

**No. 30-170/2007-USF (Vol. II)**  
**Department of Telecom**  
**Office of the Administrator, USO Fund**

**Subsidy Support from USO Fund to establish product/ services  
based on New Technological Developments in the Telecom Sector  
on Pilot Project basis in Rural and Remote areas**

**1. Background**

- 1.1 The telecom sector has been witnessing new technological developments which have revolutionized telecom services. Telecommunication is a sector in which technology changes at a very rapid pace. New products are constantly being introduced. Many of these technologies and products have not been deployed in the field and it is necessary to see their performance before Telecom Service Providers can put them to use. These new technologies and products hold promise of rendering services in rural and remote areas in a cheaper, better and faster way. The technologies/products, which can be deployed profitably for providing telecom services in rural and remote areas, for example may include BTSs sharable by multiple service providers, smart antennas, new broadband technologies, broadband over power lines, new versions of customer premises equipment, battery and power plant equipment specially designed for rural areas, hybrid power etc. etc. To enable such technologies to be demonstrated on a pilot project basis, a new scheme is being launched.

**2. Objective of the Scheme**

- 2.1 The objective of the scheme is to give exposure to new technologies for providing telecom services in rural and remote areas of the country. The scheme will bring to light innovations specifically suited to conditions prevailing in such areas. This will provide a methodology by which such technologies/ products can be tested on a pilot project basis in a limited rural and remote area. The result could be seen and studied by Telecom Service Providers for further action. Even in case of relatively expensive technologies/ products, already proven in other countries, successful demonstration of same in Indian rural conditions to Infrastructure Providers and Telecom Service Providers may generate the needed positive interest/ demand/ modifications, which may also result into bulk manufacturing and reduction in cost.
- 2.2 The Universal Service Obligation Fund under Department of Telecom has been established to provide access to telecom services to the people in rural and remote areas of the country at an affordable and reasonable cost. The USOF has come into effect from 01.04.2002. The

Indian Telegraph (Amendment) Act, 2003 giving statutory status to the Universal Service Obligation Fund (USOF) was passed in December 2003. The Rules for administration of the Fund known as Indian Telegraph (Amendment) Rules, 2004 were notified on 26.03.2004. The Indian Telegraph Act was amended on 29.12.2006 to enable support for mobile services, broadband connectivity, general infrastructure and pilot projects. The Rules for administration of the Fund under this Act, Indian Telegraph (Amendment) Rules 2006 have been published on 17.11.2006. Stream-VI of the said Rules provides for induction of new technological developments in the telecom sector in rural and remote areas. Under this Stream, Pilot Projects shall be undertaken to establish new technological developments in the telecom sector, which can be deployed in such areas and shall be supported with the approval of the Central Government.

- 2.3 The USOF Administration (hereinafter referred to as 'USOFA') is considering extending financial support to the companies (Hereinafter referred to as 'Technology Provider' or TP) individually or jointly with Telecom Service Provider (TSP) for demonstration of new technological developments (herein after referred to as 'Pilot Project') in rural and remote areas.
- 2.4 The Technology Provider shall specify the intellectual property rights (IPR) liabilities, if any, associated with the Pilot Project at the outset so that this aspect shall not create a hindrance at a subsequent stage. Financial repercussions, if any, of the IPR aspect shall also be clearly specified by the Technology Provider.

### **3. Scope of Work**

- 3.1 The Technology Provider shall undertake the Pilot Project and execute the same to establish new technological developments and demonstrate the same to USOFA and the Testing Agencies/ Telecom Service Providers.
- 3.2 This pilot project may be a tripartite effort with the Technology Provider giving the technology and equipment, the Telecom Service Provider providing requisite infrastructure and the USOF providing the financial assistance.
- 3.3 Upper ceiling limit for subsidy support shall be Rs.50 lakhs per Pilot Project.

### **4. Responsibilities of the Technology Provider**

- 4.1 It shall be the overall responsibility of the Technology Provider to execute the Pilot Project on his own or in association with the identified Telecom Service Provider.

- 4.2 TP shall arrange for the requisite equipment/ services either locally or through import.
- 4.3 TP shall be responsible for maintaining technical and financial data on the execution of the Project.
- 4.4 TP, if required, shall coordinate with TSP to meet the infrastructure requirements like land, power, tower, antenna, backhaul, network, NMS, security etc. for execution of the Pilot Project.
- 4.5 Necessary assistance shall be extended by the USO Fund to the TP in order to facilitate clearances required from WPC.
- 4.6 TP shall be responsible for studying existing plans of the TSPs with whom he is associating for understanding the technical and economic implications of operating in the rural areas and for a critical and thorough evaluation of business development scenarios and assessment of risks.
- 4.7 TP shall have to complete the Pilot Project within a specified period from the date on which the agreement is signed. This time frame for completing the pilot project shall be fixed by the Screening Committee in consultation with the applicants. The upper ceiling for completion of a Pilot Project shall not be more than 1 year, from the date on which the agreement is signed.
- 4.8 The technology demonstrated in the pilot project should be functional for at least 3 months so that various aspects of the technology and its impact can be studied and established.
- 4.9 For studying and establishing various aspects of the demonstrated technology and its impact, the TP shall get the completed Project tested and evaluated by an independent Team/ Agency say from TEC/ CDOT/ IIT appointed by the Screening Committee.
- 4.10 TP shall be responsible for organizing a Seminar for DoT, USOFA, TEC, TRAI, all interested TSPs and other parties on the technology demonstrated in the Pilot Project.

## **5. Eligibility Condition**

- 5.1 Any commercial company, sole entrepreneur, sole proprietorship concern, cooperatives and other agencies are eligible to apply for demonstration of new technological developments in the telecom sector in rural and remote areas.
- 5.2 If the pilot project is for the commercialization of technology, developed by a domestic or foreign R&D institution, the application should be

accompanied by a document signed by the R&D institution expressing willingness to transfer the technology.

- 5.3 If an enterprise has developed the technology with the assistance of an R&D institution, the application to the USOF by such enterprise or its associate will also be considered (contract or joint or sponsored research).

## **6. Type of Project to be funded**

- 6.1 The type of pilot projects which could be undertaken include

- Rural Broadband
- Rural Telephony (Fixed, Wireless in Local Loop, Mobile)
- Transmission Media in Rural Areas
- General Telecom Infrastructure in Rural Areas like Tower, Batteries, Power Plant etc.
- Hybrid power, other solutions for meeting power requirement of rural telecom installation
- Customer Premises Equipment
- Significant improvements in the existing product/ process/ application.
- Substantial quality upgradation, reduced material consumption, reduced energy consumption, cost reduction, improved competitiveness, improved ergonomics.

## **7. Processing of the applications**

- 7.1 The selection of the Technology Provider shall be made by a fully transparent process and shall be technology neutral.
- 7.2 The project proposals shall be shortlisted in a time bound manner by scrutinizing all the applications.
- 7.3 Presentation shall be made to the Members of the Screening Committee by shortlisted applicants on the Pilot Projects giving details of the technology, funds requirement, timing, site selection etc.
- 7.4 The quantum of subsidy within the prescribed limit, and its phasing shall be decided by the Screening Committee.
- 7.5 Based on presentations made by shortlisted parties, the Screening Committee shall give the recommendations for the Pilot projects to be supported.
- 7.6 Initially the number of such pilot projects shall be limited to 5. However, this limit may be reviewed at the end of six months, depending on the

response and success of the various pilot projects under implementation.

## **8. Evaluation criteria**

8.1 Applications will be evaluated for their technological, commercial and financial merits. The evaluation criteria would include:

- the soundness, quality and technological merit
- the potential for wide application and the benefits expected to accrue from commercialization
- the adequacy of the proposed effort
- the organizational and commercial capability of the enterprise
- the reasonableness of the proposed cost and financing pattern
- measurable objectives, targets and mile-stones
- track record of the technology provider.

## **9. Agreements**

9.1 A bilateral/ tripartite agreement shall be signed between the Technology Provider and the USOF Administration or the TP, TSP and the USOF as applicable.

9.2 The clauses in the Agreement may cover, inter alia, monitoring the project, inspection, examination of records, payment schedules, termination, resolution of disputes, etc.

9.3 Liability of each of the parties shall be spelt out clearly in the Agreement.

9.4 A specific payment schedule will be incorporated in the agreement. The payment will be made periodically as per work progresses in accordance with risk-associated milestones. The progress of the project shall be monitored before the release of second and successive installments. To facilitate monitoring of the project and project completion, the Technology Provider is required to submit the returns in the prescribed formats.

9.5 The bilateral/ tripartite Agreement signed shall not be treated as grant of fresh license under the Indian Telegraph Act, 1885 (13 of 1885).

## **10. Support from the USO Fund is not available for**

- Basic research.
- Travel, conferences, workshops, etc.
- More than two projects at one time to a Technology Provider.
- A Technology Provider that is sick or incipiently sick.

**11. Submission of applications**

11.1 The USO Fund shall receive the application for subsidy support for Pilot projects till **1600 Hrs of 30.11.2007**.

11.2 The applicant is requested to carefully study the instructions before filling in the application form. **The application with supporting documents may be sent, in six copies along with the soft copy to:**

**The Joint Administrator (Tech),**  
UNIVERSAL SERVICE OBLIGATION FUND,  
Department of Telecommunications,  
706, Sanchar Bhawan, 20, Ashoka Road,  
New Delhi – 110 001

11.3 USO Fund reserves the right to amend these Pilot Project Funding Guidelines, without notice.

**APPLICATION FORM**

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**Application Form to establish product/ services  
based on New Technological Developments in the Telecom Sector  
on Pilot Project basis in Rural and Remote areas**

(Separate Annexures may be used for providing detailed information wherever required)

1. Title of the Pilot Project:
2. Product/ Services to be demonstrated/ established:
- 3a. Name of the Applicant (Technology Provider):  
Name of the Associated Telecom Service Provider, if any:
- 3b. Status of the Applicant (Single/ Joint/ Proprietorship/ Company):
- 3c. Track record/ Background of the Applicant:
- 3d. Activities undertaken by the applicant presently:
4. Date of incorporation or Registration number:
5. Complete Correspondence Address:
  - (a) Registered Office with  
telephone numbers/ fax/ e-mail
  - (b) Administrative Office with  
telephone numbers/ fax/ e-mail
- 6a. Description of the project and technology:  
(Please attach a detailed note on the Product/technology to be demonstrated including product/ service, process whether indigenous/ imported technology, its source, patent status, technical specification of the product/ service, other competing players and uniqueness of the technology etc.)
- 6b. Contribution of TP in form of product/ service/ design/ process etc.
- 6c. Contribution of TSP in the form of equipment/ infrastructure etc.
- 7a. Cost of the project (with complete justification and showing contribution of TP, TSP and expectation from USOF with item wise break up of funding sought):
- 7b. Techno-commercial feasibility report on the proposed project:

8. Proposed Project Location (State/ District/ Block/ Village etc.):
- 9a. Likely duration of the Project:
- 9b. Implementation schedule with milestones
10. Has the applicant applied for financial assistance for the same/ similar project from any other institution/ agency? If so, the details and status thereof:
11. Business Plan for a large scale deployment of the product/ technology:
12. Copy of the Audited Annual Report with Balance Sheet and P&L Account for the FY 2005-06 or 2006-07:
13. Details of the clearances/permissions etc. required from Government/DoT:
14. Details of prosecution, if any, in a court of law launched against the applicant during the last five years:
15. Annexures to be attached
  - (i) Constitution of the organization/Articles and Memorandum of Association
  - (ii) Certificate of Registration or Certificate of Incorporation
  - (iii) Certificate of commencement of business
  - (iv) Names and addresses of the Board of Directors/Management Committee along with their Telephone numbers
  - (v) Documents to show whether the product/ technology has been approved by any authority
  - (vi) Agreement for transfer of technology
  - (vii) Chart indicating the project duration and implementation schedule with milestones
  - (viii) Annual Reports with audited statements of accounts
16. Declaration in the enclosed proforma

## **DECLARATION**

**(to be signed by the Applicant  
or its authorized agent)**

The particulars given in the Application Form are true and correct. No material has been suppressed or concealed. It is certified that I/ We have read the guidelines, terms and conditions governing the scheme and undertake to abide by them on behalf of my/ our organization/ company. The financial assistance, if provided, shall be put to the declared use.

**APPLICANT/ AUTHORIZED SIGNATORY**

**(With seal of the company)**

Date

Place

**(Strike out whichever is not applicable)**