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## Trai proposes support to BSNL for running rural services

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NEW DELHI: Telecom regulator Trai has proposed providing a financial support of Rs 2,750 crore to cash-strapped [BSNL](#) for two years to maintain rural wireline connections that were installed before April 1, 2002.

"It is proposed that support to BSNL may be continued for two years for sustenance of rural wireline connections installed before April 1, 2002," Trai said in a consultation paper on support for rural wireline connections installed before April 1, 2002.

The [Department of Telecom](#) ( DoT) had sought Trai's views on continuation of support from Universal Service Obligation Fund (USOF) towards the rural direct exchange lines (DELS) on expiry of Rs 2,000 crore per year subsidy in July 2011.

The [Telecom Regulatory Authority of India](#) (Trai) had recommended a subsidy of Rs 600 crore to state-run BSNL on an ad-hoc basis in March this year.

Trai in its consultation paper said that the amount of support may be Rs 1,500 crore for the first year and Rs 1,250 crore for the second year.

Trai has sought comments from stakeholders on the issue by May 2. It has also asked whether the support should be given from the Universal Service Obligation Fund (USOF) or from the [Consolidated Fund of India](#) (CFI).

Trai had recommended the Rs 600 crore subsidy from the USOF as an ad-hoc measure since the issuance of the consultation paper and the process would take time.

All mobile phone companies share part of their annual revenues towards USOF.

Trai has estimated that BSNL's annual deficit for maintaining rural wireline connections installed before April 1, 2002 to be Rs 1,593 crore for FY2011-12 and Rs 1,265 crore for FY2012-13, taking into account the trend of disconnection of rural wireline connections.

BSNL, as per Trai recommendations, had received Rs 2,000 crore per year from USOF for a period of three years from July 18, 2008 to July 17, 2011 on phasing out of Access Deficit Charge (ADC) for sustaining its loss-making landline business across rural India.

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