

# What Is Digital Bharat Nidhi

## Why In News

- **Department of Telecommunications (DoT)** released draft rules to operationalise the **Digital Bharat Nidhi**, in a fresh attempt by the central government at increasing telecom connectivity in rural areas.
- Digital Bharat Nidhi would replace the erstwhile **Universal Service Obligation Fund (USOF)**, which is a pool of funds generated by a **5 per cent Universal Service Levy** charged upon all the telecom fund operators on their Adjusted Gross Revenue (AGR).



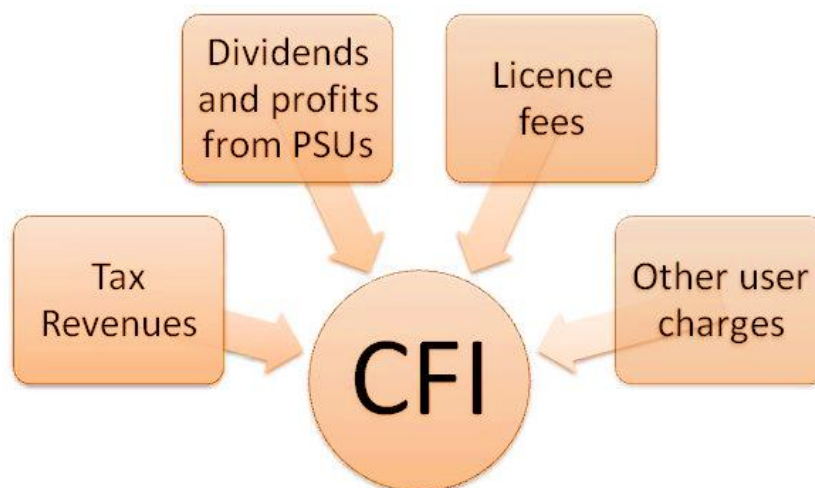
- The idea is that this **money would be used to fund the expansion** of telecom networks in remote and rural areas, where private companies may otherwise resist offering their services due to them not being revenue-generating markets.
- With the Centre notifying parts of the **Telecom Act last month**, it has also proposed additional rules for the final makeover of the USOF as the Digital Bharat Nidhi (DBN) – which would have a relatively wider scope than the USOF.

## How The Digital Bharat Nidhi Will Work

- **As per the Telecom Act**, contributions made by telecom companies towards the Digital Bharat Nidhi will first be **credited to the Consolidated Fund of India (CFI)**. **All revenues that the government receives**, including loans raised and all money received in repayment of loans, are credited to the CFI. The government also incurs its expenditures from this fund.



- The **Centre will deposit the collected funds to the DBN** from time to time.
- **Funds collected under the DBN** will be used to support universal service through promoting access to and delivery of telecommunication services in underserved rural, remote and urban areas; fund research and development of telecommunication services, technologies, and products; support pilot projects, consultancy assistance and advisory support for improving connectivity; and for the introduction of telecommunication services, technologies, and products.



- As per the draft rules issued by the DoT on how the **DBN will be operationalised** the **Centre will appoint an “administrator”** who will select “DBN implementers” through “bidding” or invitation of applications from eligible persons.



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- This so-called administrator will **determine the modalities of providing funding** to DBN implementers on a case-by-case basis, including but not limited to full funding, partial funding, co-funding, market risk mitigation, and risk capital.
- The **DBN shall fund schemes and projects** for providing targeted access to telecommunication services for underserved groups of society such as women, persons with disabilities and economically and socially weaker sections, as per the draft rules.



- The **schemes and projects to achieve the objectives of the DBN** shall meet criteria such as the introduction of next-generation telecommunication technologies in underserved rural, remote and urban areas; improving affordability of telecommunication services in such areas; promote innovation, research and development, promotion and commercialisation of indigenous technology development and associated intellectual property, including creation of regulatory sandboxes; developing and establishing relevant standards to meet national requirements and their standardisation in international standardisation bodies; and encouraging start-ups in the telecommunications sector including the manufacturing of telecom equipment, among other things.

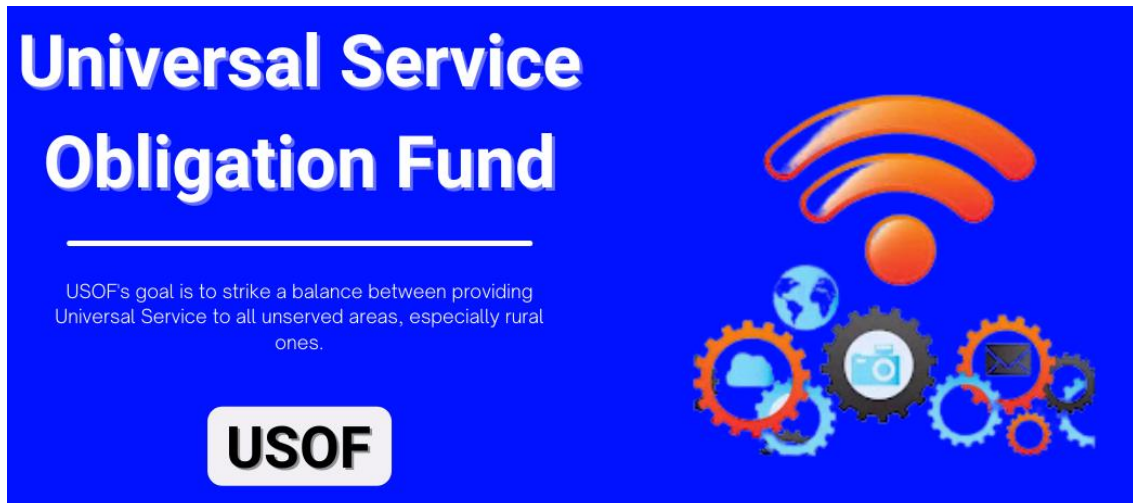


- **“Any DBN implementer receiving funding** from the DBN for establishing, operating, maintaining, or expanding a telecommunication network shall share and make available such telecommunication network, and telecommunication services being delivered using such telecommunication networks on an open and non-discriminatory basis, and in accordance with the instructions issued from time to time by the administrator,” the draft rules said.



## Underutilisation of USOF

- Since its establishment in 2003, a common criticism of the USOF has been its relative underutilisation.



- According to information shared in Parliament by former Minister of State for Communications Devusinh Chauhan in December 2022, **between 2017 and 2022**, the government had collected Rs 41,740 crore as part of contributions made by telcos towards the USOF, of which it had utilised Rs 30,213 crore – about 72 per cent.
- Most notably, in 2019-20, the collection was Rs 7,962 crore, of which the utilised amount was just Rs 2,926 crore. In the period specified by the former minister, the government did not achieve complete utilisation even once.