drive for 10,00,000 RDEls installed in the last quarter of the year 2006-07. This was successfully accomplished by CCAs.

RDEL Tariffs: The USOF agreement for provision of RDEls after 1.4.05 requires service providers to charge tariff at par or below TRAI prescribed tariffs. Based on conclusive reports from CCAs indicating that excess tariff was being charged by one service provider, the company was directed by USOF HQ to refund the same in every service area and furnish statutory auditor’s reports to that effect to every CCA office. This exercise was completed in early 2007 with a refund to the tune of Rs 7 crore.

Urban DELs: RDEL agreements permits subsidy to be paid only for DELs installed in rural areas. Once again based on decisive data from CCA Offices, all the service providers involved in the RDEL agreements were asked to review the RDELs claimed so far and to furnish corrected claims certifying that RDEls being claimed are only in rural areas. This exercise was carried out in 2007.

RCPs: As per the relevant USO agreement, RCPs (second VPTs) are to be provided in specified villages which have a population of more than 2000 and where no commercial PCO exists. CCAs across the country have been very vigilant on this account and have disallowed RCP claims after obtaining data on preexistence of PCOs. Based on their reports, in 2007-08 USOF HQ sought a self-review report from Service providers on villages ineligible for RCPs on the above grounds. This had lead to a decrease in the official target in terms of number of villages where RCPs are to be provided from 46,253 to 40,694.

Authority, Responsibility, Risk

CCA offices have been delegated powers to disallow claims and deduct penalties, liquidated damages and over payments before making disbursements. This implies that along with authority, they shoulder the associated responsibility and risk. Due care is exercised by CCAs ensure that USO subsidy is disbursed only against genuine claims. In case of claims which are found to be doubtful on preliminary checks and physical verification, the amounts involved are withheld for further authentication by way of additional documentary support and clarification from the concerned service providers. Amounts found to be ineligible are disallowed by CCA offices. (So far, ineligible claims amounting to approximately Rs 800 Crores have been disallowed by CCAs.)
FACILITATING AT FIELD LEVEL

Monitoring & Facilitation during Construction Phase of Schemes

MOBILE PHASE I SCHEME:

Role of CCAs: CCA offices are intensively involved in the Mobile Phase I scheme whereby they have been designated to:

- Liaise with State and Local Government authorities to resolve problems such as land acquisition, local permissions, security and power being faced by service providers

- Coordinate and facilitate implementation efforts of the infrastructure providers and the three universal service providers implementing the scheme in their service area. The CCA offices convene quarterly /monthly or fortnightly meetings with the IPs and USPs to resolve issues related to information exchange between the IPs and USPs on various matters e.g., addition, dropping and relocation of sites/RFI status/SLA issues.

- To report regularly on monthly coordination efforts and highlight pertinent issues requiring action by USOF Administration.

- Report in detail on the progress of part A and part B of the scheme in terms of achievement of well defined milestones in MIS reports as per prescribed formats. This includes towers commissioned, land, foundation, power connection status etc for Part-A and sites commissioned, BTS and Antenna provision and provision of Backhaul for part B of the scheme.

- Post commissioning, the CCAs have been assigned the task of 100% physical inspection of the towers and submission of inspection reports to the USOF HQ bringing out instances where conditions of the Agreement have been violated by the IP/USP. Apart from physical verification of self certificates of commissioning, CCAs are required to report on other aspects noticed during inspection.

- Formats for submitting inspection reports have been prescribed. CCAs are also to verify customer service aspects such as the downtime reported, level of customer satisfaction, availability of recharge coupons, ease and availability of grievance redress, ease of getting a new connection etc.
**MOBILE PHASE I SCHEME:**

*Contribution of CCAs:*

CCAs have highlighted several important implementation issues which will serve as useful inputs into the scheme design for future mobile infrastructure schemes. Specific issues are detailed below:

*Construction Phase Issues:*

- Problem faced in acquisition of land especially forest and tribal land.
- Problem in getting SEB connections
- Problem in getting local permission like NOC from the panchayat
- **Height of cable tray:** As per the Agreement, the IP has to provide horizontal cable tray but the cable tray provided by the IP was not at the level required by the USPs forcing the USPs to arrange for separate cable tray.
- **Pole Mount:** The antenna pole mount provided by the IP did not meet the requirement of the USPs
- Issues relating to commissioning and functioning of **DG set**

*Post Commissioning Issues:*

- Dispute between the IP and USPs regarding Date of Commissioning.

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**THE RFI ISSUE**

The issue of frequently disputed Date of Commissioning (DoC) of Part A services was pointed by CCA Offices. DoC as claimed by IPs was disputed by USPs in several cases by citing reasons such as non-availability of power, non-functional DG set, incomplete cabling work, non-provision of cable tray & pole mounts and lack of site security. Based on the feedback received, a detailed procedure for establishment of RFI status was evolved by USOF HQ in consultation with the IP and USPs. Further CCAs are holding monthly meeting to coordinate between IPs and USPs in arriving at a mutually agreeable RFI dates across the country.

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**FOREST LAND**

In Tamil Nadu, the CCA office through liaison with state authorities, successfully facilitated the permissions for land acquisition of a site located in forest area. This is inherently a very difficult process.

- No-payment of OPEX charges by USPs
- Non-roll out of mobile services by the USPs even after expiry of the roll out period
- Non-payment of negative subsidy by the USPs in respect of sites from where mobile services have been commissioned
MOBILE PHASE I SCHEME:

Achievements:

- **Facilitation:** CCAs have played a very crucial role especially in facilitating provision of SEB connections.

FACILITATION FOR POWER

In Karnataka, the CCA arranged a meeting with Chief Secretary who in turn directed MD of KPTCL to expedite power connection. In the monthly meetings, representatives of KPTCL were also regularly invited and the representatives were apprised of site specific problems. Because of the efforts of the CCA, 365 out of the 381 sites have been provided with SEB power connection. Similar efforts in Himachal Pradesh led to 68 remote sites being provided power connections. In Kerala, 27 difficult sites had not been provided with power connection. To resolve the issue, a meeting was convened which was chaired by the Secretary IT of Kerala Govt. Due the active involvement of the Secretary IT, 24 out of these 27 sites have been provided with SEB power connections. Similar results have been obtained in other CCAs. (Annexure 3)

- **RFI status:** Dispute over the Ready For Integration status of towers have been resolved in many cases by the CCAs in the meetings with the IP/USPs and by conducting joint field visits.

Field Inspections: Physical inspections have revealed unforeseen issues for e.g. CCA Chhattisgarh after conducting physical verification has found that all the towers of an IP were three legged towers. The matter is being examined by USOF HQ.

- **Awareness:** At most of the sites the CCAs have pointed out that the villagers are not aware of the free mobile charging facility. At several sites the charging boards are not accessible as they are installed inside the security guard’s cabin.

- **Roll out:** The CCAs are issuing notices to the USPs who have not commissioned services within the roll out period. Notices are also being issued to the USPs who are not paying negative subsidy. In those cases where the USPs have not responded to the notices, references have been made to the USOF HQ for taking necessary action as per the terms and conditions of the agreement.

- **SLA Issues:** Through the monthly meetings convened by the CCA offices, the issue of non-payment of OPEX charges by the USPs has been resolved in many instances.

CCA offices have been of great assistance especially in facilitating the service providers’ efforts to solve issues of power and land with state/local government bodies and in resolving coordination issues amongst IPs and USPs. (Annexure 3)
PROPER IMPLEMENTATION AND AWARENESS CREATION

WIRELINE BROADBAND SCHEME:

Role of CCAs and Contributions: As is the case with all individual connection based schemes, in this scheme too there are daunting field level implementation issues. The issues pointed out by CCA offices include:

- **Non installation of new DSLAMs:** CCAs have pointed out that in some cases, new connections are being limited by capacity constraints of existing DSLAM installed before the signing of the Agreement. As a result the USP is being directed to install new DSLAMs

- **Unauthorised recovery of charges towards installation, registration and security deposit:** Based upon the feedback received from the CCA offices, Clause 14.2 of the Agreement was modified it was made clear that no charges towards installation, registration and security deposit shall be recovered for USOF tariff plan connections.

- **Minimum speed:** CCA offices found that in several cases claims were lodged by the BSNL field offices for connections with speed of 256 kbps instead of 512kbps or higher. These claims have been disallowed.

- **Target beneficiaries:** On being highlighted by CCAs that subsidy was being claimed in respect of official/residential service connections provided to BSNL employees, clarifications barring these claims were issued.

- **CPE subsidy:** CCAs pointed out that subsidy was being wrongly claimed for CPEs which were not provided by the USP and were actually purchased by the subscriber.

- **Additional capacity creation where demand is high:** CCA offices have pointed out that at some exchanges, the demand is much higher than 32/64 connections per exchange. It has been clarified that the matter of additional capacity creation is permissible under the Agreement and needs to be taken up by BSNL Corporate Office with the USOF HQ

Spreading Awareness

Apart from ensuring proper implementation and disbursement, CCAs are also playing a vital role in spreading awareness about the Broad band Scheme amongst local authorities and institutions. They are liaising with state authorities/ private institutions in this regard. In M.P, the CCA’s efforts led to a demand for 2000 broadband connections from the state’s Department of Education for Government schools.
CONCLUSION

USOF has the distinction of being one of the most well monitored subsidy schemes where a trained pool of departmental officers ensures through careful checking and post-payment verification, that the benefits of subsidy are indeed being translated into desired results on ground. These are functional, non-discriminatory public access to telephony and broadband services, affordable individual access, fair sharing of infrastructure and satisfactory customer services.

The Controller of Communication Accounts Offices (CCAs) spread across 22 Service Areas have played an invaluable role in this regard, putting their expertise in telecom billing and Customer Relations Management systems to good use in verifying subsidy claims, sending in countless field visit reports and bringing important implementation issues to the notice of USOF Administration. The feedback from CCAs has played a critical role in rethinking future scheme design and in effecting mid-course corrections of ongoing schemes. A simple case in point would be the tendency of service providers to claim subsidy against urban connections provided from infrastructure technically located in rural areas or to charge hidden fees from rural subscribers or to pay little attention to faults, power related downtime and grievance redress. Such cases have been competently detected by CCAs leading to remedial action by USOF Administration.

Over the past seven years of active involvement with USOF subsidy disbursement and field verification of USOF facilities, CCA Officers have built up a wealth of experience, knowledge and capability in this area. Further, in the implementation phase of the Mobile Infrastructure Scheme the CCAs have been instrumental in the much needed field level coordination amongst infrastructure providers and service providers and have greatly facilitated the resolution of land/electricity and other local problems requiring liaison with State Government Authorities.