

Govt Mulls Subsidising - Rural Mobile Bills

Plan panel proposes govt pay 20% of all bills below ₹300 from USO fund set aside for rural telephony

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The Planning Commission has proposed that the government pay 20% of all mobile bills that are less than ₹300 a month for customers in rural India by dipping into the funds set aside for providing subsidised rural telephony.

The Planning Commission had sent the proposal to the Prime Minister's Office, which in turn has asked the telecoms department to study the feasibility of the proposal.

The telecoms department must submit its response by January 17. ET reviewed a copy of this communication.

The planning commission has also suggested that all rural customers who take up a mobile connection be given a one-time subsidy of ₹250 from the Universal Service Obligation Fund (USOF). All telcos pay 5% of their annual revenues towards the USOF, that is aimed at subsidising rural telecom infrastructure. The unutilised amount in the corpus is estimated to be well over ₹25,000 crore. The telecoms department has projected that this will increase to ₹36,000 crore by 2013.

The Planning Commission has also pointed out that the USO charge has accumulated to a large corpus over the years and this could be used for providing direct subsidy to the ammaadmi. Justifying the need for this subsidy,

Country Roads

PLAN PANEL PROPOSES...

GOVT TO pay 20% of mobile bills less than ₹300 in rural areas

RURAL customers to get one-time subsidy of ₹250 when taking a new mobile connection

LOGIC BEHIND PROPOSALS

RURAL tele-density is 37% compared to 167% in urban India

CORPUS in USO fund to subsidise rural telephony is over ₹25,000 Cr

USO corpus to reach ₹36,000 Cr by 2013 as per DoT estimates

the planning commission has said that rural telecom penetration was only 30% despite the country witnessing a phenomenal expansion on mobile telephony. Its letter also highlights that 30% of the monthly bills of mobile customers go to the government in the form of various levies.

India has about 900 million cellphone connections of which a third are in rural India. According to telecoms regulator Trai, rural India had about 303 million cellphone connections at the end of November-2011 and a tele-density of 37%. In comparison, urban India had a tele-density of 167%.

Leading telcos said they were not aware of the proposal, but many operators pointed out that the industry had been demanding a reduction in the USO levy for years as the existing corpus is sufficient to subsidise the rollout of communications infrastructure in rural areas.