



No. 64-17/09-BB

Dated: 11-11-2009

To

All the Chief General Managers,
Telecom Circles/Districts

Subject: USO Fund Agreement with BSNL with respect to Rural Broadband Connections.

It has come to the notice of BSNL Corporate Office that Circle officers are airing their view with DoT/USO Fund officers, when these officers are visiting various BSNL Circles. Sometimes comments made are negative in nature and create adverse effect on the existing BSNL – USO Fund Rural broadband Project Agreement. Often such negative comments are due to lack of full understanding and implications of the same. It is, therefore, suggested that Circles may kindly send their comments/observations, if any, to Corporate Office, so that, proper solutions/explanations can be given, rather than discussing casually with DoT/USO Fund officers.

To put the right perspective in place, following information is reiterated for information to BSNL officers:-

- i) The subsidy given on broadband connections, that is, for 32 connections (including one for broadband kiosk) more than covers the entire cost of DSLAM, backhaul and other associated expenditure like billing, etc. USO Fund has allowed to charge monthly charges from the customers which are either sufficient or more than sufficient to cover the operational cost and international bandwidth cost.
- ii) The cost of Type-I CPE to BSNL is around Rs.750, whereas we are entitled to charge Rs.850/- per CPE from USO Fund under USO Fund Agreement.
- iii) Providing computing device to BSNL broadband rural customers is only helping BSNL in facilitating customers to become broadband customers with low entry cost. BSNL is not spending a single paisa on this computing device as the payment to vendor is given back-to-back after receiving the subsidy from USO Fund and also we are paying EMIs to the vendors after receiving money from customers through telephone bills.
- iv) The total subsidy given to BSNL under Broadband Kiosk Scheme is Rs.2,40,000/-, which is quite reasonable as per the experience gained by BSNL in the 4-trial Kiosk installed at Maharashtra, Tamil Nadu, UP (East) and Himachal Pradesh.

From the above information, it is clear that the USO Fund Agreement with BSNL is quite reasonable & helpful to BSNL in penetrating broadband in rural India. However, USO Fund as well as BSNL Corporate Office is open to any feedback and suggestions on this agreement for future.

At this point of time also, I would like to request the Circles to take out proper marketing campaign to take this information of very attractive broadband tariffs and subsidized computing device (PC, etc.) along with arrangement of supply on EMI basis backed fully under service support for 5-years from the vendor to rural population, so that, we can provide more broadband connections under this scheme.

(ANIL JAIN)
GM (BB-NWP)

C: CMD /Dir. (CFA) BSNL for kind information please.