

# **Market Benefits to the Company providing Universal Service**

**Dr. S.P. Purwar**  
**Ministry of Communications, Govt. of India**

- Providing Universal Service entails investment in uneconomic, unprofitable loss-making areas, locations, customers.
- Costs are substantial in rolling out the service to:
  - rural areas with low traffic
  - disadvantaged customers with occasional use
  - Unprofitable locations with small volumes.

Both Capex and Opex - high

**Mechanism  
for participating in  
Universal Service  
Obligations Cost**

# **“But it isn’t all that bad”**

---

- While costs certainly high, market benefits that flow to Universal Service provider no less significant.
- The benefits help cover costs largely/at times fully.
- Reduces USO net costs for other service providers.

# **What are these benefits?**

---

## **Tangible**

- Revenues from in bound calls from the existing network to newly opened lines.
- Longer – term call stimulation effects of having a larger network.

# Intangible Benefits

---

- Brand enhancement
- Corporate reputation
  - Wider area coverage
  - Benevolent operator
- Life-Cycle effects
- Ubiquity

- **Avoidance of costs of discrimination**
  - Physical & financial
  - Social