

No. 17-3/2002-O&M
Govt. of India
Department of Telecom
Saachar Bhawan, New Delhi-110001

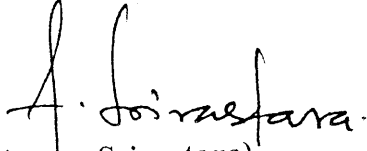
the 6th September, 2002.

OFFICE MEMORANDUM

Subject: Constitution, powers and functions of the office of " Universal Service Fund Administrator".

Consequent upon the appointment of Administrator, Universal Service Fund w.e.f. 1st June 2002, approval of Minister of Communications and Information Technology is hereby conveyed to the Constitution, Powers and Functions of the Universal Service Fund Administrator as indicated in the enclosed Annexure.

Encl. As above.
(6 pages)


(Anoop Srivastava)
Deputy Secretary (T)

Copy to:-

1. PS to MOC&IT and MOSC&IT
2. Secretary, Department of Telecommunications
3. All Members, Telecom Commission
4. AS(T) & Secretary, Telecom Commission/ Legal Advisor
5. JS(T)/ JS(A)/ All Advisors
6. All Sr.DDsG/ DDsG/ Wireless Advisor, DOT
7. CMDs, MTNL/ BSNL/VSNL/ITI/TCIL/HTL/Executive Director, C-DOT.
8. Secretary, TRAI/ Secretary, TDSAT.
9. All Heads of Telecom Circles/Telephone Districts/Administrative Offices
10. CGMs, Quality Assurance, Bangalore/Data Networks, Noida, Chandigarh, Calcutta.

11. CGM, ALTTC, Ghaziabad/Railway Electrification Project, Nagpur/ North-Eastern Task Force, Guwahati
12. CGM, Satellite Project, New Delhi
13. CGM, Telecom Stores, Calcutta
14. CGM, T&D Circle, Jabalpur
15. DS(Admn)/Directors/ADsG/Under Secretaries etc
16. All Sections, DOT
17. Secretary, Staff side, Departmental Council (JCM)
18. Secretary, Staff side, Office Council (JCM)
19. Director(OL) for Hindi translation

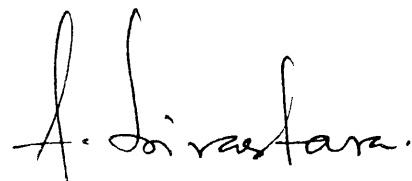
A. S. Rasfara

Constitution, Powers and Functions of the Universal Service Fund Administrator

The New Telecom Policy '99 envisaged provision of access to basic Telecom Services to all at affordable and reasonable prices. The resources for meeting the Universal Service Obligation (USO) were to be generated through a Universal Service Levy (USL), at a prescribed percentage of the revenue earned by the operators holding different type of licenses. Further, NTP '99 envisaged implementation of Universal Service Obligation for rural and remote areas through all Basic Service providers who were to be reimbursed from the funds collected by way of USL. Other service providers were also to be allowed to participate in USO provisioning subject to technical feasibility and were to be similarly reimbursed out of the funds of USL.

The Universal Service Support Policy (USSP) has come into effect from 1.4.2002. It has also been decided with the approval of the Prime Minister under Rule 12 of the Transaction of Business Rules to appoint an Administrator in the rank of Secretary to the Govt. of India, exclusively on full time basis for the implementation of Universal Service Support Policy. Accordingly the Administrator has also been appointed on 01.06.2002.

The Office of the Administrator will function as an Attached Office of Department of Telecom.

A. Sivastava.

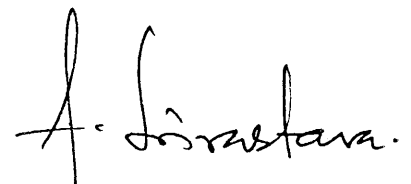
2. Constitution of the office of the Fund Administrator

- a) The office of the Administrator will consist of the Administrator and Deputy Administrators in SAG Scale, Directors from IP&TAFS, Gr. 'A' and ITS Gr.'A'. Other necessary staff in the Sr. Time Scale and JTS/Gr.'B' of the IP&TAFS and ITS services will function under the Deputy Administrator/Directors. The Deputy Administrators will be placed directly under the control of the Administrator. Cadre control of ITS/IP&TAFS will however, continue to be with the respective Cadre Controlling authority
- b) There will be an Inter-Ministerial Advisory Committee chaired by the Administrator and appointed with the approval of Minister of Communications and Information Technology, consisting of officers not below the rank of Joint Secretary from the Ministry of Finance, Planning Commission, Ministry of Law, Department of Telecommunications, Telecom Regulatory Authority of India and professionals / experts in areas of Telecom, Finance, Economics and Management. The Committee will meet at such time and places as fixed by the Administrator.

3. Functions

The Office of the Administrator shall be responsible for :


- a) Implementation of the guidelines laid down by Government for providing Universal Service Support



- b) Suggesting such changes in policy as may be deemed necessary for implementation of Universal Service Support.
- c) Forecasting the requirement of Universal Service Funds for each financial year and obtaining approval of Government through Department of Telecom.
- d) Ensuring that the prescribed Universal Service Levy is credited to the appropriate Universal Service Fund on a regular basis.

4. **Administrator**

- a) The Administrator shall have powers of Head of Department and shall be reporting directly to the Minister of Communications and Information Technology. He shall be responsible for implementation of Universal Service Support in accordance with the guidelines laid down by Government.
- b) In regard to implementation of Universal Service Support Policy guidelines, the Administrator shall exercise the following powers, subject to the approval of Minister of Communications and Information Technology:-
 - i) Formulation of benchmark costs.
 - ii) Finalizing of bidding procedures/processes including relevant terms and conditions for this purpose.
 - iii) Constitution of appropriate evaluation and approval Committees for recommending successful bidders.
 - iv) Issuing LOI to the successful bidder and finalising contracts / agreements.



5. All important matters of policy affecting License conditions of service providers will be dealt with in co-ordination and active consultation with Department of Telecom.

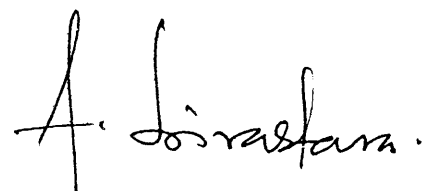
6. Within the overall approved budget and in accordance with contracts/agreements with successful bidders, the Administrator shall have full powers for implementation of Universal Service Support Policy. However, for operational, technical and financial matters, the Administrator may consult Department of Telecom whenever deemed necessary.

7. **Rules of Business for Administrator:**

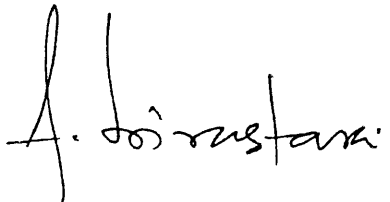
The following rules are made for the convenient transaction of business:-

The Administrator will:

- a) Deal with broad policies and guiding principles for the administration of Universal Service Fund.
- b) Review from time to time scope of USO and suggest such modifications therein to the Department of Telecom as may be deemed necessary.
- c) To estimate the aggregate of the USO support requirement on an annual basis.
- d) Develop benchmark costs for providing VPT/PTIC/HPTIC/Rural DELs at given locations and other models for estimating the cost of providing such facilities based on optimal network engineering in SDCA.



- e) Recommend changes in rates of Universal Service Levy to Telecom Commission as and when deemed necessary.
 - f) Settle claims of eligible Service providers after due verification and make disbursements accordingly from the USO Fund. Specify relevant formats, procedures and financial data/records to be maintained and furnished by the various service providers.
 - g) Evolve a mechanism for monitoring the performance of the successful bidders with reference to implementation of the contracts finalized with them.
 - h) Appoint Consultants and Professional agencies for evolving benchmark cost and detailing bidding procedures and such other matter necessary for implementing Universal Service Support. Appointments and Remunerations of Consultants will be in accordance with the Guidelines / Rules of Department of Personnel and Training
 - i) Formulate contracts/agreements and have them executed for the purpose for the implementation of USO.
8. Other matters like collection of Universal Service Levy, Budgeting Parliamentary Affairs will continue to be with the Department of Telecom under the existing arrangements.
9. For matters requiring legal vetting/advice, services of Legal Advisor, Department of Telecom would be available to the Administrator.



10. Administration Expenses

The expenses relating to the establishment of USO administration including pay and allowances, TA, DA and other expenses of officials will be made from the budget of DOT. Support of DOT will be provided for day to day operations of the Office of the Administrator.

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A. S. Mustafa