

BHARAT SANCHAR NIGAM LIMITED (BSNL)
SETTING UP OF 25,000 WI-FI HOTSPOTS IN BSNL RURAL
TELEPHONE EXCHANGES
[BASED ON C&AG PARA NO. 4.2 OF REPORT
NO. 16 OF 2023]

DEPARTMENT OF TELECOMMUNICATIONS
(MINISTRY OF COMMUNICATIONS)

COMMITTEE ON PUBLIC UNDERTAKINGS
(2025-26)

FOURTEENTH REPORT
(EIGHTEENTH LOK SABHA)



LOK SABHA SECRETARIAT
NEW DELHI

FOURTEENTH REPORT

COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

(EIGHTEENTH LOK SABHA)

BHARAT SANCHAR NIGAM LIMITED [BASED ON C&AG PARA NO. 4.2 OF REPORT NO. 16 OF 2023]

DEPARTMENT OF TELECOMMUNICATIONS (MINISTRY OF COMMUNICATIONS)



*Presented to Lok Sabha on 12 August, 2025
Laid in Rajya Sabha on 12 August, 2025*

**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2025/ Sravana, 1947(Saka)

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INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2025-26) having been authorized by the Committee to submit the Report on their behalf, present this Fourteenth Report on “Para No. 4.2 of Report No. 16 of 2023 on setting up of 25,000 Wi-Fi Hotspots in BSNL Rural Telephone Exchanges”.

2. The Committee on Public Undertakings (2024-25) had selected the said subject for examination. As the examination of the subject remained inconclusive during the previous Committee term, the present Committee on Public Undertakings (2025-26) decided to carry forward and finalise the draft Report on the subject.

3. The Committee on Public Undertakings (2024-25) was briefed about the subject by the representatives of the C&AG on 25th September, 2024. The Committee then took oral evidence of the representatives of Bharat Sanchar Nigam Limited (BSNL) and Department of Telecommunications (DoT), Ministry of Communications on 24th December, 2024.

4. The Committee (2025-26) considered and adopted the draft Report at their sitting held on 26th June, 2025.

5. The Committee wish to express their thanks to the representatives of Bharat Sanchar Nigam Limited (BSNL), Department of Telecommunications (DoT), Ministry of Communications for tendering evidence before the Committee and furnishing the requisite information to them in connection with examination of the subject.

6. The Committee would also like to place on record their appreciation for the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

7. The Committee wish to express their sincere thanks to the predecessor Committee for their valuable contribution in examination of the subject.

8. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi;
08 August, 2025
17 Shravana, 1947(S)

BAIJAYANT PANDA
CHAIRPERSON
COMMITTEE ON PUBLIC UNDERTAKINGS

Sl. No.	ACRONYMS		
1.	ABP	-	Amended BharatNet Program
2.	AMC	-	Annual Maintenance Contract
3.	API	-	Application Program Interface
4.	BTS	-	Base Transceiver Station
5.	CAPEX	-	Capital Expenditure
6.	CBuD	-	Call Before u Dig
7.	CDPMS	-	Centralized Digital Procurement and Monitoring System
8.	CSMS	-	Claim Settlement and Management System
9.	DBN	-	Digital Bharat Nidhi
10.	DEL	-	Direct Exchange Line
11.	ERP	-	Enterprise Resource Planning
12.	FCFS	-	First Come First Serve
13.	FTTH	-	Fiber-to-the-Home
14.	GIS	-	Geographic Information System
15.	GPON	-	Gigabit Passive Optical Network
16.	GST	-	Goods and Services Tax
17.	IEC	-	Information, Education and Communication
18.	LD	-	Liquidated Damages
19.	MDO	-	Mobile Data Offload
20.	MM	-	Material Management
21.	NFS	-	Network for Spectrum
22.	NMS	-	Network Management System

23.	NOC	-	Network Operation Center
24.	NOFN	-	National Optical Fibre Network
25.	O&M	-	Operation and Maintenance
26.	OPEX	-	Operational Expenditure
27.	OPAP	-	Outdoor Public Wi-Fi Access Points
28.	PDO	-	Public Data Office
29.	PIA	-	Project Implementing Agency
30.	PIP	-	Project Implementation Plan
31.	PM WANI	-	Prime Minister Wi-Fi Access Network Interface
32.	PMA	-	Preferential Market Access
33.	PMIS	-	Project Monitoring & Information System
34.	QoS	-	Quality of Service
35.	RFMS	-	Remote Fiber Monitoring System
36.	RoW	-	Right of Way
37.	SLA	-	Service Level Agreement
38.	S-NOC	-	State Network Operation Center
39.	TPA	-	Third Party Agency
40.	TSP	-	Telecom Service Provider
41.	USOF	-	Universal Service Obligation Fund
42.	USP	-	Universal Service Provider
43.	VGf	-	Viability Gap Funding
44.	VPN	-	Virtual Private Network
45.	VRS	-	Voluntary Retirement Scheme

PART-I
CHAPTER-1
INTRODUCTORY

A. BACKGROUND

- 1.1 Bharat Sanchar Nigam Limited (BSNL) was established on 15th September 2000 by corporatizing the Department of Telecom Services. It officially took over telecom operations from 1st October 2000, providing services across India except for Delhi and Mumbai. At the time of its formation, the government assured financial support to ensure BSNL's sustainability while fulfilling its social obligations. BSNL is a 100% Government of India-owned Public Sector Undertaking (PSU) with an authorized share capital of ₹2,10,000 Crore and paid-up share capital Rs.1,08,117.51 Crore comprising of Rs.1,00,617.51 Crore Equity share capital and Rs. 7,500 Crore Preference shares capital as on 28.02.2025. Its total income during FY 2024-25 (up to Dec'24) is Rs.15, 603 Crore. Its total income during FY 2024-25 (upto Dec, 2024) is Rs.15,603 Crore.
- 1.2 BSNL is a technology-driven telecom company with expertise in planning, installation, and network integration. It operates a world-class ISO 9000 certified Telecom Training Institute and offers a wide range of telecom services, including: Wireline services, Mobile services, Broadband and Fiber-to-the-Home (FTTH), Wi-Fi and enterprise data services (leased circuits, MPLS VPN, etc.) and National and International Long-Distance services.

B. Vision, Mission, and Objectives

- 1.3 BSNL envisions becoming India's leading telecom provider, focusing on customer satisfaction, technological advancements and affordable services. Its mission includes:
- (i) Becoming a trusted and admired telecom brand;
 - (ii) Providing value-for-money telecom services;
 - (iii) Enhancing customer service with reliable and courteous support;
 - (iv) Expanding network reach, particularly in rural and underserved areas; and
 - (v) Maximizing revenue through monetization of assets and infrastructure sharing.
- 1.4 The Company's key objectives include subscriber retention and acquisition, mobile and broadband expansion, improved customer service, Wi-Fi hotspot creation, FTTH expansion, and contribution to national initiatives like NOFN, NFS, and Smart Cities. BSNL has a vast and modernized telecom network with 100% digital switching technology. It serves 997.87 lakh subscribers, with significant presence in both wireline and wireless services:

- (i) Wireline: 9487 exchanges, 102.52 lakh lines capacity, 77.17 lakh active users;
- (ii) Wireless: Nearly all major cities, highways, and rail routes covered with 920.71 lakh active mobile connections;
- (iii) Broadband: Launched in 2005, BSNL provides DSL, FTTH, and leased line services to 42.75 lakh subscribers;
- (iv) Wi-Fi: 2.56 lakh unique users and growing; and
- (v) 3G & 4G Services: 306.14 lakh active connections.

1.5 The Telecom Commission (renamed as Digital Communications Commission), in April 2016, decided to provide outdoor Public Wi-Fi Access Points (OPAP) in the BharatNet Network to deliver last mile connectivity to consumers in rural areas. The Commission instructed the Department of Telecommunications (DoT) (September 2016) to ensure effective utilization of the fibre laid by BSNL up to the block level as part of BharatNet. This Project was to be funded from Digital Bharat Nidhi (Erstwhile Universal Service Obligation Fund (USOF)). Since BSNL had around 25,000 Exchanges located in rural areas, Telecom Commission approved DoT's proposal in December 2016 for setting up 25,000 Wi-Fi Hotspots using the infrastructure of BSNL's telephone exchanges in rural areas to provide services on payment basis stating that the facility should not be provided free of cost and there should be a policy for facilitating trial and paid usage after trial. As per the scheme, Operational Expenditure (OPEX) support was net of revenue earned from users. BSNL, the Universal Service Provider (USP) entered (June 2017) into an Agreement with the Administrator, USOF, to be effective from date of agreement itself, outlining the setting up and maintenance of 25,000 Wi-Fi Hotspots including deliverables, technical, operational and commercial conditions, list of locations of the Hotspots, timelines, schedule of financial support, subsidy claims and impact study of the project. BSNL was to provide broadband internet access over Wi-Fi for targeted end-user devices like smart phones and tablets.

1.6 The Performance of Audit Report on implementation and performance of BSNL was covered by C&AG for the period of five years from 2017-18 to 2021-22. The C&AG in their Report No. 16 of 2023 examined the data related to the project available at BSNL Corporate Office, its 24 circles out of 25 circles (except North East II circle), DoT Headquarters and offices of the Controller of Communication Accounts (CCA / Pr. CCA) concerned. Audit team physically verified 957 sites in 23 Telecom circles also. The Committee on Public Undertakings selected the aforesaid subject for examination and report during 2024-25. Before finalizing its report on the subject, the Committee heard the views of the representatives of C&AG, BSNL and the Department of Telecommunications, Ministry of Communications. Based on the evidence of the representatives and written replies/ information obtained on the subject, the Committee have made their observations and recommendations as given in Part-II of the report.

CHAPTER -2

SELECTION OF 25,000 WI-FI HOTSPOTS WITHOUT DUE DILIGENCE

2.1 C&AG in Para 4.2.2.1 of Report No. 16 of 2023 had observed that the BSNL had about 25,000 rural telephone exchanges at the time of making proposal. Thus, BSNL proposed to the Telecom Commission (October 2016) for setting up of 25,000 Hotspots. On the basis of this projection, the Commission sanctioned the project of setting up 25,000 Wi-Fi Hotspots in 25,000 Rural Telephone Exchanges by December 2017. The technology should support seamless 2G / 3G / 4G data offload. It is pertinent to mention here that as per Audit, BSNL technology could only support 2G and 3G data offload while 4G had been operational in the country since 2012.

2.2 When asked as to what were the reasons for BSNL to only consider its existing technology, which supported only 2G and 3G, without planning for 4G capabilities, BSNL in its written reply stated as under:-

“As per govt. of India policy, indigenous 4G equipment was to be installed in BSNL Network. Subsequently Indigenous equipment for 4G are being installed in BSNL Network. It took time for development/testing of indigenous 4G technology.”.

2.3 On the issue of 4G technology, CMD, BSNL during the course of evidence, clarified as under:

“..... By the time 4G had come, people had started using more of 4G, where the speed was much higher than what was provided. The customers were also more inclined for this speed because of the post 4G roll out.”

2.4 When Committee asked DoT to furnish the reasons for the Telecom Commission (now renamed as Digital Communications Commission) approving the proposal for 25,000 Wi-Fi Hotspots without considering the technological obsolescence (e.g., BSNL supporting only 2G/3G while 4G had already been rolled out), in its written reply DoT stated as under:-

“At the time of approval of the project, BSNL was providing 2G/3G mobile services, as Indigenous equipment for 4G has taken time for development and testing by the vendors thereby delaying rollout of 4G by BSNL only in 2024”.

2.5 On the issue of changing nature of technology, Secretary, DoT during the course of evidence on 09.12.2024, stated as under:

“.....The technology world is changing almost on six monthly basis. So, when we talk of a plan which is implemented in a particular manner, it assumed a certain set of people, users and appetite and then it was taken over by changes like 4G and then, now, today, we have 5G and we are already talking of 6G. So, there is definitely a challenge in terms of the strategies available before companies such as BSNL to be able to react as fast as the technology changes and I think that partly explains the project was not as successful as it started out to be but I think Ravi has clearly brought out that it paved the way for what you call initial testing of market and subsequent, as we see today, the rural data consumption is sky rocketing both in FTTH which is Fibre to Home as well as on mobile.”.

2.6 C&AG Audit Report further pointed out that the BSNL had issued instructions from time to time, latest in May 2018, to close rural exchanges with less than 20 Direct Exchange Lines (DELs) owing to decrease in landline subscribers in rural areas and consequent non-viability of manning and running these exchanges. While proposing to set up Wi-Fi Hotspots in rural telephone exchanges, BSNL did not examine the continued viability of these exchanges. This is evident from the proposal of BSNL in August 2021 for relocation of 2,000 sites due to reasons such as closing of unviable rural exchanges and shifting of sites to other 2G or BTS (Base Transceiver Station) location, which was agreed by the USOF. Again in November 2022, the USOF issued approval for relocation of 776 sites on the request of BSNL. During physical inspection in all the 548 sites in 15 circles, audit observed that there were less than 20 working DELs in 156 sites. This meant that 28.5 per cent of the sites physically verified were fit for closure as per BSNL's own internal norms. Of these 156 sites visited, Wi-Fi Hotspots were not functioning in 88 sites.

2.7 When asked whether BSNL carried out pre-feasibility assessments to evaluate the viability of the rural exchanges before its affirmation to the proposed Wi-Fi Hotspot project and Why were exchanges with fewer than 20 Direct Exchange Lines not deemed unfit for the project, BSNL in its written reply stated as under:-

“Telecom market was changing very fast due to technological evolution like 4G services as such the assessment could not fetch desired result. Further, BSNL started rolling out FTTH services in rural area also. Exchanges with less than 20 Direct Exchange Lines (DELs) were not

deemed fit due to decrease in landline subscribers in rural areas and consequent non-viability of manning and running these exchanges.”

2.8 Audit in their observation found that BSNL did not carry out the required due diligence whilst formulating and submitting its proposal to Telecom Commission (October 2016) for installation of Wi-Fi Hotspots in the rural exchanges. Consequently 13.77 per cent of the sites were closed or relocated and the expenditure incurred on installing Hotspots in these exchanges was unfruitful.

2.9 When asked for reason BSNL’s failure to conduct adequate due diligence before proposing the installation of 25,000 Wi-Fi Hotspots, especially considering the operational status and viability of rural telephone exchanges, BSNL in its written reply stated as under:-

“BSNL has submitted proposal of 25K Wi-Fi hotspots to USOF after due diligence and approval. However, as the telecom sector is fast changing, therefore during the execution of the project, the use of landline got reduced leading to rural exchanges becoming non-viable and started getting closed due to difficulties in maintenance of copper network and led to closure of rural exchanges of BSNL with less than 20 lines. However BSNL made efforts to find alternate Mobile BSNL Site in the villages so as to ensure commissioning of Wi-Fi services in villages as per the terms of agreement and could commission 24333 out of 25000 (97%) of wi-fi hotspots.”.

2.10 When asked to substantiate valid reasons for the inefficacy of the hotspots at various rural exchanges, follow-up action taken to address the financial implications and ensure that a similar issue does not arise in future projects, BSNL in its written reply stated as under:-

“After recognizing the inefficacy of the hotspots in various rural exchanges, BSNL is concentrating on FTTH service for last mile connectivity in rural areas. DoT has advised BSNL to provide competitive tariffs for DBN projects like 4G Saturation and rural FTTH connections through Amended BharatNet Program being implemented by BSNL. Feasibility is being explored by BSNL by rolling out PM WANI hotspots in rural areas for providing a roaming facilities to BSNL customers using BharatNet infrastructure.”.

2.11 Given BSNL's proposal and the subsequent issues, when asked about the plan to adjust its policies to ensure that future projects targeting rural connectivity are based on realistic assessments of infrastructure viability, in its written reply DoT stated as under:-

“The issue of obsolescence of technologies and closure of rural telephone exchanges as mentioned in the report was due to fast changing technologies and gap in timely action to be taken by BSNL based on realistic assessments of infrastructure viability. 4G mobile services and FTTH connection under pilot scheme of BharatNet and Amended BharatNet Program by BSNL helps in the realistic assessments of viability. These services will be on payment basis which will enhance the viability.”.

2.12 When on steps taken to hold BSNL accountable for the unfruitful expenditure on the Wi-Fi Hotspot project, in its written reply DoT stated as under:-

“Expenditure on 25k Wi-Fi Hotspot project may not be considered as unfruitful expenditure considering the fact that 24333 Wi-Fi hotspots (97.33%) were commissioned in rural and remote area across the country out of 25000 planned Wi-Fi Hotspots under the project. BSNL has also intimated the aggregate data consumption of 562 TB by 3,50,018 unique users in April 2020 which highlights the utilization. Further BSNL informed that around 1,600 Wi-Fi hotspots were converted into PDOs (on Revenue sharing arrangement) and BSNL could generate nearly Rs. 68,500 monthly revenues from them. The total usage in the month of July, 2022 was 5,078 GB and Average usage per user was 1.15 GB. Therefore, the infrastructure created under this project can be construed to have been utilized by the rural population and created awareness among the local population about internet benefits but the project was not commercially viable due to people's perception of Wi-Fi service as a free service.”.

2.13 When plans to ensure transparency in future funding allocations and support to BSNL in developing a more effective strategy for rural telecommunications that takes into account the operational realities of rural exchanges, in its written reply DoT stated as under:-

“DBN has introduced the latest tools for monitoring of projects including Project Monitoring & Information System (PMIS) & Claim Settlement and Management System (CSMS 2.0), which have been implemented for transparency in future fund allocations. DBN is also planning to use monitoring. Concept of Network Operation Center (NOC) & State-Network Operation Center (S-NOC) and Service Level Agreements (SLA) based payments in Amended BharatNet program, concept of Independent

Engineer (IE) for proper monitoring and concept of Third Party Agency (TPA) for ongoing Amended BharatNet Program. For the mobile projects, Application Program Interface (API) integration has been proposed to be made to ensure transparency and monitoring from DBN.

BSNL is engaging partners for providing services in last mile connectivity and strengthening its core network for last mile connectivity in rural areas/urban areas. To increase rural tele-density, 4G Saturation mobile scheme and Amended BharatNet project are being implemented by BSNL funded by DBN. These will help in strengthening rural telecommunication infrastructure of BSNL.”.

CHAPTER – 3

DELAYED PROJECT IMPLEMENTATION AND LOSS OF OPEX SUBSIDY

3.1 C&AG in Para 4.2.2.2 of their report No. 16 of 2023 had mentioned that BSNL's Agreement, originally valid until December 2020, was extended twice—first to November 2018, then to December 2019, without any Liquidated Damages. Accordingly, validity of the Agreement was also extended up to 31 December, 2022. However, as per the Agreement, only sites commissioned by December 2019 were eligible for the full OPEX subsidy for the first year.

3.2 C&AG audit report also revealed that while the process of setting up / procurement of 25,000 Wi-Fi Hotspots and associated equipment was in progress, to expedite the rollout as per the Agreement, BSNL decided (June 2017) to utilise 1,500 Wi-Fi hotspots that it had already procured under the existing Wi-Fi Mobile Data Offload (MDO) Project. BSNL assigned (June 2017) the target of commissioning 1,500 Wi-Fi Hotspots to all the circles within a month's time i.e., by the end of July 2017. It was further observed that out of 25,000 Wi-Fi Hotspots, BSNL finally decided (November 2022) to commission 24,333 Hotspots, short closing 667 Hotspots due to shrinking customer base and insufficient revenue generation to support operational expenses of rural telephone exchanges. This was approved by DoT.

3.3 When Committee asked about the primary reasons for the delay in completing the rollout of 25,000 Wi-Fi Hotspots by December 2017, and how does BSNL plan to address similar delays in future projects, BSNL in its written reply stated as under: -

“BSNL has signed agreement with USOF on 09.06.2017 for rollout of 25K Wi-Fi Hotspots Project to be completed in 6 months. The tender for deployment of Wi-Fi hotspots was floated on 28.06.2017. However, BSNL sought clarifications from USOF on GST, PMA policy/ tender issues and after evaluation, purchase orders given to successful bidders from May 2018 onwards. Further during the deployment phase, circles informed closure of some rural telephone exchanges due to operational and non-viability issues and it was decided to opt for rural GSM BTS sites in place of such rural Telephone exchanges, so that Wi-Fi hotspots is installed, commissioned and utilized in the proximity of these exchanges. BSNL has taken note of all known causes of delays including delays beyond the control of BSNL and for future projects BSNL has streamlined many project management attributes like information related to consignees from circle which is now being asked prior to issuance of PO, extensive use of ERP to formalize plan for Purchase order. Also, the material management MM

process has been further streamlined. Further vendors are being instructed to carryout survey of the site before installation of these sites.”.

3.4 When Committee asked about the primary reasons for BSNL's failure to commission the targeted 1,500 Wi-Fi Hotspots within the assigned timeframe of one month, especially when the hardware was already available with the Company, BSNL in its written reply stated as under:-

“The initial target of 1500 Wi-Fi Hotspot was taken out from existing MDO project of BSNL for speedy roll out. However, during deployment, the project team of BSNL and vendor faced challenges like movement of material as rural exchanges were located in far flung rural territory and the availability of manpower for 24*7 was not available.”.

3.5. The CMD, BSNL during the course of evidence on the issue of specific reasons for delay in execution of the project submitted as under:-

“The initial planned rollout timeline was actually six months. That was the time when GST was introduced, transition from VAT, there was some conversion. Then, we had to float the tender. That tendering process really took some time. Of course, there were some issues from our side also. But those were issues which were beyond the control of BSNL. That delayed the supply and commissioning of this equipment. We had requested for extension in date by which we completed the project in December, 2019. Of course, 97.3 per cent out of the 24,300 Wi-Fi hotspots was done. Apart from the GST, at that particular time of 2018-19, we had also a severe cash crunch. Then, by 2020, the VRS also had come.”

XXXX

XXXX

XXXX

XXXX

“One question was about the cause of delay. The delay was basically because of various reasons. That was the period when we had lot of doubts asked about VAT and GST from the vendors. Though the tender was floated in 2018, lot of clarification had to be given. The supply of the equipment by the vendors also got delayed. Another reason was that that was the critical period when BSNL did not have sufficient funds. So, we were in a real crisis. We would have to maintain and manage the cash flow. These are three critical reasons which actually led to the delay. Of course, there are other reasons too but they are the main reasons.”

3.6 When Committee asked about BSNL's plan to improve project management processes to prevent significant delays in future projects, particularly in meeting commissioning targets, BSNL in its written reply stated as under:-

“For future projects, many project management attributes have been streamlined like information related to consignees from circle are being asked prior to issuance of PO and ERP is being used more extensively to formalize plan for Purchase order. Also, MM process has been further streamlined. Further vendors are being instructed to carryout survey of the site for installation of sites.”.

3.7 When Committee asked as how has the Department of Telecommunications (DoT) monitored BSNL's adherence to the timelines and deliverables outlined in the Agreement, and what actions were taken when BSNL failed to meet these obligations, DoT in its written reply stated as under:-

“The rollout period for setting up 25,000 Wi-Fi Hotspots was six months from the date of signing of the Agreement dated 09-06-2017. The said rollout period was subsequently amended vide USOF letter dated 07-01-2020 wherein rollout period had been extended up to 31.12.2019 without Liquidity Damage (LD). LD and downtime penalty was imposed by O/o CCAs which amounted to Rs. 6.50 Cr and 26.45 Cr respectively. Further, physical verifications on sample basis were carried out by CCA offices for monitoring of the project. The Wi-Fi Hotspots were also monitored via BSNL NOC by BSNL as well. As per Clause 2.4.8, BSNL was also required to conduct impact assessment of the project. The project closed on 31.12.2022.”.

3.8 In response to the DoT's reply above, C&AG commented as under:-

“As per the Para, LD and downtime penalty levied by CCAs was Rs. 81.84 lakh and 60.71 crore respectively. Supporting documents for figures furnished in the reply may be provided to CoPU.”

3.9 When asked about the specific reasons provided by BSNL to justify the extension of the rollout period until December 2019 and Department of Telecommunications (DoT's) assessment of these justifications before approving the extension, DoT in its written reply stated as under:-

“BSNL vide its letter dated 10-10-2019 requested for extension of rollout time for deployment of 25000 Public Wi-Fi Hotspots at rural telephone exchanges of BSNL citing reasons like liquidity crunch of BSNL,

approval of cost of Wi-Fi Hotspots, delay from suppliers/vendors like M/s ITI, unavailability of rural locations etc. Based on their justification provided by BSNL, DBN had extended the rollout period for Wi-Fi hotspots upto 31.12.2019. Copy of DBN letter is enclosed as Annexure- C.”.

3.10 When asked about oversight mechanisms put in place by the Department of Telecommunications (DoT) to monitor BSNL’s adherence to the timelines and conditions outlined in the subsidy agreement, and how effective have these been, the DoT in its written reply stated as under:-

“CCAs have been designated as DMA (Designated Monitoring Agency) as DoT field units to monitor the implementation of this DBN project. Third party Assessment (TPAs) are being done for many DBN projects. The penalties for non-compliance of network uptime and rollout schedules were verified by CCAs for BSNL bills by cross verification with NMS reports. In addition physical verifications were also carried out by CCA offices for monitoring of physical progress of the project. Independent Engineer (IE) for proper monitoring and Service Level Agreements (SLA) based payments have been provisioned in future projects.”.

3.11 The detailed information, as submitted by BSNL, on identified rural exchanges/BTS sites for 25K Wi-Fi Hotspot project and progress achieved is as under-

S No	Circle Name	Identified Target	Actual progress
1	Assam	409	409
2	Bihar	895	895
3	Jharkhand	199	183
4	NE I	129	85
5	NE-II	141	114
6	Orissa	752	752
7	W Bengal	987	979
8	Haryana	779	773
9	Himachal Pradesh	647	647
10	J&K	201	198
11	Punjab	1195	1188
12	Rajasthan	1645	1589
13	UPE	1444	1444
14	UPW	520	520
15	Uttarakhand	427	282
16	Chhattisgarh	410	410
17	Gujarat	1881	1834

18	Madhya Pradesh	1778	1675
19	Maharashtra	3746	3567
20	Karnataka	2071	2037
21	Andhra Pradesh	1492	1492
22	Telagana	910	910
23	Kerala	1066	1066
24	Chennai TD	79	79
25	Tamil Nadu	1197	1197
	Total	25000	24325

3.12 Further, C&AG audit report observed that:-

i. Against the target of 1,500 Wi-Fi Hotspots to be commissioned in one month's time, BSNL could commission only 27 Wi-Fi Hotspots which was 1.8 per cent of assigned target, despite the hardware already being available with the Company.

ii. Out of 24,333 Hotspots, 23,625 Wi-Fi Hotspots were set up / commissioned before the rollout period i.e. till 31 December 2019, 700 were commissioned after the rollout period and eight sites were not commissioned till the end of the validity of agreement (December 2022). Thus, as per clause 6.1.2 of the Agreement, for the sites installed / commissioned after the roll-out period, BSNL could claim only proportionate amount of OPEX for the remaining period (upto December 2022). Details of loss of subsidy are as per the table below:

Detail of loss of OPEX subsidy

Circles	Wi-Fi Hotspots	Loss of OPEX @ ₹38,280 (₹9570 per quarter) per site per year (₹ in lakh)			Total
		@ 100% for the 1 st year	@ 75% for the 2 nd year	@ 50% for the 3 rd year	
10*	700 (Delayed commission)	0.11	11.12	97.13	108.36
	8 (Non-commissioned)	3.06	2.29	1.53	6.88
Total					115.24

Source: Data collected and compiled from the information collected from the circles of BSNL

*Bihar, Gujarat, Himachal Pradesh, J&K, Jharkhand, Maharashtra, NE-II, Punjab, Rajasthan, West Bengal

BSNL, thus lost OPEX subsidy amounting to ₹1.15 crore (₹108.36 lakh due to delayed commissioning of 700 sites and ₹6.88 Lakh due to non-commissioning of eight Wi-Fi Hotspots) by December 2022.

3.13 When asked on the issue of loss of OPEX subsidy amounting to ₹1.15 crore, immediate measures taken by BSNL in implementing to recover from the financial setback and its effect on the Company's future operational budgets, BSNL in its written reply stated as under:-

“Due to lack of OPEX subsidy support from USOF and meager revenue generation, BSNL found it very difficult to operate these Wi-Fi Hotspots. Further, BSNL has sought extension of the agreement to cover three year OPEX period for delayed commissioned sites, which is under evaluation by USOF.”.

3.14 When asked as to steps taken by BSNL to address the shrinking customer base and insufficient revenue generation that contributed to the short closing of 667 Wi-Fi Hotspots, BSNL in its written reply stated as under:-

“Under this project, USOF granted approval for commissioned 24333 Wi-Fi hotspots, whereas for 667 sites which could not be commissioned due to non- availability of suitable alternate locations or due to closure of rural exchanges. However, BSNL has launched different Wi-Fi Plans with partners.”.

3.15 When asked if BSNL conducted an inquiry to ascertain and fix accountability for the delays and the resultant loss of OPEX subsidies, BSNL in its written reply stated as under:-

“The delay occurred due to delay in supply and commissioning of Wi-Fi Equipment. Further, BSNL had undergone severe cash crunch since financial year 2018-19 and with the help of revival package (in October 2019) could sustain with services across India. BSNL found it difficult to divert resources for O&M to non- remunerative services, such as Wi Fi. The rapid extension of 4G services & high data volume of 1 GB per day on Mobile (started during same period) was the reason behind unsucces of model of Wi-Fi as a revenue generation service.”.

3.16 When asked about corrective measures taken by BSNL to address these shortcomings, the Company furnished information as under:-

“BSNL rural exchanges are installed in vast demographically distributed far flung areas. It is not possible to man these exchanges 24x7, even the availability of EB supply is inadequate , to the extent that existing Battery sets cannot provide supply for prolonged durations .Further , Post VRS in BSNL in Jan2019 the manning of these exchanges was not feasible. With nationwide lockdown in force and restrictions in movement of vehicle during covid, vendors expressed inability to maintain Wi-Fi hotspots. Due to lack of manpower in remote rural exchanges, it was difficult to do backhaul testing, which was responsibility of BSNL circles and vendors also found it difficult to restore faulty equipment immediately.

To address these shortcomings BSNL has made provision in the tender to impose Penalties in case of non-fulfilment of SLAs by vendor.”

3.17 When further asked how BSNL was going to adjust its strategy for future Wi-Fi Hotspot deployments to ensure they are more closely aligned with market demand and operational viability, following information has been furnished by BSNL:-

“BSNL has introduced policy of engagement with local partners on Revenue share model for future Wi-Fi Hotspot deployments to ensure they are more closely aligned with market demand and operational viability. Feasibility is being explored by BSNL by rolling out PM WANI hotspots in rural areas for providing a roaming facilities to BSNL customers using BharatNet infrastructure. Special tariff plan has already been launched by BSNL for BharatNet on GPON for Wi-Fi for various bandwidth with applicable volume discounts.”

3.18 When asked about Department of Telecommunications (DoT) plan to address and rectify the issues related to subsidy claims when companies like BSNL fail to meet the terms of agreements, following submission was made by the DoT :-

“DBN in its agreement(s) have provisions for penaltie(s) for TSPs who are unable to adhere to terms and conditions of the Agreement. These provisions include clauses in terms of Penalties (Clause 6.6.5), LD (Clause 6.5), Agreement Termination, Set-off Clause (Clause 2.15), Suspension, Revocation or Termination of the Agreement (Clause 2.10) etc.”

3.19 When asked about BSNL's financial losses from the OPEX subsidy and DoT's support mechanisms or interventions plan to help BSNL improve its operational efficiency, in its written reply DoT stated as under:-

"The clause 2.3.4 of agreement for 25k Wi-Fi hotspot project specified that the ownership of the assets lies with BSNL and further BSNL has intimated that, these Wi-Fi hotspots will be shifted or diverted to some other Wi-Fi schemes. Further, BSNL has been allotted various projects by DBN like 4G Saturation scheme, Amended BharatNet Program, CANI and KLI submarine OFC projects etc. These projects provides for significant revenue streams to BSNL and thereby improves its operational efficiency."

3.20 When asked about DoT's assessment of how the loss of these OPEX subsidies impacted rural connectivity initiatives and strategies being developed to mitigate such impacts on rural connectivity in the future, in its written reply DoT stated as under:-

"As BSNL could not generate adequate revenue for making this project viable even after making various efforts. This could be due to public perception of Wi-Fi as free service. However, the loss of OPEX subsidy may have limited impact on the rural connectivity initiatives as these connectivity is also being provided to rural customers through mobile projects like 4G Saturation projects and BharatNet Project. Further DBN has given pilot project of 5 lakh FTTH connections to BSNL and Amended BharatNet program is also having provision to provide 1.5 Cr. FTTH connections to all GPs/ villages through BSNL/BNUs."

3.21 When asked how will the Department of Telecommunications (DoT) ensure that future agreements for projects like the Wi-Fi Hotspot initiative are structured to prevent similar issues regarding underperformance and financial losses, following information was submitted :-

"Noted for compliance in future projects and agreements. In future, financial projections of the project shall be taken from BSNL and examined by DoT before approval of the project. Similarly technical specifications shall also be examined minutely and performance will be monitored through various project monitoring tools."

3.22 When asked on actions taken by Department of Telecommunications (DoT) to encourage BSNL and other service providers to enhance performance metrics and accountability, particularly for rural deployment initiatives, DoT submitted as under :-

“DBN is using PMIS tool for monitoring of mobile projects and for Amended BharatNet Program. Apart from PMIS, DBN has formed Project Monitoring Unit for monitoring.

Besides, DoT has also taken the following initiatives:

- (i) ROW- rules have been notified which facilitate the deemed approval of the cases submitted by the applicant.
 - (ii) CbuD- Call Before u Dig is an online platform & innovative initiative by DoT, to encourage minimal or no damages to underground assets while carrying out any digging activity.
 - (iii) State (s) were persuaded to have their own RoW portals for online resolution of RoW issues.
 - (iv) Prevalent IT technologies used by industry like GIS mapping, monitoring by central NOC and RFMS (Remote Fibre Management System) are being used for proper implementation.”
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CHAPTER -4

LEVY OF LIQUIDATED DAMAGES OF ₹81.84 LAKH DUE TO DELAY IN COMMISSIONING OF THE WI-FI HOTSPOTS

4.1 C&AG in Para 4.2.2.3 of their audit report had mentioned that there were delays in commissioning of 700 Wi-Fi Hotspots ranging up to 790 days (up to 26 months) in Ten Telecom Circles. This was due to delay in awarding the purchase order of the equipments by almost one year by the Corporate Office of BSNL. USOF levied liquidated damages amounting to ₹81.84 lakh on BSNL for the sites that were commissioned after the roll out period (December 2019) out of which ₹58.38 Lakh was recovered by way of deduction from the CAPEX subsidy payable to the circles. This was despite the fact that the rollout period was extended twice (up to 31 December 2019) and targets were reduced. This was a loss of opportunity for the already cash – deficit organization to generate business and earn revenue.

4.2 When asked to explain specific measures implemented by BSNL to ensure that the procurement process for equipment is expedited in future projects to avoid delays similar to the one that led to the ₹81.84 lakh liquidated damages, BSNL in its written reply stated as under:-

“As the delayed portion of the project is less than 2.8% of project and BSNL completed 97.2% of the project as per timelines. Further for delayed commissioned sites, BSNL has imposed LD penalty on vendors. For future projects BSNL has streamlined many project management attributes like information related to consignees from circle which is now being asked prior to issuance of PO, extensive use of ERP to formalize plan for Purchase order. Also, the material management MM process has been further streamlined. Further vendors are being instructed to carryout survey of the site before installation of these sites.”.

4.3 When Committee asked about specific challenges that led to the delay in commissioning 700 Wifi hotspots and BSNL’s plan to avoid seminal delays in future projects, CMD, BSNL during the course of evidence on 09.12.2024, clarified as under:

“There are 700 hotspots which were really delayed up to 790 days because of various reasons. As I just mentioned that was the COVID time when the people were not available; their equipment could not be moved; and then other activities. But we have taken a clue of it that in future how to avoid it. We have brought in a complete online monitoring mechanism which we have put in place, from tendering, what are the equipment moment, everything is completely monitored. We have also an ERP put

in place. So, we are very confident that going forward this technology will help us not to delay this project any further.”.

4.4 Further, C&AG report pointed out that the loss of OPEX subsidy and levy of liquidated damages, the Management replied (May 2022) that on entering into Agreement with DoT in June 2017, tender was floated in June 2017 and the process of awarding Purchase Orders was completed in May 2018. Considering this delay, BSNL proactively diverted materials of its existing MDO project in July 2017 and initial internal target of 1500 sites was set. It attributed the delayed or non-commissioning of Wi-Fi Hotspots to change in technology as well as market scenarios and penetration of mobile services with 4G service by all Telecom Service Providers (TSPs) in 2017 rendering many rural exchanges commercially non-viable. Nationwide lockdown and restrictions on the movement of vehicles also delayed the commissioning of sites. BSNL further stated that the Circles had claimed CAPEX and subsequent OPEX subsidy from USOF for all such delayed sites, after deducting Liquidated Damages (LD) as per Agreement. The management of BSNL while accepting the audit observation further replied that USOF had already accorded the extension of Agreement to cover three year OPEX period from the revised project timeline of 31 December 2019 for installation and commissioning (corresponding validity of Agreement upto 31 December 2022). It further added that BSNL would again request USOF to extend the timelines of the Agreement to cover the Hotspots that were commissioned with delay thus avoiding any OPEX subsidy loss. Ministry endorsed the reply of BSNL.

4.5 When asked about internal evaluation done by BSNL for fixing accountability for the procedural delays in awarding purchase orders and disciplinary or corrective actions considered to address this, BSNL in its written reply stated as under:-

“The delay in awarding of purchase order initially due to clarifications sought by BSNL from USOF. For future projects BSNL has streamlined many project management attributes like information related to consignees from circle which is now being asked prior to issuance of PO, extensive use of ERP to formalize plan for Purchase order. Also, the material management MM process has been further streamlined. Further vendors are being instructed to carryout survey of the site before installation of these sites.”.

4.6 In light of changes in technology and market scenarios that BSNL cited as reasons for the delays, when asked about proactive steps taken by the Company to assess and adapt to market conditions in future project planning and concrete steps taken to improve project management going forward, BSNL submitted as under:-

“Presently high bandwidth services are in demands. BSNL has already taken policy initiatives for FTTH services in Wireline segment

while 4G which is prevalent in mobility is being launched through indigenous equipment as per Govt of India policy.”

“BSNL has taken steps centralizing MM procedures and better monitoring through IT tools.”

4.7 C&AG report stated that the management thus accepted the audit observation that there was procedural delay of around one year in awarding the Purchase Orders which contributed to overall delay in commissioning of Wi-Fi Hotspots. Further, USOF had not granted extension of validity of the Agreement beyond December 2022. Servicing and maintenance of the Hotspots would be adversely hampered if cash-deficit BSNL did not receive the required subsidy. Also, the nationwide lockdown and restriction of movement of vehicles were announced in March 2020 which was after the deadline for rollout period got over in December 2019. Ministry and the Company did not take cognizance of obsolescence in the technology market during planning of the project to ensure value for money.

4.8 When asked about BSNL specific requests made to USOF regarding the extension of the agreement validity, BSNL in its written reply stated as under:-

“BSNL as per agreement clause 6.1.2 has requested USOF to provide OPEX subsidy support for all commissioned sites up to 3 years after which BSNL shall continue to provide its service without any further financial support from USOF.”.

4.9 When asked to DoT about collaboration between BSNL and USOF to ensure timely approvals and extensions that can prevent loss of subsidies in future projects, DoT in its written reply stated as under:-

“PMIS and other monitoring tools have been implemented by DBN for future projects and regular review meetings shall be held with BSNL to avoid delays in installation and commissioning for future projects.”.

4.10 Given the audit findings that the Department of Telecommunications (DoT) and BSNL did not account for obsolescence in technology during project planning, when asked about changes made to improve future project assessments and planning, in its written reply DoT stated as under:-

“The Wi-Fi equipment used in this project is also used by other USPs in various projects and hence are not technologically obsolete. However, the project viability was considered for BSNL in rural exchanges

for 2G/3G mobile service areas which got upgraded to 4G and further data rates became cheaper and hence there were no users or very little users using Wi-Fi hotspots beyond free limit. However, for future Wi-Fi projects, technology obsolescence may be solved by providing 4G or 5G for better speed. Moreover, commercial viability needs to be ensured for future Wi-Fi projects.”.

4.11 When sought clarification on DoT’s oversight mechanisms in place to monitor BSNL’s procurement and operational processes to prevent delays that lead to financial penalties, in its written reply DoT stated as under:-

“DBN specifies monitoring mechanism in the agreement of various project with Universal Service Providers (USPs) which includes clauses like sample physical verification, impact assessment, traffic report etc accompanied by review meetings by DBN. Selection of vendors through EPC by BSNL is being encouraged. The progress of project is being judged through milestone and milestone based payments are being made. Timely achievement of condition precedents like ROW and statutory clearances by BSNL are being emphasized.”.

4.12 When asked on DoT’s plan to hold BSNL accountable for the significant Liquidated Damages incurred and consequences for continued procedural inefficiencies, DoT submitted as under:-

“DBN has imposed LD on BSNL & further LD/penalty has also imposed by BSNL on its vendors for delays attributed on their part.”

4.13 On DoT’s initiatives to support BSNL in its cash-deficit situation, particularly in relation to funding for maintaining the commissioned Wi-Fi Hotspots, following submission was made by the Department :-

“As OPEX subsidy for this project was provided to BSNL for three years and after exploring many alternatives, BSNL could not make it financially viable. Hence continuing OPEX subsidy support thereafter may not be feasible. However, agreement clause 2.3.4 also specifies ownership of the assets with BSNL and it is informed by BSNL that these Wi-Fi hotspots may be shifted to some other schemes as per BSNL requirements.”

4.14 On steps taken by DoT to evaluate the viability of future projects proposed by BSNL, ensuring they are aligned with current technological advancements and market conditions, the Department made the following submission:-

“DBN awards mobile projects on VGF model to private USPs and on net cost basis to BSNL. These mobile projects are the assets of USPs/BSNL and so there is inherent incentive of using equipment with latest technology so that the project remains viable for future. Similarly, in Amended Bharatnet Program as project is awarded on DBOM model to Project Implementing Agency (PIA) who has to maintain the network for ten years and it can be inferred that latest technology shall be used by PIA for sustanaibility.”

CHAPTER -5

POOR PERFORMANCE AND MAINTENANCE OF WI-FI HOTSPOTS RESULTING IN LEVY OF DOWNTIME PENALTY

5.1 C&AG in Para 4.2.2.4 of their audit report had stated that as per Clause 4.16 of the Agreement, the USP must maintain 99.99% Wi-Fi network uptime to ensure quality telecom services in rural areas. This was a key performance parameter, and non-compliance could result in site-wise pro-rata OPEX subsidy deductions by USOF. Clause 2.4.1 stated that BSNL was solely responsible for the supply, installation, testing, commissioning, operation, and maintenance of project infrastructure. BSNL's purchase orders included a seven-year AMC, with payments made quarterly after adjustments for penalties. Up to March 2022, BSNL had paid ₹33.08 crore to AMC vendors.

5.2 When asked on BSNL's plan to enhance its accountability regarding the maintenance of the required 99.99% uptime, as stipulated in the Agreement, BSNL in its written reply stated as under:-

“As BSNL rural exchanges are working in demographically distributed far flung remote areas where it is not possible to man the exchanges 24*7. Further the availability of electricity supply is also inadequate to the extent that existing Battery sets cannot be charged so as to provide power to the exchanges. Further, Post VRS (Jan2019) in BSNL due to reduction of manpower manning of these rural exchanges got impacted. With nationwide lockdown in force and restrictions in movement of vehicle during covid, vendors expressed inability to maintain Wi-Fi hotspots. However, BSNL has imposed penalty for down sites and also for not maintaining SLA on vendors as per work order and agreement.”.

5.3 Based on the number of Hotspots installed, traffic generated, user access created and penalty levied for non-maintenance of uptime during the period 2017-18 to 2021-22, the performance of the scheme is given in the Table below:

Performance of Rural Wi-Fi Hotspots

Sl. No.	Year	Wi-Fi Hotspots installed upto (Number)	Traffic Generated (GB)	Revenue Earned (₹)	User Access (Number)	Penalty for downtime (₹)	% Increase / (Decrease) in downtime penalty
1	2017-18	2,653	7,84,47,089	0	25,68,139	25,36,544	-

2	2018-19	10,612	10,23,60,483	6,840	30,11,265	2,16,91,987	755.18
3	2019-20	23,753	17,26,59,947	74,867	73,24,349	20,21,60,848	831.96
4	2020-21	24,318	16,82,20,741	1,76,879	37,56,003	23,20,41,476	14.78
5	2021-22	24,333	4,09,41,926	50,009	20,17,720	14,86,33,349	(35.95)
	TOTAL		56,26,30,186	3,08,595	1,86,77,476	60,70,64,204	

Source: Data collected and compiled from the information collected from the circles of BSNL.

From the above table it can be observed that BSNL did not create adequate awareness among the target population of the availability of concessional Wi-Fi. Adequate publicity like sign boards at prominent places were not displayed. As a result, people remained unaware of the scheme. This also contributed to decline in the performance of the scheme.

5.4 When enquired about BSNL's specific strategies to increase public awareness about the availability and benefits of the Wi-Fi Hotspot services to improve user access and engagement, in its written reply BSNL stated as under:-

“The project has increased public awareness as is evident with number of unique users who use free Wi-Fi every day. Further for benefit of wi-fi users simplified payment option were introduced by BSNL by entering agreements with popular App provider like Paytm and Mobikwik for recharge after free usage.”.

5.5 Audit further observed that as the installation of Wi-Fi Hotspots increased from 2017-18 to 2019-20 (96 per cent of the sites were commissioned before 31 December 2019), the downtime penalty also increased manifold. BSNL paid a hefty penalty of ₹60.71 crore (which is approximately 9.45 per cent of the revised project cost of ₹642.58 crore till March 2022) during the period from 2017-18 to 2021-22 which is a direct loss of OPEX subsidy as amount of penalty was deducted from the OPEX subsidy paid to BSNL. Decline in the number of users was another consequence of the heavy downtime as mentioned in the Table above.

5.6 When asked for reasons behind AMCs (Annual Maintenance Contracts) not executed properly that lead to a downtime penalty of ₹60.71 crore, BSNL in its written reply stated as under:-

“The downtime penalty of Rs. 60.71 crores is due to the fact that there is no capping on levy of downtime penalty to BSNL as per agreement. Whereas vendors were charged with maximum capping of 20% for same downtime penalty as per Tender agreement of vendors with BSNL. For future, there should be a clause of capping levying of down time penalty for Wi-Fi Projects.”.

5.7 When asked about reasons behind BSNL terminating AMC agreements in several circles, BSNL in its written reply stated as under:-

“As O&M of Wi-Fi project was non-remunerative without OPEX support from USOF and wi-fi users were using services upto free limit. Thus, based on commercial considerations, AMC was stopped in Circles after Opex subsidy period.”.

5.8 When asked about initiatives taken by DoT to support BSNL in addressing the maintenance challenges of the Wi-Fi Hotspots, particularly in rural areas, DoT in its written reply stated as under:-

“DBN has constituted Project Monitoring Unit for monitoring of Amended BharatNet Program. PMIS tool is also being used extensively for monitoring mobile projects and Amended BharatNet program. DoT has also taken the following initiatives for speedy rollout and maintenance of telecom project: (i) ROW- rules have been notified which facilitate the deemed approval of the cases submitted by the applicant. (ii) CBuD- Call Before u Dig is an online platform & innovative initiative by DoT, to encourage minimal or no damages to underground assets while carrying out any digging activity. (iii) State (s) were persuaded to have their own RoW portals for online resolution of RoW issues.”.

5.9 C&AG report revealed there were lapses on the part of BSNL in executing the AMCs and thereafter monitoring the AMC vendors to ensure timely rectification of faults and restoration of the sites, thereby leading to levy of penalty. Though BSNL recovered ₹3.43 crore from the AMC vendors on account of downtime attributable to them, the fact remains that BSNL failed to maintain the desired uptime. As a result, the Company paid more downtime penalty than the amount recoverable from the AMC vendors.

5.10 When asked as to recovery of downtime penalty from the AMC vendors, BSNL in its written reply stated as under:-

“Downtime penalty of Rs. 8.49Cr has been recovered from AMC vendors.”.

5.11 Increase in downtime during the said period, lack of publicity about concessional Wi-Fi, lack of appropriate bandwidth, inadequate power back up and faulty equipment were the major contributing factors for the declining performance of the scheme which culminated in decrease in user access and in revenue. Thus, despite contracted obligation under the scheme, BSNL did not take adequate measures to improve the uptime and avoid payment of penalty for downtime. Success and commercial viability of the scheme depended directly on continued availability of the Wi-Fi connectivity which was compromised due to non-institution of AMC and inadequate monitoring by BSNL.

5.12 When asked about efforts being made to improve uptime and reduce downtime penalties, BSNL in its written reply stated as under:-

“Post VRS due to lack of manpower in remote rural exchanges it is difficult for BSNL to maintain exchanges, equipment and backhaul. Further vendors also find it difficult to restore faulty equipment without proper coordination. Penalty for down sites and for not meeting SLA is imposed on vendors by the BSNL circles.”.

5.13 When asked about steps taken by the Department of Telecommunications (DoT) to ensure BSNL adheres to the contracted network uptime and avoids penalties for downtime, DoT in its written reply stated as under:-

“PMIS tool for project monitoring and provision SLA for payments in the agreements may ensure BSNL to adhere to the contracted network uptime and avoid penalties for downtime.”.

5.14 Given the reported inability to generate adequate revenue for maintaining AMCs, when asked about BSNL’s plan to improve the revenue streams associated with the Wi-Fi Hotspot project, BSNL in its written reply stated as under:-

“It could be seen that BSNL could generate only meagre revenue with this project. The main reason is that, in public perception Wi-Fi service is seen as free complimentary service only and these Wi-Fi hotspots are financially not viable in current fast changing Telecom scenario. DoT has advised BSNL to provide competitive tariffs for DBN projects like 4G Saturation and rural FTTH connections through Amended BharatNet Program being implemented by BSNL. Special tariff plan has already been launched by BSNL for BharatNet on GPON for Wi-Fi for various bandwidth with applicable volume discounts.”.

5.15 On the above issue, CMD, BSNL during the course of evidence, clarified as under:

“when 4G was launched, people started offering them as an affordable market. So, the average price of GB actually fell from Rs. 160 to just Rs. 20 and further to Rs. 10. As you can see in the graph, there is an exponential growth in the data while the cost has come down. So, the perception on the users to use Wi-Fi as free services was actually the main point behind it. But, of course, the use of this Wi-Fi taught us a lot of lessons. And this also helped the community to also learn. These free hotspot services actually paved the way for the growth of the FTTH in the rural areas. Today, we have more than 66,000 villages having around 7.2 lakh FTTH connections. FTTH is nothing but fibre-to-the-home. A fibre is being pulled to each of the houses. So, this has exponentially grown. So, that was the learning which came up because of this Wi-Fi application. More and more users start adopting it. Some of the Governments like UP Government, Bihar Government started combining FTTH along with Wi-Fi in GP/villages. Now, what has happened is that they were promoting Wi-Fi in all the GPs. Every GP will have a Wi-Fi with five FTTH connection. So, the consumers could use it easily and the real need that we call the digital highway - could easily be established with these initiatives. Today for BSNL and Country also, we have started doing it internally based on our own terms. We started offering Wi-Fi roaming for various villages. Today, as we speak, we have covered around 500 villages having 900 APs Pan India. So, this is the extensive use of FTTH network. So, in short, what we wanted to say is that this Wi-Fi scheme has really pioneered the growth of the internet Accessibility for all. Today, it has kindled the fire, of use of this data in rural areas. That is why, we can see the exponential growth happening. These are some of the learnings.”.

5.16 When asked on BSNL’s strategy to address the technical issues that led to non-functional Hotspots, such as lack of power backup and equipment failures, especially in light of severe weather conditions and theft, BSNL in its written reply stated as under:-

“Such damages are not covered under warranty or AMC. Thus in the subsequent project of rural area, BSNL awarded turnkey project including O&M for longer period to take care of such issues.”.

5.17 In light of the issues faced by BSNL, when Committee asked about steps taken to ensure that future agreements consider the rapid changes in technology and market conditions, DoT in its written reply stated as under:-

“The Wi-Fi equipment used in this project is also used by other USPs in various projects and hence are not technologically obsolete.

However, the project viability was considered by BSNL in rural exchanges for 2G/3G mobile service areas which got upgraded to 4G and further data rates became cheaper and hence there were no users/very little users using Wi-Fi hotspots beyond free limit. Hence for future Wi-Fi projects, technology obsolescence as pointed out shall be solved through adoption of upgradable technology (4G/5G) and ensuring commercial viability for projects.”.

5.18 On the issue of steps taken to establish new contracts that ensure better maintenance of Wi-Fi Hotspots, BSNL submitted as under:-

“For future projects, many project management attributes has been streamlined like information related to consignees from circle are being asked prior to issuance of PO and ERP is being used more extensively to formalize plan for Purchase order. Also, MM process has been further streamlined. Further vendors are being instructed to carryout survey of the site for installation of sites.

5.19 When asked on accountability measures has been put in place to prevent recurrence, DoT submitted as under:-

“DBN in its ongoing and future projects shall use monitoring tools for construction and operation & maintenance and has also kept provision of SLA based payment in the agreements that may prevent the recurrence of accountability issues by project execution services in future.”

5.20 When enquired about Department of Telecommunications (DoT's) assistance to BSNL in developing and implementing effective communication strategies to raise awareness of the Wi-Fi Hotspot initiative among rural populations, DoT made the following submission:-

“As per BSNL, awareness of Wi-Fi was there as seen from number of unique users using free Wi-Fi every day. Further, for simplified payment option, BSNL has made agreements with popular App provider like Paytm and Mobikwik for a convenient recharge after the end of free usage time.”

On the above reply, C&AG in their vetting remarks stated as under for perusal of the Committee:-

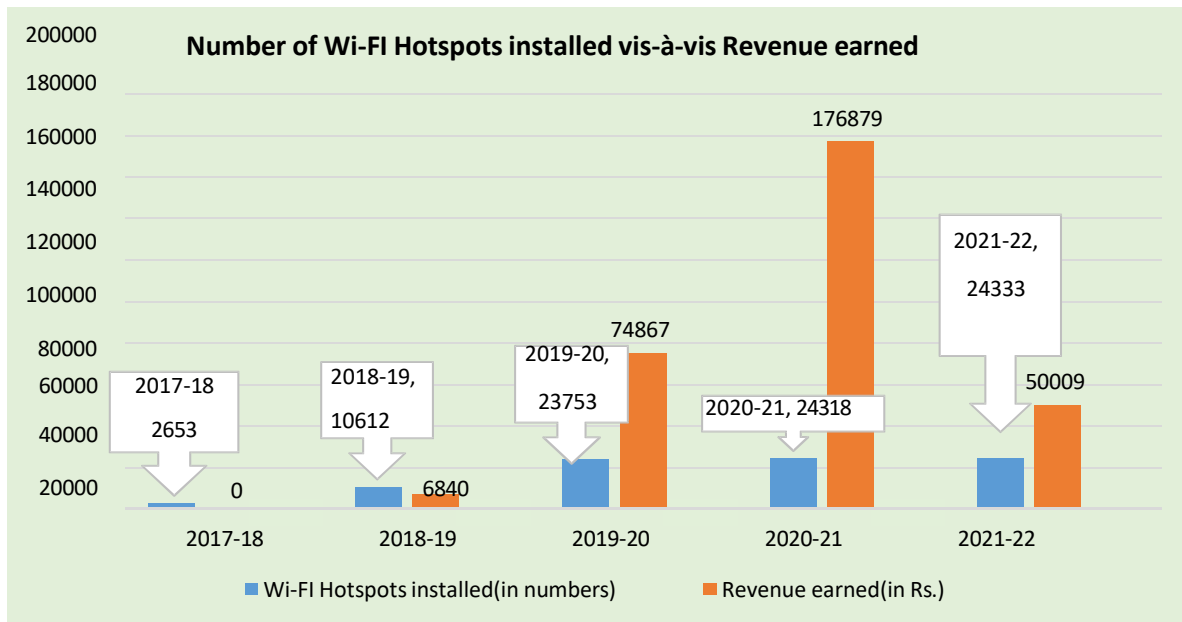
“DoT has not replied how will it assist BSNL in in developing and implementing effective communication strategies to raise awareness of the Wi-Fi Hotspot initiative among rural populations. The reply provides the steps already initiated by BSNL.”

CHAPTER – 6

REVENUE GENERATION AND SUSTAINABILITY OF THE SCHEME

6.1 C&AG in their report mentioned that the BSNL Corporate Office had fixed circle wise revenue target of ₹75.00 crore for the year 2018-19. Against this BSNL earned revenue of ₹3.09 lakh only during the period from 2017-18 to 2021-22 with a maximum of ₹1.77 lakh during 2020-21. No revenue targets were fixed after 2018-19.

Revenue generated by BSNL through these Wi-Fi Hotspots during the year 2017-18 to 2021-22 is given in Graph below:



6.2 When asked about the reasons behind BSNL failing to meet the revenue target of ₹75.00 crore for 2018-19, BSNL in its written reply stated as under:-

“As telecom sector is fast changing and rural landline exchanges are getting closed and availability of fast 4G mobile services, rural subscribers shifted to higher speed technology like 4G having ease of mobility, and free roaming services offered by private players and at competitive tariff plans. Further wi-fi as paid service could not become viable and this could be due to perception of users of Wi-Fi services that it is a free service. The aggregate data consumption of 562 TB was confirmed by 3,50,018 unique users in April 2020 which highlights the utilization of network upto free usage limit. Further BSNL informed that around 1,600 Wi-Fi hotspots were converted into PDOs (on Revenue sharing arrangement) and BSNL could generate nearly Rs. 68,500 monthly revenues from them. The total usage in the month of July, 2022 was 5,078 GB and Average usage per user was 1.15 GB. Therefore, the

infrastructure created under this project can be construed to have been utilized by the rural population and created awareness among the local population about internet benefits but the project was not commercially viable due to people's perception of Wi-Fi service is as a free service.”.

6.3 One of the Clauses of the agreement between BSNL and USOF was that “facility should not be provided free of cost and there should be a policy for facilitating trial and paid usage after trial. BSNL should decide tariff for paid usage after a trial period which normally should not exceed six months.”

6.4 When Committee enquired about BSNL's decision to continue offering free Wi-Fi services until December 2022 without seeking DoT approval, violating the agreement, BSNL in its written reply stated as under:-

“To create awareness amongst rural users & further to monetize 25K USOF hotspots, BSNL CO conveyed a new plan on 21.11.2019 so as “to allow walk in customers a one-time free browsing of one hour duration and thereafter customers were notified/prompted to buy the vouchers through Paytm /BSNL Portal for continued browsing”. After implementation of new plan, the user's usage sessions drastically came down after free duration. This was reviewed later and it was decided that daily 30 minutes free internet from December, 2019 started. Post free usage, Wi-Fi users could choose from any of the paid plans. This was also done to increase /encourage the foot fall for Wi-Fi users for BSNL services at rural exchanges. However, BSNL could generate only meagre revenue from wi-fi project and the main reason apparently appears that public perception of rural users is that Wi-Fi service is free or complimentary service.”.

6.5 On the above issue, CMD, BSNL during the course of evidence on 09.12.2024, clarified as under:

“After commissioning of the hotspot, it was provided on a revenue generating model. But just for the people to gain an experience about this initiative what this Wi-Fi is – initially it was made free of cost for the villages. Initially it was made two hours per day. Then, we brought it down to 30 minutes per day. The customers were then prompted to buy these prepaid vouchers. We tied up with Paytm, etc., so that they can easily pay. In the subsequent slides, will tell you that what had happened was that we found a real pattern. We kept it free in the morning day from 8 to 9 or for half an hour, the users used to just come for that particular time, use it for

those free hours, and for the rest of the day, there was no traffic. So, the traffic on the Wi-Fi was only during the period when it was free. That is the reason we brought down to two hours, from thirty minutes but we saw that only for thirty minutes, the traffic grew and not for two hours. So, there was a real concern from the customers. They wanted to have Wi-Fi services access free only.”.

6.6 On the above issue when Committee asked the Department of Telecommunications (DoT) role in ensuring that the public money spent on such schemes are utilized effectively and their non-intervention when BSNL continued to offer free Wi-Fi services beyond the six-month trial period, adversely affecting revenue generation, DoT in its written reply stated as under:-

“BSNL has informed to ensure awareness amongst rural users & also to monetize 25K USOF hotspots, a new plan was launched on 21.11.2019 to allow walk in customers a one-time free browsing of one hour duration and thereafter the customer will be notified/prompted to buy the vouchers through Paytm /BSNL Portal for continued browsing”. It was observed that after the implementation of new plan, the usage sessions of Wi-Fi users drastically came down after free duration. This was further reduced by BSNL to 30 minutes duration after reviewed in December, 2019. Post free usage, users could choose from the prepaid plans. This was done to increase /encourage the footfall for Wi-Fi services at rural exchanges. However, BSNL could generate only meagre revenue.”.

6.7 Further, audit observed that in contravention of the Agreement, BSNL had continued with free usage till December 2022 for all the Hotspots commissioned without seeking approval from DoT. This adversely affected the revenue of BSNL.

6.8 When Committee asked about specific measures are being implemented to improve revenue generation from Wi-Fi Hotspots, BSNL in its written reply stated as under:-

“With changing telecom scenario with high mobile network speeds at very cheap price during 2007-2020, the rural Wi-Fi services with a 2Mbps back haul to the hotspot did not become popular as paid service amongst customers. 4G mobile services and FTTH connection under pilot scheme of BharatNet and Amended BharatNet Program by BSNL may helps in the realistic assessments of viability and these services shall be on payment basis which will enhance the viability.”.

6.9 On the issue negligible revenue earned by BSNL, CMD, BSNL during the course of evidence on 09.12.2024, clarified as under:

“Sir, the next issue that you were asking about is the negligible revenue that has been earned. I clearly articulated it in my slides. The people had an impression that Wifi needs to be free or in sort of a combination with my existing services like what I have done in using FTTH or mobile. So, if you are going to only target Wifi as a revenue source, it is not really going to be a winning situation. The Governments of UP and Bihar have come up with plans to put Wifi in every GP with five FTTH for which the Government is paying money to us. So, that is going to be the win-win position for us.”

6.10 When asked about Department of Telecommunications (DoT's) plan to balance the objective of providing affordable internet services in rural areas with the need for BSNL to generate sufficient revenue from the Wi-Fi Hotspot scheme, DoT in its written reply stated as under:-

“DBN has given many projects to BSNL including 4G Saturation scheme for mobile services, pilot project of 5 lakh FTTH connections through Bharatnet and to provide 1.5 crore FTTH connection through Amended Bharatnet Program. These projects are aimed at providing affordable internet services through BSNL ready to sufficient revenue generation.”.

6.11 Further, extension of free usage beyond six months was in violation of clause 3.5 of the Agreement. This clause was important to ensure that the Wi-Fi services of BSNL remained self-sustainable and self-financing and not to overburden the BSNL which was already incurring huge losses. Secondly, after the subsidy period is over, BSNL would require funds for meeting operational expenses to fulfil the objective of providing internet services to rural areas. Since negligible revenue was earned from the service during 2017-18 to 2021-22, the sustainability of the scheme beyond the validity period of Agreement is doubtful.

6.12 When asked about BSNL's concrete plans to ensure the sustainability of the Wi-Fi Hotspot scheme beyond the validity period of the Agreement, considering the negligible revenue earned from 2017-18 to 2021-22, BSNL in its written reply stated as under:-

“BSNL needs DBN (erstwhile USOF) support (100% Opex) to ensure for sustainability of Wi-Fi hotspots. However, it could be seen that BSNL could generate only meagre revenue with this project. The main reason appears that public perception is that Wi-Fi service is seen as free/complimentary service and these Wi-Fi hotspots are financially not

viable. However, BSNL time to time has introduced attractive tariff plans as per customer needs taking into account the financial viability of wi-fi hotspots.”.

6.13 Given the issues raised in the audit regarding the extended free usage period, When asked about Department of Telecommunications (DoT's) intend to review and potentially amend the terms of future agreements to promote self-sustainability, DoT in its written reply stated as under:-

“As Wi-Fi service has not been viable hence to provide sustainable rural digital connectivity, BNU model wherein incentives are provided to BharatNet Udyami for FTTH connection in rural areas through BharatNet / Amended BharatNet Program. BSNL is encouraged to provide utilization through BharatNet which may increase the data usage per customer per month and this may help BSNL in attaining self- sustainability.”.

6.14 When asked whether BSNL has thought of being in partnership with any private company to increase their customer base and revenue in rural areas, following information was submitted :-

“Yes BSNL entered in agreement with partners and on boarded these partners for of public Wi-Fi.”

6.15 On being asked about has BSNL evaluated the competitive landscape of internet services i.e., market analysis, particularly in relation to the availability of cheaper 4G mobile services, to reform its strategy for the Wi-Fi Hotspot scheme, BSNL submitted as under:-

“People want ease of mobility that has been well provided by 4G services so any further technological evolution only may revive Wi-Fi services.”

6.16 When asked about steps taken to ensure that BSNL adapts to the changing telecom landscape, particularly in response to the rise of cheaper mobile data services that could undermine the viability of the Wi-Fi Hotspot scheme, DoT submitted as under:-

“DoT has advised BSNL to provide competitive tariffs for DBN projects like 4G Saturation and rural FTTH connections through Amended Bharatnet Program being implemented by BSNL.

Feasibility is being explored by BSNL by rolling out PM WANI hotspots in rural areas for providing a roaming facilities to BSNL customers using BharatNet infrastructure.

Special tariff plan has already been launched by BSNL for Bharatnet on GPON for Wi-Fi for various bandwidth with applicable volume discounts. (copy enclosed as Annexure- D).

Wi-fi services have already been provided in more than 100 GPs of Begusarai District, Bihar.”

6.17 On being asked about financial support or policy interventions can the Department of Telecommunications (DoT) provide to ensure BSNL has the necessary funds to cover operational expenses after the subsidy period ends, DoT submitted as under:-

“The OPEX support for the Wi-Fi project was for 3 years which ended on 31-12-2022. Beyond this period the Wi-Fi was to be operated by BSNL from its revenue. However, as per Clause 2.5.3, USP was to operate the sites and deliver service for a minimum period of three years from the date of commissioning. Thereafter, BSNL has to continue providing services without any support from DBN. As per Clause 2.3.4 of the Agreement, the ownership of asset lies with BSN and BSNL can redeploy them as per their need.”

6.18 On the issue of frameworks in place for ongoing monitoring and evaluation of the Wi-Fi Hotspot scheme to ensure that it meets its intended objectives and adapts to changing market conditions, DoT in their written submission stated as under:-

“CCAs have been designated as DMA and authorized to carried out sample physical verification. Further impact assessment has been carried out by BSNL for the scheme. Further documents like traffic reports/NMS reports were also used for verification as part of OPEX subsidy claim settlement process.”

CHAPTER – 7

EVALUATION / IMPACT ASSESSMENT

7.1 C&AG in their report pointed out that as per clause 2.4.8 and 2.5.2 of the Agreement, BSNL had to appoint an independent agency to carry out the evaluation / impact assessment and submit the report to USOF within 6-12 months from signing of the Agreement. In compliance, BSNL Corporate Office issued instructions (January 2020) to its 17 circles for carrying out an impact assessment of a sample of four per cent i.e. 1000 rural Wi-Fi Hotspots.

7.2 When asked why BSNL failed to carry out the impact assessment within 6–12 months of signing the Agreement as required and what is being done to ensure timely evaluations in future projects, BSNL in its written reply stated as under:-

“As the project got delayed from initial deployment phase itself due to finalization of tender related issues leading to delay in issuing work order and during execution due to non-feasibility of sites due to BSNL’s decision for closure of rural exchanges having less than 20 Direct Exchange Lines (DELs). Further, as per clause 2.4.9 of agreement, instructions were issued to circles on 21.10.2019 to carry out impact assessment. However due to outbreak of Covid-19 pandemic and nationwide lockdown, Circles expressed inability to conduct the same as the primary focus was on O&M of the core network. However, the impact assessment report (806 exchanges) carried by circles has been submitted to USOF.”.

7.3 When asked as to reasons for non-appointment of an independent agency for evaluation/impact assessment in a timely manner as per the agreement, BSNL in its written reply stated as under:-

“As the Wi-Fi project got delayed in the initial phase itself for issue of work order & then for finalization of sites for commissioning of Wi-Fi hotspots. Thus evaluation/impact assessment agency could not be timely appointed as per agreement.”.

7.4 When about contemplated measures for implementation to ensure that future evaluations are completed on time, BSNL in its written reply stated as under:-

“For future, timely appointment of agency for evaluation and inclusion of relaxation clause in agreement for factors beyond the control of BSNL.”.

7.5 In response to BSNL audit observed that BSNL did not carry out any such impact assessment. USOF and BSNL Corporate Office also accepted this fact (May 2022). After being pointed out by audit, BSNL circles completed the impact assessment in 806 sites till November 2022.

7.6 The fact remains that BSNL did not carry out timely evaluation / impact assessment as per the Agreement. As a result, BSNL failed to assess the quality of service, support infrastructure and sustainability of the scheme to determine the revenue potential and the optimum business model for Operations and Maintenance. This resulted in continued under-performance of the scheme and also deprived access of rural populace to network connectivity.

7.7 On being asked how BSNL planned to address the delay in conducting the impact assessment, BSNL submitted as under:-

“The impact assessment by BSNL circles was conducted through educational institutions and report of 806 Wi-Fi hotspots has been submitted to USOF.”

7.8 When about (i) steps taken by BSNL to devise a steady revenue generation model for the Wi-Fi Hotspots, and (ii) Whether BSNL thought of using the infrastructure of other established companies in rural areas and provide its services to minimize the expense and maximize the profits, BSNL in its written reply stated as under:-

“(i) As Wi-Fi as a service is perceived as free only by retail customers, revenue generation from Wi-Fi hotspot is unlikely. Special tariff plan has already been launched by BSNL for BharatNet on GPON for Wi-Fi for various bandwidth with applicable volume discounts, and (ii) The issue of BSNL is lack of last mile services in rural areas despite having infrastructure so BSNL has started last mile partner (local entrepreneur) enrollment for revenue generation and financially viable services on revenue share basis.”

7.9 When asked about Wi-Fi Hotspot technology presently relevant, reliable and efficient or has it become obsolete, BSNL in its written reply stated as under:-

“With rise of 4G and 5G Mobile services and FTTH services, it has become obsolete. DoT has advised BSNL to provide competitive tariffs for DBN projects like 4G Saturation and rural FTTH connections through Amended BharatNet Program being implemented by BSNL. Feasibility is being explored by BSNL by rolling out PM WANI hotspots in rural areas for providing a roaming facilities to BSNL customers using BharatNet

infrastructure. Special tariff plan has already been launched by BSNL for BharatNet on GPON for Wi-Fi for various bandwidth with applicable volume discounts.”.

7.10 When asked as to how does BSNL plan to upgrade the technology to ensure sustainability, BSNL in its written reply stated as under:-

“As Wi-Fi retail business is not remunerative, there is no plan as of now to upgrade the technology in this regard.”.

7.11 When asked about Department of Telecommunications (DoT's) plan to support BSNL in developing a sustainable revenue model and upgrading the technology for Wi-Fi Hotspots to enhance their operational efficiency, DoT in its written reply stated as under:-

“As the perception of Wi-Fi services is such that it is considered as a free service by the user. None of the USP and other agencies had been successful so far in monetization of public Wi-Fi services in India. Further, BSNL has also made agreements with popular App provider like Paytm and Mobikwik for a convenient recharge after the end of free usage time.”.

7.12 On BSNL's intend to utilize the findings from the impact assessments to improve transparency and accountability in the use of public funds for the Wi-Fi scheme, BSNL in its written reply stated as under:-

“Due to wide coverage of 4G by private players, public perception towards Wi-Fi services is seen as a free service, thus Wi-Fi services funded by the enabler (local self Govt etc) shall only be the right model.”.

7.13 When asked about implementation of long-term strategies of the Department of Telecommunications (DoT) to ensure that similar issues of under performance and lack of impact assessment do not occur in future government schemes, DoT in its written reply stated as under:-

“Noted for future projects. However, for recent projects of 4G mobile projects, PMIS tools and TPAs have been introduced. Under Amended Bharatnet Program, there will be Independent Engineers and PMU unit has been constituted by DBN.”.

7.14 On being asked DoT's long-term strategies to ensure that similar issues of under-performance and lack of impact assessment do not occur in future government schemes, DoT submitted as under:-

“Noted for future projects. However, for recent projects of 4G mobile projects, PMIS tools and TPAs have been introduced. Under Amended Bharatnet Program, there will be Independent Engineers and PMU unit has been constituted by DBN.”

7.15 When asked about the status of the decision to close the Wi-Fi project after rolling out FTTH connections, BSNL submitted as under:-

“BSNL has decided to shift Wi-Fi hotspots under this project to other locations or divert for other BSNL Wi-Fi projects.”

CHAPTER – 8

CHALLENGES AND OTHER ISSUES

During the course of evidence, while going at depth to issues raised in the Audit Para, the Committee took up relevant issues pertaining to BSNL on challenges, border areas connectivity, lack of proactive engagement for offering better connectivity and Budgetary Requirements and Allocation to the Company.

Challenges for setting up Wi-Fi networks

8.1 When asked about that many rural areas lack the basic infrastructure required for setting up Wi-Fi networks, including electricity, telecom towers, fiber-optic cables, and roads to access remote areas, how does BSNL address the difficulties to install and maintain the equipment, BSNL submitted as under:-

“Rural areas are demographically distributed and are generally remote and thus poses lot of difficulty in survey, installation and maintenance of Wi-Fi hotspots. Besides the availability of electricity at these sites is also an issue. However for such locations dedicated teams shall be formed for Wi-Fi hotspot projects.”

8.2 On the challenges impended in extending Wi-Fi or broadband connectivity to remote regions, DoT in its written reply, submitted as under:-

“The major challenges in rolling out of telecom projects in remote areas include:

- Inhospitable Terrain Conditions: Exceedingly challenging to transport equipment for installation of mobile site towers, to lay OFC cable etc.
- Poor Availability of Power Supply.
- Lack of a reliable transmission media for backhaul connectivity.
- Right of Way (RoW) related issues. Delay in forest/wildlife permissions/clearance etc. High RoW costs for OFC laying.
- Low Return of Investment (RoI) prospects for TSPs due to sparse and scattered population pockets.”

8.3 When asked as any innovative solutions, like Wi-Fi hotspots, mesh networks, or low cost technologies that BSNL may be using to improve, BSNL submitted as under:-

“BSNL has started rolling out FTTH services using last mile partners to improve connectivity in rural areas and connected more than 50k villages with 8 lakh FTTH connections as on date. This also includes more than 1.2 lakh rural institutions like Schools, Anganwadis, and primary Health Centers etc.”

8.4 When asked about the plan to upgrade existing infrastructure to handle higher demand for internet services in rural areas, BSNL in its written reply submitted as under:-

“By deploying sufficient manpower through partner models, BSNL plan to upgrade existing infrastructure to handle higher demand for internet services in rural areas.”

Challenges in Maintaining Long-Term Operations in the Rural Areas

8.5 When asked about the cost of installing and maintaining Wi-Fi hotspots in rural areas being significantly higher due to geographic dispersion, limited economies of scale and the high cost of building or extending networks into these areas, has the Government provided subsidy/ incentive to address these challenges, BSNL submitted as under:-

“For geographically dispersed areas due to high cost of installation & maintenance & not getting economies of scale. USOF has kept provision of OPEX subsidy for three years in the agreement. Additionally, BSNL has introduced new plans for providing Wi-Fi services in rural areas.”

8.6 On the issue of challenges in maintaining long-term operations in rural areas, where maintenance costs can be high and revenues low, making sustainability of operations a concern, DoT's stand on setting-up an independent R&D for having low-maintenance and durable equipment for these areas, incentives given to the telecom

operators for continuing their services in hostile locations, DoT in its written reply, submitted as under:-

“DBN is providing funding through Telecom Technology Development Fund (TTDF) for R&D in rural telecommunication technologies. As per The Telecommunications Act 2023, DBN is mandated to provide Telecom Connectivity to underserved areas of the country.”

8.7 When asked about the plan to ensure the reliability and sustainability of network connectivity in areas with challenging topography, DoT in its written reply, submitted as under:-

“DBN has funded many mobile projects under VGF model that have been successfully implemented by USPs. Further Amended BharatNet Program under DBOM model is also to be implemented by PIA which has provisions for SLA based payments. These projects may ensure reliability and sustainability of network connectivity in rural and remote areas with challenging topography.”

8.8 During the course of the discussion, Members of the Committee congratulated the BSNL noting that a recent newspaper headline have highlighted that BSNL has gained and private telecoms had lost one crore subscribers in the previous month. Further, it was also noted that with this headline and praiseworthy efforts on part of BSNL, it appeared to that things now seem to be progressing well with BSNL in future as well.

Security Issues on Border Area Connectivity

8.9 During the course of evidence question on Border Area Connectivity on Fiber and Mobile Network Performance in Border Regions of Punjab was raised. In reply to this issue, BSNL in its written reply, submitted as under:-

“In Punjab Telecom Circle Amritsar BA (Having Amritsar, Tarantaran Pathankot and Gurdaspur Revenue District) and Ferozepur BA (Having Ferozepur and Fazilka Revenue Districts) shares the Boarder area with Pakistan. The mobile and Fiber network performance in border regions of Punjab is satisfactory.

1. The coverage of mobile services is supported by 2012 BTS installed in this area. To further strength the network, drive test of the border areas is conducted regularly by DOT LSA Punjab as well as blocked as per the direction of securities agencies from time to time.

2. Coverage of Fiber network is supported by 805 OLTs and 56650 Bharat Fiber (Broad band on Fiber) connection are working.

All KPI parameters of Mobile and Fiber services are within benchmark as prescribed by TRAI (Telecom regulatory authority of India)..”

8.10 When asked about the plan to ensure user-friendly access and security for new internet users in rural India specially in areas having strategic borders with other countries and N-E States, DoT in its written reply submitted as under:-

“DoT has conducted surveys regarding the Spillage of foreign telecom signals across Line of Control (LOC)/International border (IB)/Line of Actual Control(LAC) which was undertaken by respective LSA field units along with State Law Enforcement Agencies and Wireless Monitoring Organization (WMO), a field unit of the WPC Wing. The security concerns near neighboring borders with other countries are under consideration of DoT.”

8.11 On the issue of Portable Jammers Deployment Status on past and future plans for security jamming technology, BSNL submitted as under:-

“The letter was written to PGM (New Business), BSNL Corporate office vide PBCO-12/17(13)/6/2021-EB dated 25.03.2023 by worthy CGMT Punjab Circle along with the proposal for onward submission to Cabinet Secretary through DoT

The reply received from the Cabinet Secretary Security wing and conveyed to taking up the case directly with the MHA through corporate office of BSNL and DoT.”

Issues on BSNL's Services to Government Offices

8.12 During the course of evidence when asked about steps taken to overcome lack of proactive engagement with Government Departments for better connectivity and services, BSNL in its written reply submitted as under:-

“BSNL Punjab is actively engaged with various central and state government departments located in Punjab for providing state of the art telecom services. Some of the govt. projects undertaken by BSNL Punjab are listed below:

1. CCTNS Project of Punjab Police: The project was renewed on dated 19.06.2024 for 3 years for providing MPLS_MNS connectivity in the 607 sites (Police station and other offices) under Punjab police.

2. Department of Education Project: Providing Bharat Fiber connectivity to 19120 connections to the schools working under Punjab Govt. the MoU was signed on dated 13.09.2023 with department of school education.

3. Punjab police CCTV Border area project: The SLA was signed with Punjab police on dated 14.01.2025 for providing MPLS VPN connectivity to 637 locations in the 5 Border district of Punjab State.

4. Department of Government Reforms: The MoU with the DoGR for providing connectivity was renewed on dated 06.09.2023. Under this project, the total number of circuits working under project is 342.

5. PSPCL: The tender was won for providing M2M sim in 9/9/2020 for 65000 smart meters under the jurisdiction of PSPCL. As on date, the working M2M SIMs are 12000.”

8.13 During the course of evidence another important issue on non-responsive attitude of BSNL in providing Services to Government Offices particularly with reference to BSNL's services sought by some Government offices located in Chandigarh Adding to this, Hon'ble Chairperson also categorically pointed to BSNL's reluctance to provide services even when customers are seeking them. In this context, on being asked to BSNL offering its services in Chandigarh and if yes, why is BSNL not providing its services to the Government Offices in Chandigarh, BSNL in its written reply, submitted as under:-

“Yes, BSNL services are being provided promptly in Government Offices as and when demanded in Chandigarh. BSNL staff is working

proactively to generate demand for the BSNL various services in govt departments.”

8.14 When asked to DoT about any programs to provide affordable or free access to educational or healthcare related content through Wi-Fi in rural areas, DoT in its written reply, submitted as under:-

“The Amended BharatNet Program shall provide 1.50 Cr. rural Home Fibre connections distributed across all states/ UTs with priority to cover Government institutions including schools, primary Health Centers, Anganwadis, Panchayat offices etc. using the BNU model over the next five years. For these connections, CAPEX is borne by Govt. & only plan charges are to be paid by user.”

Issues on Budgetary Allocation and Requirements of BSNL

8.15 On being asked about budgetary allocation to BSNL, Secretary, DoT during the course of evidence, clarified as under:-

“.....सर, हमने एक लाख टावर्स के लिए पैसे मांगे थे। उसमें जब हमने टेन्डर किया तो उसमें थोड़ा एक्सेस हुआ इसलिए हमने उसके लिए 8 हजार करोड़ रुपये की मांग कर रखी है। सरकार उसको कंसीडर कर रही है। बियॉन्ड एक लाख टावर्स तक जाने के लिए हमारा असेसमेंट है कि अगर हम 50 हजार टावर्स और लगाएंगे तो जो पाइप की मोटाई है, वह भी ठीक तरह से बढ़ सकती है। उससे हमारा डेटा फ्लो भी अच्छा रहेगा। उसके लिए भी हम सरकार से मांग करेंगे और बजट प्रोसेस में अपनी रिक्वेस्ट रखेंगे।.....”

8.16 On the issue compete with other players, Secretary, DoT during the course of evidence, stated as under:-

“.....बीएसएनएल मार्केट में कैसे कंपीट करेगा और सरकार का इस तरफ क्या प्लान है। BSNL has been kept as – if I may use the word – as a strategic entity in terms of the views of Government of India that हमारे देश में अपना एक कम्युनिकेशन प्लेयर होना चाहिए, जो भारतीय हो। वह देश में गवर्नमेंट ओन्ड हो, क्योंकि कम्युनिकेशन एक स्ट्रेटेजिक एसेट है। यह वार में या किसी भी समय काम करता है। देश में अपना एक टेली कम्युनिकेशन प्लेयर होना बहुत जरूरी है। गत वर्षों में सरकार ने बीएसएनएल को तीन बड़े-बड़े पैकेज सैक्शन किये हैं। इस बारे में दो साल पहले माननीय प्रधानमंत्री जी ने एक निर्णय लिया था। अभी तक हम लोग

बीएसएनएल में 2जी और 3जी विदेशी कंपनी जैसे नोकिया, एरिक्शन से इम्पोर्ट करके लगाते थे।

यह आदेश हुआ कि बीएसएनएल खुद डोमेस्टिक टेक्नोलॉजी, 4जी और अपग्रेडेबल टू 5जी टेक्नोलॉजी खुद बनाकर लगाएगा। इसके लिए सरकार ने काफी बड़ा इक्विटी इन्व्यूजन किया। इसकी बेसिस पर सीडॉट और तेजस ने मिलकर, सीडॉट हमारे देश की सेंटर फॉर डेवलपमेंट ऑफ टेलीमैटिक्स सरकारी एजेंसी है, तेजस एंड टीसीएस प्राइवेट प्लेयर्स हैं। प्राइवेट और पब्लिक पार्टनरशिप की एक अद्भुत फ्रेंडशिप और कोलैबरेशन से सीडॉट ने 4जी का एक कोर बनाया और तेजस ने पूरा रेडियो बनाया। इन दोनों को मिलाकर भारत विश्व में पांचवां देश है, जिसके पास 4जी की स्वदेशी टेक्नोलॉजी है। यह टेक्नोलॉजी हम लोग रोल आउट कर रहे हैं। इस टेक्नोलॉजी का फायदा रूरल एरिया सहित सभी जगह होगा, क्योंकि बीएसएनएल एक बड़ा रूरल प्लेयर है।.....”

8.17 On the above issue, Secretary, DoT during the course of evidence, clarified as under:-

“.....They have sanctioned Rs. 22,000 crore for putting one lakh antennas of 4G across the country. बाकी इन्फ्रास्ट्रक्चर हमारा बहुत लिमिटेड है। बाकी लोगों से हम कैसे कंपीट करेंगे। उदाहरण के तौर पर मैं बताना चाहूंगा कि उसके 13.6 लाख एंटीनाज़ हैं। हमें काफी कंपीट करना पड़ेगा, काफी इस नेटवर्क को बढ़ाना पड़ेगा। यह एक लाख जो हम लोग टॉवर लगा रहे हैं, उससे हमें पूरी रीच मिल जाएगी। एक टॉवर को लगाने पर दो चीजें होती हैं, एक तो होती है रीच, मतलब कहां तक उनको कनेक्शन मिल रहा है, दूसरा होता है डेप्थ कि उसमें पाइप कितना मोटा है, पानी कितना आ रहा है? एक तो यह होता है कि पाइप पहुंचा दिया, तो पानी वहां पहुंच गया। पाइप कितना मोटा है, जिससे पानी जा सकता है, तो उसके लिए टावर्स ज्यादा लगाने पड़ेंगे। जो हमारा करेंट फेज़ चल रहा है, उसमें हम रीच की बात कर रहे हैं। एक और प्रोग्राम हमारा चल रहा है, वह यूएसओएफ के अंतर्गत चल रहा है, जिसमें हम सारे लेफ्ट विंग एक्स्ट्रीमिज्म, बार्डर एरियाज़, बैकवर्ड एरियाज़, एस्पिरेशनल डिस्ट्रिक्ट्स सभी जगह जहां टू जी था, वहां फोर जी कर रहे हैं। 26 हजार लगभग ऐसे गांव हैं, जहां कोई कनेक्शन नहीं है, न जियो का है, न वोडाफोन का है, न बीएसएनएल का है, इन सारे विलेजेज़ को अगले साल के मिड एंड तक कवर कर लेंगे। एक तरीके से बीएसएनएल का जो कारपेट कवरेज है, वह शायद देश में सबसे अच्छा होगा। भले ही हमारे पाइप की मोटाई सबसे अच्छी न हो। वह हमें फेज़ टू में लानी पड़ेगी।.....”

8.18 During the course of evidence on being asked by the Committee Members and Hon'ble Chairperson about Budgetary Allocation & Requirements of BSNL to compete with Private Players, BSNL in its written reply, submitted as under:-

“Budgetary Allocation and Requirement of BSNL to compete with Private Players BSNL has forecasted capex requirement of Rs. 45,507 Cr. over the next 3 fiscal years (FY26, FY27 and FY28) in multiple projects and initiatives across its business verticals.

(A) Setting up 1 Lakh additional 4G sites with indigenous technology to increase the market share and to remain competitive for Rs. 26,732 Cr.

(B) Rs. 8,710 Cr. for media rehabilitation to reduce Bandwidth congestion on national routes.

(C) Rs. 3,300 Cr. for adequate deployment of batteries and power plants at BSNL sites.

(D) Rs. 6,765 Cr. for other key investments.

Out of above total amount of Rs. 45,507 Crore, BSNL will arrange Rs. 15,472 Crore through internal accruals and investment through OPEX models.

Budgetary support is required for Rs. 30,035 Crore in FY 2025-26, FY 2026-27 and FY2027-28.”

PART-II

OBSERVATIONS/RECOMMENDATIONS

1. Overview

Bharat Sanchar Nigam Limited (BSNL) was established on 15th September 2000 and began operations on 1st October 2000, providing telecom services across India except for Delhi and Mumbai. It is a 100% Government-owned PSU with an authorized share capital of ₹2,10,000 Crore and paid-up share capital Rs.1,08,117.51 Crore comprising of Rs.1,00,617.51 Crore Equity share capital and Rs. 7,500 Crore Preference shares capital as on 28.02.2025 having total income figure of Rs.15,603 crore during the FY2024-25 (upto Dec, 2024). Presently, BSNL has been offering wireline, mobile, broadband, FTTH, Wi-Fi and enterprise services, serving over 997.87 Lakh subscribers. Its mission focuses on customer satisfaction, technological advancements and affordable services, with an emphasis on rural connectivity. BSNL partnered with the Universal Service Obligation Fund (USOF) to set up 25,000 rural Wi-Fi Hotspots. The C&AG audited this aspect of BSNL's performance from 2017-18 to 2021-22 and the Committee on Public Undertakings took-up examination of this Audit Para during 2024-25 term.

The C&AG in their audit report observed and flagged important issues hereunder :- (i) BSNL proposed setting up 25,000

Wi-Fi Hotspots in rural telephone exchanges without ensuring technological compatibility, as the network only supported 2G/3G while 4G was already operational; (ii) BSNL missed to assess the viability of rural exchanges, leading to closures and relocations. As a result, 13.77% of sites were either shut down or moved, making the expenditure on these Hotspots unproductive; (iii) BSNL missed to meet its June 2017 target of commissioning 1,500 Wi-Fi Hotspots within a month's time i.e. by July 2017, achieving only 27 out of 1500 Wi-Fi Hotspots (1.8%) by July 2017, despite having the required hardware; (iv) Due to delays and non-commissioning of sites, BSNL lost ₹1.15 crore in OPEX subsidies by December 2022; (v) Delay in commissioning 700 Wi-Fi Hotspots across 10 telecom circles, with delays extending up to 790 days (26 months) due to BSNL's one-year delay in awarding purchase orders. As a result, USOF imposed liquidated damages of ₹81.84 lakh, of which ₹58.38 lakh was recovered from CAPEX subsidies that was payable to the circles; (vi) Failure to maintain the required 99.99% uptime for rural Wi-Fi Hotspots, leading to a ₹60.71 crore penalty for downtime. Despite spending ₹33.08 crore on AMC vendors, BSNL did not effectively monitor maintenance, resulting in widespread site failures at various circles—including no/insufficient power backup at Wi-Fi Hotspots, non-working/faulty Wi-Fi Hotspots at sites, absence of conducting periodical testing as per clause 4.8 of the Agreement and non-generating of adequate revenue to meet the cost of AMCs, leading to failure of maintenance of the Wi-Fi Hotspots; (vii) Poor publicity, lack of appropriate bandwidth,

power backup and faulty equipment contributed to declining and lack of user access and revenue. The report concluded that BSNL's inefficiencies on account of non-institution of AMC and inadequate monitoring by BSNL compromised the scheme's success and financial viability; (viii) failure to generate significant revenue, earning only ₹3.09 lakh from 2017-18 to 2021-22 against a target of ₹75 crore for 2018-19. Despite setting a tariff structure, BSNL continued offering free usage till December 2022 for all the commissioned Hotspots without seeking approval from DoT, violating the agreement and affecting revenue generation; and (ix) Failure to conduct a timely evaluation/impact assessment of the Wi-Fi Hotspots as per the agreement that resulted in failure to assess the quality of service, support infrastructure and sustainability of the scheme as factors responsible to determine the revenue potential and the optimum business model for operation and maintenance. Summing up, BSNL's lack of oversight resulted in continued under performance of the scheme and also deprived access of rural population to network connectivity.

The Committee, in its in-depth examination of the Audit Para, has not only scrutinised the issues directly at hand but has also delved into the broader challenges and other pertinent aspects that a Company like BSNL - a key Central Public Sector Undertaking, playing a crucial role in extending telecom connectivity to even the most remote corners of the country - must address in order to perform effectively and remain relevant in the fast-moving telecom

sector, both globally and within India. The Committee is hopeful that the following recommendations will assist the Company and the Government in their efforts to bridge the digital divide in the country.

(A) AUDIT PARA RELATED ISSUES

2. Selection of 25,000 Wi-Fi Hotspots Without Due Diligence

The Committee observe that BSNL missed to conduct a proper feasibility study before selecting 25,000 rural telephone exchanges as Wi-Fi Hotspot locations. Many of these exchanges had already been identified as unviable due to low subscriber numbers. Audit findings showed that some locations were later shut down or relocated, leading to unproductive expenditure. BSNL had issued internal directives to close rural exchanges with fewer than 20 Direct Exchange Lines (DELs), yet it proceeded with the installation of Wi-Fi Hotspots in many of these locations. Thus, lack of due prudence led to inefficiencies and financial losses.

BSNL's justification citing technological changes and declining landline use as reasons for project shortcomings reflects reactive planning rather than proactive due diligence. While commissioning 97% of hotspots sounds substantial, failure to assess viability of rural exchanges beforehand indicates a lack of strategic foresight and risk assessment. The DoT's response further downplays the project's inefficiencies by focusing on

deployment numbers and usage data, while sidestepping accountability for approving a technically outdated and commercially unviable proposal. The commitment to transparency and improved monitoring is a positive step, but it also implicitly acknowledges systemic lapses in planning and oversight. Thus, both BSNL and DoT responses reflect a pattern of post-hoc rationalization rather than a transparent admission of flawed planning and oversight.

Taking into consideration the above, the Committee are of the view that BSNL underperformed in assessing feasibility and technology relevance, while DoT missed in its regulatory and funding oversight. Though remedial actions have been taken, they come only after unproductive expenditures and substantial inefficiencies were exposed by audit scrutiny. The case, thus, underscores the need for future telecom projects to be guided by rigorous viability studies, flexible technology planning and accountable governance mechanisms. The Committee, therefore, recommend that since, BSNL's reliance on outdated 2G/3G technology and lack of foresight has time and again highlighted the need for technology foresightedness in project planning, hence, future rural connectivity projects be conceptualised with robust pre-project due diligence including thorough techno-economic feasibility assessments to ensure infrastructure viability and alignment with current and emerging technologies such as 4G and 5G. BSNL must establish accountability mechanisms to address

lapses in execution, with regular performance audits and clearly defined responsibilities. Additionally, the Committee urge DoT to ask BSNL for institutionalisation of dynamic, real-time monitoring systems —such as PMIS (Project Monitoring & Information System) – a centralized digital platform to track the progress of telecom infrastructure projects in real-time, a prevalent practice in telecom sector, SLAs (Service Level Agreements) - Contractual agreements between service providers (like BSNL) and funding or regulatory bodies (such as DoT or DBN (Digital Bharat Nidhi) that define the expected quality, uptime, performance standards and penalties for non-compliance and third-party evaluations—to ensure overall transparency and timely course correction. To enhance sustainability, projects should include adaptive frameworks that allow mid-execution adjustments and incorporate viable revenue models to shift user perception away from expecting free services. Emphasis have to be also placed on leveraging shared infrastructure like BharatNet and promoting last-mile solutions such as FTTH and PM-WANI to improve reach and efficiency in rural telecommunications delivery.

3. Delayed Project Implementation

The Committee note that BSNL entered into an agreement with USOF on 09.06.2017 with a stipulated completion period of six months for setting up 25,000 public Wi-Fi Hotspots in rural areas. However, BSNL failed to complete the project within the original

timeframe, resulting in multiple extensions—first, to November 2018, then, to December 2019 and finally, to December 2022. The Audit observed that these extensions were granted without levy of Liquidated Damages (LD), even though only hotspots commissioned by December 2019 were eligible for full OPEX subsidy. Moreover, BSNL, in an attempt to expedite rollout, had instructed all circles to commission 1,500 pre-procured hotspots under the Mobile Data Offload (MDO) Project by July 2017, but managed to commission only 27. BSNL eventually short-closed 667 sites in 2022 due to unviability, with only 24,333 hotspots commissioned.

BSNL, in its replies and oral evidence, attributed the delays to the GST transition, tendering delays, vendor performance issues and severe cash flow problems during 2018-19. It stated that tender clarifications related to GST and PMA policy delayed the finalization of contracts and further operational hurdles emerged during site deployment, particularly in remote rural areas. Though BSNL has claimed to have learned lessons and improved its project management protocols, these measures seems to be largely a generalised reaction implemented after the project execution. Furthermore, while DoT stated that the rollout period was extended based on BSNL's justifications and cited penalties imposed and physical verifications carried out by the O/o Controller of Communication Accounts (CCA), it missed to conduct a rigorous assessment of the justifications or enforce contractual penalties.

Discrepancies in LD figures between DoT's and Audit's accounts further highlight weaknesses in DoT's oversight mechanisms. Thus, DoT's reliance on routine verifications by CCAs and the absence of proactive enforcement further underline gaps in monitoring and accountability.

The Committee is of the firm view that the delay in project implementation highlight serious lapses in BSNL's planning, execution and management of the project. Despite having pre-procured equipment, BSNL's inability to mobilize resources and coordinate effectively reflects poor operational control. The Committee also note with concern the lack of rigor from DoT in assessing BSNL's justifications for delay and the leniency in extending deadlines without enforcing LD provisions. Going forward, the Committee recommend that for all time-bound Government-funded telecom infrastructure projects, BSNL must develop a comprehensive Project Implementation Plan (PIP) with a digital dashboard for real-time milestone tracking. The Committee further recommend that for all future time-bound infrastructure projects funded through public money, both BSNL and DoT must institute mandatory project risk registers, pre-defined escalation protocols and enforceable Service Level Agreements (SLAs) with vendors. DoT should ensure that extensions are granted only after rigorous evaluation and should mandatorily impose LDs for unjustified delays. Additionally, BSNL must instutionalise a real-time project monitoring dashboard,

linked to measurable milestones, which is accessible to all oversight authorities, including the funding agency. A comprehensive post-project performance audit should also be conducted by DoT for this Wi-Fi Hotspot project to identify systemic weaknesses and apply the learnings to other ongoing projects and upcoming rural digital connectivity programs such as the 4G Saturation and BharatNet initiatives.

4. Loss of Opex Subsidy Amounting to ₹1.15 Crore

The Committee note that BSNL incurred a loss of ₹1.15 crore in Operational Expenditure (OPEX) subsidy due to delays and failures in commissioning Wi-Fi Hotspots under the USOF-supported project. The Audit reported that out of the 24,333 hotspots that BSNL finally chose to commission, 700 were commissioned after the eligible subsidy period and 8 were never commissioned. Despite BSNL's decision to repurpose 1,500 pre-acquired hotspots from its Mobile Data Offload (MDO) Project in June 2017, only 27 were commissioned within the stipulated one-month target - just 1.8% of the intended number. This performance shortfall directly led to the subsidy loss of ₹108.36 lakh for the delayed sites and ₹6.88 lakh for the uncommissioned ones. Thus, BSNL suffered a loss of ₹1.15 crore in Operational Expenditure (OPEX) subsidy due to delayed or non-commissioning of Wi-Fi Hotspots under the rural connectivity initiative. The Committee find this financial setback especially concerning given

the critical need for fiscal prudence in Public Sector Undertakings and the high strategic value of rural connectivity.

BSNL, in its submissions, attributed the subsidy loss to delays in equipment supply and site readiness, compounded by challenges like poor power supply, inadequate manpower post-VRS and the operational difficulties brought on by the COVID-19 pandemic. It further cited low revenue realization from Wi-Fi services and changing consumer preferences toward mobile data as reasons for project underperformance. BSNL claimed that it has introduced remedial measures such as revised Service Level Agreements (SLAs) and engagement with local partners on a revenue-sharing model for future deployments. However, the Committee note that BSNL did not conduct any formal inquiry to fix accountability for the avoidable subsidy loss. DoT, on its part, highlighted that relevant penalty provisions exist within the agreement and that oversight was exercised through Project Monitoring Units and third-party verifications. Yet, there was no evidence of these mechanisms being effectively activated to avert financial losses, nor was there clarity on how the findings influenced future policy enforcement.

The Committee are of the view that the OPEX subsidy loss amounting to ₹1.15 crore represents not merely a financial lapse, but a failure in both planning and accountability on the part of BSNL and regulatory oversight by DoT. The loss of subsidy is particularly disconcerting given that these funds were essential for supporting

non-remunerative rural operations and enhancing last-mile connectivity. Despite the availability of pre-procured equipment and predefined timelines, the inability to deploy even a fraction of the committed infrastructure within deadline reflects systemic inefficiencies. This situation reflects a critical operational gap with financial consequences. The Committee, therefore, recommend that BSNL institutionalise internal accountability procedures to review financial setbacks and assign responsibility. For future projects, subsidy disbursement must be linked to milestone-based performance metrics for fund release certified by independent monitoring agencies. In addition to this, DoT must ensure rigorous pre-approval appraisal of technical and financial projections and contingency plans as part of every project design. Additionally, DoT and BSNL should jointly conduct a financial impact study of the Wi-Fi Hotspot project and submit a status report before the Committee within six months. Further, DoT should expedite the integration of digital oversight tools such as Project Management Information System (PMIS), Geographic Information System (GIS) mapping and Remote Fiber Monitoring System (RFMS) across all ongoing and upcoming rural connectivity schemes to ensure real-time monitoring and course correction.

5. Levy of Liquidated Damages Due to Delay in Commissioning of Wi-Fi Hotspots

The Committee note that BSNL incurred Liquidated Damages (LD) amounting to ₹81.84 lakh due to delays of up to 790 days in commissioning 700 Wi-Fi Hotspots across 10 telecom circles. These delays were attributed primarily to the BSNL Corporate Office's delay of nearly one year in awarding purchase orders for equipment, despite the rollout period having been extended twice, until 31 December 2019 and targets reduced. Of the total LD levied, ₹58.38 lakh was recovered by deducting it from the CAPEX subsidy payable to BSNL circles, thereby weakening their operational capacity. The Committee observe that this procedural lapse resulted in missed opportunities for revenue generation and compounded BSNL's already precarious financial position. The Audit further highlighted that lockdown restrictions came into effect only after the rollout deadline, nullifying that justification and noting a lack of foresight in planning for technology obsolescence.

In their submission, BSNL attributed the delays to vendor bottlenecks, resource constraints, disruptions during the COVID-19 pandemic and evolving market trends such as increased mobile data usage and 4G penetration. The CMD, BSNL, during oral evidence, acknowledged the significant delay and outlined remedial measures such as implementation of ERP and centralized online monitoring mechanisms. It was also stated that LD

penalties were imposed on defaulting vendors and procedural changes were made to streamline future procurement. However, the Committee note with concern that no internal accountability review was conducted to identify lapses in decision-making or delays in issuing purchase orders. Further, DoT's submission focused on the availability of monitoring clauses in agreements and noted that both it and BSNL had acted within the contract framework by imposing LDs. However, the Committee find DoT's oversight inadequate, especially in terms of preemptively mitigating delays or reassessing project viability as market conditions evolved. The Committee also note that neither BSNL nor the Ministry adequately accounted for the obsolescence of 2G/3G-based Wi-Fi in the face of widespread 4G expansion.

The Committee are of the considered view that the imposition of ₹81.84 lakh in Liquidated Damages is symptomatic of systemic shortcomings in BSNL's project execution and DoT's regulatory oversight. The absence of internal evaluations, weak procurement governance and delayed vendor finalization all contributed to the missed rollout deadlines. While BSNL has now introduced ERP and improved Material Management (MM) systems, these remedial measures lack foresight and were initiated only in hindsight, rather than as part of a proactive planning strategy. The Committee, therefore, recommend that BSNL must institutionalise a Centralized Digital Procurement and Monitoring System (CDPMS), integrated with Enterprise Resource Planning (ERP) and Project

Monitoring tools like Project Management Information System (PMIS), to ensure real-time tracking of procurement, site readiness and vendor compliance. Vendor contracts should include enforceable clauses with pre-defined penalties for delays. Further, DoT must ensure that future agreements incorporate clauses mandating market feasibility and technology sustainability assessments. Moreover, the Ministry should conduct an independent audit to evaluate BSNL's internal processes related to this project and report to the Committee within six months with a roadmap for strengthening institutional accountability and project delivery timelines.

6. Poor Performance and Maintenance of Wi-Fi Hotspots Resulting in Downtime Penalty

The Committee note that as per Clause 4.16 of the Agreement, BSNL was mandated to maintain a network uptime of 99.99% to ensure quality service in rural areas, failing which pro-rata OPEX subsidy deductions were to be imposed. The C&AG observed that BSNL paid a downtime penalty of ₹60.71 crore between 2017–18 and 2021–22 due to persistent underperformance and inadequate maintenance of Wi-Fi Hotspots. These penalties were deducted from the OPEX subsidy, accounting for 9.45% of the revised project cost of ₹642.58 crore. Despite spending ₹33.08 crore on AMC contracts during this period, BSNL missed to ensure effective vendor performance or sufficient fault rectification. The

Committee also note a marked decline in public engagement with the scheme, linked to insufficient awareness, lack of signage, inadequate power backup and faulty equipment, resulting in declining user access and revenue.

In their submission, BSNL cited multiple constraints impacting its ability to maintain the mandated uptime, including poor electricity availability in remote areas, reduced manpower post-VRS and logistical hurdles during COVID-19 lockdowns. The Company admitted to AMC lapses and capped vendor penalties at 20%, while itself paying considerable downtime penalty. BSNL further explained that AMC contracts were discontinued post-subsidy due to non-remunerative operations and that subsequent rural projects were issued as turnkey contracts with extended O&M periods. While BSNL claimed that the initiative helped boost FTTH adoption and digital literacy in rural areas, the Committee find its efforts to create awareness or recover penalties from vendors to be inadequate. Further, DoT, in turn, highlighted its monitoring tools (PMIS, RoW platforms, CBuD) and inclusion of SLA-based payments in future agreements. However, the Audit in their vetting comments pointed to DoT's inadequate response towards assisting BSNL in developing effective communication strategies. DoT's responses largely reiterated BSNL's claims without proactive measures to address structural gaps.

The Committee are of the considered view that BSNL's failure to maintain contracted uptime levels and the resultant penalty of

₹60.71 crore reflects deep-rooted inefficiencies in project governance, AMC execution and public engagement strategies. The unlimited liability borne by BSNL vis-à-vis capped penalties for vendors further exacerbated its financial burden. While BSNL has introduced improvements like ERP integration, site surveys and bundled turnkey contracts in newer projects, these seems as post-hoc rather than preemptive interventions to earlier failings. The Committee, therefore, recommend that BSNL should institutionalise an SLA framework with parity in penalty structure for itself and its vendors, backed by strict enforcement and automated monitoring. AMC contracts must include clear performance deliverables and be overseen through centralized dashboards integrated with PMIS. At the same time, BSNL must deploy hybrid power solutions (including solar backups) for rural exchanges and adopt a uniform communication strategy leveraging local languages, community outreach and visual signage. In addition to the above measures, DoT must support BSNL by designing project-specific IEC (Information, Education and Communication) plans and ensuring performance-based funding in future initiatives. A joint audit by DoT and an independent third party must be undertaken to evaluate uptime shortfalls, vendor non-compliance and effectiveness of AMC monitoring, with findings reported to the Committee within six months.

7. Revenue Generation and Sustainability of the Scheme

The Committee note with concern that BSNL missed to achieve the envisaged revenue target of ₹75 crore for the year 2018-19, earning only ₹3.09 lakh during the entire period from 2017-18 to 2021-22, with no revenue targets fixed thereafter. Despite a clear agreement clause mandating paid usage post a six-month trial period, BSNL continued to provide free Wi-Fi services until December 2022 without prior approval from DoT. This non-compliance severely undermined the financial sustainability of the scheme. The Committee also observe that while the infrastructure was utilized by rural users, evident from significant data consumption during the free period, it missed to convert this usage into paid subscriptions.

BSNL, in their submission to the Committee, has attributed the poor revenue generation to factors such as the rise of affordable and high-speed 4G services, closure of rural exchanges and the widespread public perception that Wi-Fi is a free service. Also, the usage drastically dropped outside the free period despite BSNL's attempts to introduce prepaid plans and partner with digital payment platforms. The Committee observe that DoT, while acknowledging the issue, did not effectively intervene or enforce agreement compliance, which further contributed to the lack of accountability. Now, both BSNL and DoT have shifted focus towards integrating Wi-Fi services with BharatNet and FTTH connections under programs like the 4G Saturation Scheme and

Amended BharatNet Program (ABP). However, continued reliance on Digital Bharat Nidhi (DBN) support and absence of a market-aligned monetization strategy raises questions on the long-term viability of such standalone Wi-Fi hotspot projects.

The Committee are of the view that failure to adhere to agreement terms, lack of proactive market analysis and delayed corrective action led to revenue shortfall, rendering the scheme unsustainable. To ensure financial viability and optimal utilization of public funds, the Committee recommend that BSNL must strictly enforce paid usage models after any trial period and avoid prolonged free usage without DoT approval. Also, future Wi-Fi or similar digital connectivity projects must include comprehensive market research, enforceable sustainability clauses and a hybrid revenue model incorporating advertisement support, integration with government services and bundling with FTTH and mobile plans. Further, DoT must strengthen its oversight and monitoring mechanisms to enforce compliance and evaluate project outcomes periodically. The terms of future agreements should be revised to reflect changing market dynamics and encourage financially viable partnerships, especially leveraging the BharatNet infrastructure for service delivery and monetization.

8. Non-Compliance with Impact Assessment Requirements

The Committee note that as per Clauses 2.4.8 and 2.5.2 of the Agreement, BSNL was required to appoint an independent agency and conduct an impact assessment within 6–12 months of signing the agreement. However, BSNL failed to comply with this requirement. Instead of timely evaluations, BSNL issued instructions to circles for in-house assessments in October 2019 and January 2020, which were delayed due to tendering issues, delays in site finalization and the COVID-19 lockdown. Eventually, impact assessments were conducted in only 806 exchanges and submitted to USOF by November 2022, well beyond the stipulated timeline. The C&AG observed that BSNL’s failure to complete the evaluation on time hindered assessment of service quality, infrastructure adequacy and commercial viability, contributing to continued underperformance and inefficient use of public funds.

In their submission, BSNL attributed the delay in evaluation to procedural delays in issuing work orders, closure of unviable rural exchanges and the outbreak of COVID-19. While it claimed that assessments were eventually conducted with support from educational institutions, it admitted that no independent agency was appointed as mandated. Further, BSNL has proposed including a relaxation clause in future agreements for delays due to uncontrollable circumstances. Furthermore, the Company stated that public perception of Wi-Fi as a free service made monetization unfeasible and currently there is no plan to upgrade Wi-Fi

technology. DoT, on its part, acknowledged the issue and highlighted that future projects such as the Amended BharatNet Program shall now include monitoring tools like PMIS, Third Party Audits (TPAs) and the appointment of Independent Engineers. However, the Committee find that neither BSNL nor DoT took proactive steps to ensure accountability for the missed timelines and there was little effort to leverage the assessment findings to guide revenue strategies or policy refinements.

The Committee are of the firm view that the lack of a timely and independent impact assessment undermined the project's ability to gauge its effectiveness, adapt to market conditions and justify public expenditure. BSNL's internal assessments, conducted well after the due period, lacked objectivity and missed to guide course corrections. The Committee, therefore, recommend that in all future projects, independent third-party impact assessments must be mandated within 6–12 months of implementation, with appointment of agencies done at the project's inception. Assessment findings must be publicly disclosed and integrated into policy decisions. The Committee also recommend linking disbursement of public funds to measurable impact metrics. BSNL should collaborate with academic and research institutions to carry out socio-economic evaluations and identify sustainable technology solutions. The DoT must also enforce strict compliance with evaluation requirements and take corrective actions for deviations. Further, a policy framework for

periodic evaluation and mid-course correction should be institutionalised across all USOF-funded programs.

9. Utilisation of USOF Funds by BSNL

The Committee note that the Universal Service Obligation Fund (USOF) (now renamed as “Digital Bharat Nidhi” (DBN)) had entered into agreement with BSNL at an estimated project cost of ₹942.34 crore for setting up 25,000 public Wi-Fi Hotspots in rural telephone exchanges, comprising ₹544.50 crore as Capital Expenditure (CAPEX) and ₹397.84 crore as Operational Expenditure (OPEX) subsidy support over a period of three years. However, BSNL commissioned only 24,333 Hotspots, falling short of the original target. The rollout, initially scheduled to be completed within six months of signing the Agreement in June 2017, experienced significant delays. Only sites commissioned before December 2019 were eligible for full OPEX subsidy in the first year. Audit observations revealed that 700 sites were commissioned after the eligible rollout period and eight sites were never commissioned, leading to a cumulative loss of ₹1.15 crore in OPEX subsidy. Additionally, USOF levied ₹81.84 lakh in Liquidated Damages (LD), of which ₹58.38 lakh was deducted directly from the CAPEX subsidy. BSNL also incurred ₹60.71 crore in downtime penalties, further reducing its subsidy entitlement.

In their submission, BSNL attributed the delays and inefficiencies to tendering complications, delay in vendor finalisation, GST implementation issues, closure of rural

exchanges, vendor performance gaps and the unforeseen COVID-19 pandemic. BSNL also cited financial constraints, workforce reduction due to VRS and difficulties in maintaining remote rural sites. The Company claimed to have made up for delayed sites by commissioning 97.3% of the target and introducing local partnership models for operational sustainability. DoT, while endorsing BSNL's replies, did not conduct any mid-course correction to monitor fund utilisation or assess actual outcomes. The Department also missed to enforce strict compliance with agreement conditions such as performance-linked disbursement, impact assessments and real-time monitoring. Despite being the funding agency, USOF did not link subsidy release to verified deliverables or initiate course corrections when performance indicators declined.

The Committee are of the firm view that although BSNL substantially utilised the USOF (now DBN) allocation in physical terms, the effectiveness, service outcomes and financial efficiency of the project were sub-optimal. The failure to adhere to timelines, low network uptime and poor revenue generation from installed Hotspots indicate that the project objectives of enhancing rural digital connectivity were not fully met. The Committee recommend that in future, BSNL must be made accountable through a performance-linked fund disbursement mechanism that includes independent third-party verification of deliverables and adherence to rollout and uptime milestones. DoT should develop and

implement a pre-funding viability assessment framework, including demand mapping, sustainability analysis and technology relevance. Furthermore, BSNL must submit comprehensive utilisation certificates and outcome-based performance reports to DBN onto project completion/closure. The Committee also recommend that future funding to BSNL through DBN must be contingent upon demonstrable compliance with service obligations, timely project execution and transparent utilisation of public funds.

(B) Challenges and Other Relevant Issues

10. Addressing Challenges in Rural Connectivity and Long-Term Operations

The Committee note that BSNL and DoT face significant challenges in providing telecom services, particularly Wi-Fi and broadband, in rural and remote areas. These challenges include lack of physical infrastructure such as power supply, road access and backhaul connectivity, as well as Right of Way (RoW) issues and low Return on Investment (RoI). Despite these difficulties, BSNL has connected over 50,000 villages with FTTH services through local partners and has proposed forming dedicated teams for Wi-Fi hotspot projects. USOF provides limited OPEX support

and BSNL has introduced revised tariff plans to improve service viability in rural areas. The Committee does appreciate these efforts but recognized the need for a more systemic and sustainable approach.

BSNL's submissions acknowledge the structural difficulties of deploying and maintaining networks in rural regions and rely heavily on local partnerships and OPEX support for operations. However, the Committee observe that these approaches, while helpful, lack scalability without corresponding investments in durable technology and R&D. Further, the DoT has initiated funding through the Telecom Technology Development Fund (TTDF) and is deploying mobile and BharatNet projects with SLA-based incentives. Still, the lack of a comprehensive policy for long-term sustainability and inadequate private sector participation remain critical gaps. Although FTTH connectivity is progressing, the Committee find the current model insufficient in addressing the compounded issue of low demand, high cost and maintenance challenges.

While applauding the gains achieved by BSNL, the Committee note that a recent newspaper headline highlighted that BSNL had gained and private telecoms had lost one crore subscribers in the previous month. The Committee further observed that with this positive development and the commendable efforts of BSNL, it appears that things are now moving in a promising direction for the Company's future. Going ahead with this spirit, the Committee

recommend that BSNL and DoT develop a structured rural telecom strategy anchored in durable infrastructure, power independence (e.g., solar backups) and scalable partnership models. BSNL should leverage its local entrepreneur model more aggressively and expand use of mesh networks and other low-maintenance technologies. A centralized rural connectivity monitoring framework should be established, integrating data from PMIS, local partner performance and user feedback. The Committee further recommend that the Department of Telecommunications allocate a dedicated corpus under TTDF to fund development of rugged, low-cost equipment suited to remote areas. It must also institutionalise coordination mechanisms with State Governments to expedite RoW clearances and utility access. Periodic review of rural connectivity projects, with emphasis on reliability, usage patterns and financial health, must be conducted jointly by BSNL and DoT.

11. Strengthening Border Area Connectivity and National Security Concerns

The Committee note that BSNL has deployed a wide network of mobile and fiber infrastructure in border areas of Punjab, with more than 2,000 BTS and 56,650 Bharat Fiber connections. The mobile and broadband Key Performance Indicators (KPIs) in these areas are reportedly within TRAI benchmarks. However, concerns regarding security, spillage of foreign telecom signals and lack of

seamless connectivity in strategic regions were raised during the course of evidence. DoT responded that surveys and coordination with security agencies are being conducted to monitor spillage along international borders and Line of Actual Control (LAC). BSNL also confirmed that it is engaging with MHA for security technology like portable jammers.

While BSNL has confirmed satisfactory service performance in border districts and has cited multiple partnerships with state agencies for surveillance and connectivity projects, the Committee observe that national security requirements demand heightened vigilance and technological preparedness. The correspondence with MHA for deployment of security tools like jammers must be taken-up on priority. Also, DoT's coordination with Law Enforcement Agencies and the Wireless Monitoring Organization (WMO) is appreciated, but the Committee note that there is no long-term roadmap to secure border telecom zones or guidelines for emergency communication preparedness.

The Committee recommend that DoT and BSNL jointly develop a Border Area Telecom Strategy (BATS) to ensure robust, secure and high-availability connectivity in strategic zones. This should include priority deployment of indigenous 4G/5G technology, redundant backhaul connectivity and rapid response systems to address spillage and service disruption. Further, DoT must fast-track coordination with MHA to facilitate timely deployment of portable jammers and anti-intrusion systems. Additionally, a real-

time monitoring command centre should be established for high-risk zones to integrate telecom operations with security protocols. BSNL must also expand partnerships with border area institutions and enhance FTTH and MPLS-VPN services to Government offices and public service points in these regions.

12. Improving BSNL's Service Delivery to Government Offices and Customers

The Committee note with concern the observations made during the course of evidence regarding BSNL's indifferent attitude in offering telecom services to Government offices and departments, particularly in Chandigarh and surrounding regions. Despite the demand for services, BSNL appeared unresponsive in some instances. Hon'ble Chairperson and Members of the Committee pointed out specific cases where BSNL did not act proactively, even when services were being sought by Government departments. Although BSNL later stated that services are being provided wherever requested and efforts are being made to engage with departments, the Committee find that these actions are not being followed in letter and spirit by BSNL's Regional Offices.

BSNL highlighted a number of ongoing Government projects in Punjab, including MPLS-VPN connectivity for Punjab Police, Bharat Fiber connections to over 19,000 schools and M2M SIM deployment for smart meters under PSPCL. These projects

demonstrate BSNL's technical capability and service reach. However, the Committee find the response lacking in addressing the larger issue of institutional engagement and customer responsiveness. BSNL's claim of prompt service delivery contrasts with testimonies from stakeholders pointing to reluctance and delayed action. Moreover, no structured outreach plan or client relationship management strategy appears to be in place for government or enterprise segments.

The Committee strongly recommend that BSNL institutionalise a proactive and accountable engagement mechanism with all Government departments, public institutions and enterprise customers. This should include appointment of dedicated nodal officers for each major state and central Government department, with defined response timelines and service-level commitments. BSNL should establish a digital CRM (Customer Relationship Management) dashboard to monitor requests, follow-ups and their resolution in real-time. Also, BSNL may also introduce an online dashboard system on its website to ensure that new requests made by entities such as Government offices across the Country, Companies and Customers are transparently available in the public interest along with real-time updates to the seekers. Further, periodic satisfaction surveys and formal feedback mechanisms should be conducted to assess service delivery to institutional clients. Further, DoT must monitor BSNL's engagement metrics with Government departments and take corrective action where

required. The Committee is of the view that BSNL's institutional business, if properly cultivated, can serve as a stable and strategic revenue stream while reinforcing its public utility.

13. Enhancing Budgetary Support and Strategic Positioning of BSNL

The Committee note that BSNL has projected a capital expenditure requirement of ₹45,507 crore for FY26 to FY28, covering additional 4G rollouts, network upgrades and other strategic investments. Of this, ₹30,035 crore has been sought as budgetary support. The Committee appreciate the Government's recognition of BSNL as a strategic national asset and its commitment to deploying indigenous 4G/5G technology under the Atmanirbhar Bharat initiative. The Committee also note that the Government had already sanctioned ₹22,000 crore for deploying 1 lakh 4G sites and recognized the need to further expand coverage and network depth through additional towers and infrastructure enhancement.

While BSNL's role as a strategic public sector telecom provider is undisputed, the Committee observe that continued viability hinges on timely budgetary support and strategic policy alignment. Further, DoT's testimony highlighted the challenge of competing with private players who possess a significantly larger infrastructure footprint. While BSNL's focus remains on rural and

under-served areas, the need to address bandwidth constraints, backhaul limitations and technology obsolescence is urgent. The Committee also note BSNL's steps to adopt domestic 4G technology in partnership with C-DoT, Tejas and TCS, which is a positive move towards indigenization and cost control.

The Committee recommend that the Government may take a call on timely approval and release of BSNL's budgetary support of ₹30,035 crore to allow smooth implementation of its modernization plan. A three-year financial roadmap, aligned with telecom penetration targets in rural, border and aspirational districts, must be approved with measurable milestones. The Committee also urge the Government to prioritize BSNL in national digital infrastructure plans, such as universal broadband and digital inclusion schemes, ensuring it remains competitively relevant. BSNL should institutionalise a Project Finance Monitoring Unit to track capital deployment and publish quarterly updates to promote transparency. Finally, the Committee recommend that BSNL intensify engagement with state and central departments to expand institutional business, which can offer stable revenue streams and strategic utility.

**New Delhi;
08 August, 2025
17 Sravana, 1947(S)**

**BAIJAYANT PANDA
CHAIRPERSON
COMMITTEE ON PUBLIC UNDERTAKINGS**

COMMITTEE ON PUBLIC UNDERTAKINGS
(2024-25)

MINUTES OF THE THIRD SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 25th September, 2024 from 1220 hrs. to 1300 hrs. in Committee Room No. '1', Ground Floor, Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - **Chairperson**

MEMBERS

Lok Sabha

2. Shri Tariq Anwar
3. Shri R.K. Chaudhary
4. Shri Chandra Prakash Joshi
5. Smt. Kanimozhi Karunanidhi
6. Shri Kaushalendra Kumar
7. Shri Shankar Lalwani
8. Shri Mukesh Rajput
9. Shri Sukhjinder Singh Randhawa
10. Shri Kodikunnil Suresh

Rajya Sabha

11. Shri Narain Dass Gupta
12. Shri Debashish Samantaray
13. Shri Arun Singh

SECRETARIAT

- | | | | |
|----|------------------------|---|------------------|
| 1. | Shri Neeraj Semwal | - | Joint Secretary |
| 2. | Smt. Jyochnamayi Sinha | - | Director |
| 3. | Smt. Mriganka Achal | - | Deputy Secretary |

REPRESENTATIVES OF OFFICE OF COMPTROLLER & AUDITOR GENERAL

- | | |
|----------------------------|---|
| 1. Shri Subir Mallick | - Dy. C&AG (Defence & LGA) |
| 2. Ms. Sayantani Jafa | - Dy. C&AG (Reports) |
| 3. Shri Purushottam Tiwary | - Director General of Audit |
| 4. Shri Samar Kant Thakur | - Director General (Parliamentary Committees) |
| 5. Shri Khalid Bin Jamal | - Director General (Audit) |
| 6. Shri Rajesh Ranjan | - Principal Director |
| 7. Shri Kandarp Patel | - Director |

2. Hon'ble Chairperson, thereafter, again invited attention of the Members to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of briefing before the Parliamentary Committees and took-up the second important agenda of the day - Briefing by Audit on Audit Para No. 4.2 of C&AG Report No. 16 of 2023 pertaining to BSNL regarding 'Setting up of 25,000 Wi-Fi Hotspots in BSNL Rural Telephone Exchanges' Scheme covering a five years period from 2017-18 to 2021-22.

3. In his address on the subject, Hon'ble Chairperson drew attention of the Members highlighting viz. (i) Severe deficiencies on part of BSNL in implementing the project to set up 25,000 Wi-Fi Hotspots in rural telephone exchanges under the BharatNet Network; and (ii) Having the project approved in December 2016 with a budget of ₹942.34 crore, the intended aim of the project to enhance rural connectivity faced significant delays, extending 24 months beyond the initial deadline.

4. The representatives of O/o C&AG made a brief presentation on the subject under consideration. The presentation covered various issues involved in the Audit Report thereby highlighting the following important aspects: -

- i. Due diligence not exercised by BSNL in selection of 25,000 Wi-Fi Hotspots;
- ii. Loss of OOPEX subsidy amounting to Rs.1.15 crore;
- iii. Delay in commissioning of the Wi-Fi hotspots leading to USOF levying Rs.81.84 liquidity damages;

- iv. Poor performance and maintenance of Wi-Fi hotspots resulting into levy of downtime penalty of Rs.60.71 crore;
- v. Failure of BSNL to devise sustainable revenue model to ensure continuance of the scheme after withdrawal of subsidy;
- vi. Evaluation and Impact Assessment of the scheme; and
- vii. Status of Action Taken Notes – Reply of the Ministry/BSNL and Audit's vetting on the same.

5. Thereafter, Members sought clarification on various issues pertaining to the subject including reasons behind shut-down of the project by BSNL and subsequently taking up the same in BharatNet Project; winding-up of rural exchanges; State-wise break-up of hotspot connections; number of fiber connectivity projects underway; issue of staff shortage; details of all liquidity damages imposed on BSNL; reasons behind non-performance of projects to the intended objective; financial constraints faced in execution of projects, etc. Further, a copy of Action Taken Notes (ATNs) furnished by the Ministry was asked to be furnished to the Secretariat for perusal of the Members.

6. The representatives of C&AG apprised on some of the issues raised by the Members and briefed on Memorandum of Important Points (MIPs) that could be used for discussion when the subject is taken-up for subsequent discussion with the representatives of BSNL and the Ministry of Communication (Department of Telecom). After deliberations, the Committee decided that the representatives of BSNL and the Ministry of Communication (Department of Telecom) may be called for further detailed discussion at a later date.

7. Concluding the discussion, Hon'ble Chairperson thereafter thanked the representatives of C&AG for their valuable suggestions/deliberations and assisting the Committee on the subject. The Chairperson also thanked the Members of the Committee for their active participation and valuable contribution made by them on the subject.

The Committee, then, adjourned to reassemble after lunch.

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COMMITTEE ON PUBLIC UNDERTAKINGS
(2024-25)

**MINUTES OF THE SIXTEENTH AND SEVENTEENTH SITTINGS OF THE
COMMITTEE**

The Committee sat on Monday, the 9th December, 2024 from 1530 hrs. to 1650 hrs. in Committee Room No. '1', Ground Floor, Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - **Chairperson**

MEMBERS

Lok Sabha

2. Shri Tariq Anwar
3. Shri R.K. Chaudhary
4. Shri Kaushalendra Kumar
5. Shri Shankar Lalwani
6. Shri B.Y. Raghavendra
7. Shri Sukhjinder Singh Randhawa

Rajya Sabha

8. Shri Neeraj Dangi
9. Shri Milind Murli Deora
10. Shri Narain Dass Gupta
11. Dr. Bhagwat Karad

SECRETARIAT

1. Shri Neeraj Semwal - Joint Secretary
2. Smt. Jyochnamayi Sinha - Director
3. Smt. Mriganka Achal - Deputy Secretary

REPRESENTATIVES OF OFFICE OF COMPTROLLER & AUDITOR GENERAL

- | | | |
|----|---------------------------|-----------------------------|
| 1. | Ms. Rebacca Mathai | - Dy. C&AG |
| 2. | Shri Khalid Bin Jamal | - DG (F&C) |
| 3. | Shri Purushottam Tiwary | - Director General of Audit |
| 4. | Shri T. Imliwabang Kubzar | - Director |

REPRESENTATIVES OF OFFICE OF BHARAT SANCHAR NIGAM LIMITED

- | | | |
|----|----------------------|------------------|
| 1. | Shri A Robert J Ravi | - CMD |
| 2. | Shri Vivek Banzal | - Director (CFA) |
| 3. | Shri Sandeep Govil | - Director (CM) |

REPRESENTATIVES OF OFFICE OF DEPARTMENT OF TELECOMMUNICATIONS (DoT)

- | | | |
|----|-----------------------|------------------------|
| 1. | Dr. Neeraj Mittal | - Secretary |
| 2. | Shri Gulzar Natarajan | - Additional Secretary |
| 3. | Shri Niraj Verma | - Admn. (DBN) |
| 4. | Shri Sanjay Kumar | - JA (F), DBN |
| 5. | Shri Ritesh Kavdia | - JA(T), DBN |

2. At the outset, Hon'ble Chairperson welcomed the Members and the representatives of O/o C&AG and BSNL to the sitting of the Committee. While BSNL began their presentation on the subject, in view of the request made by the Secretary, DoT to allow presence of CMD, BSNL while deliberating on the subject, Hon'ble Chairperson asked Secretary, DoT to join the sitting alongside BSNL. He, thereafter, invited attention of all to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of briefing before the Parliamentary Committees and took up the agenda of the day – Evidence on Audit Para No. 4.2. of C&AG Report No. 16 of 2023 regarding 'Implementation of 25,000 Wi-Fi Hotspots project by BSNL under Universal Service Obligation Fund (USOF)' by the representatives of BSNL and DoT.

3. In his address on the subject, Hon'ble Chairperson drew attention of the Members highlighting the rationale behind BSNL's failure in providing services in the underserved areas through Universal Service Obligation Fund (USFO) project, procedural lapses, inefficiency & delays in implementation of the project and future strategic initiatives to improve rural connectivity.

4. The representatives of BSNL made a presentation on the subject highlighting important aspects covered in the Audit Para as under :-

- (i) Initial challenges faced including limited backhaul bandwidth (2 Mbps) and project delays;
- (ii) Delays caused by tendering issues, GST/VAT clarifications and cash flow crises;
- (iii) 97.3% of target completion achieved in December 2019 with 24,333 hotspot connections;
- (iv) Initial free services leading to limited paid user adoption;
- (v) Competition from 4G technology resulting in lower demand for rural Wi-Fi services;
- (vi) Details of project contributing to the adoption of fiber-to-the-home (FTTH) services in rural areas;
- (vii) Details of Capital expenditure and Operational expenditure;
- (viii) Plans for deployment of 4G/5G technologies by the Company; and
- (x) Efforts made towards integration of Wi-Fi services with FTTH for better financial sustainability.

5. Thereafter, the Members sought clarifications from the representatives of BSNL and DoT regarding various issues pertaining to the subject viz., reasons for delays and inadequate funding; service quality in border and hilly regions; concerns regarding the negligible revenue generated by the project; absence of timely impact assessments and BSNL's readiness to compete with private operators offering advanced 4G and 5G services and low cost Wi-Fi hotspots plans. The Committee sought details on BSNL's financial constraints, including the incomplete disbursement of capex and its effect on the project, as well as plans to ensure the long-term sustainability of Wi-Fi services in rural areas. Members also raised concerns about the criteria used for selecting rural areas, steps being taken to improve digital literacy and awareness among underserved populations and measures to address maintenance challenges such as power outages and vendor delays. The Committee further asked about BSNL's plans for deploying one

lakh 4G towers, the timeline for project completion and strategies to enhance market competitiveness, service quality and rural connectivity.

6. During the course of deliberation, Members sought information from the DoT on the importance of transparency in the allocation of USOF funds, the role of the newly established Digital Bharat Nidhi Fund under the Telecom Act 2023 and BSNL's contribution to national digital inclusion goals. Additional clarifications on leveraging Satcom and FTTH technologies, monetizing underutilized assets, addressing connectivity challenges in border and remote areas and ensuring the effective utilization of resources were also sought from the representatives. Members placed emphasis on the need for strategic planning, accountability and robust execution to meet broader digital connectivity objectives for the Country.

7. Thereafter, the representatives of BSNL and DoT responded on majority of the issues raised by the Members. In the end, the Chairperson thanked the representatives of O/o CAG, BSNL and DoT and directed that in respect of points for which information was not readily available or if more information were required to be furnished, written replies thereon may be furnished to the Committee Secretariat.

The Committee, then, adjourned.

A copy of verbatim proceedings of the sitting has been kept on record.

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COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

MINUTES OF THE SECOND SITTING OF THE COMMITTEE

The Committee sat on Thursday, 26 June, 2025 from 1500 hrs. to 1640 hrs. in Committee Room No. '1', Ground Floor, Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - **Chairperson**

MEMBERS

Lok Sabha

2. Shri Tariq Anwar
3. Smt. Kanimozhi Karunanidhi
4. Shri B.Y. Raghavendra
5. Shri Mukesh Rajput
6. Shri Pratap Chandra Sarangi
7. Shri Kodikunnil Suresh
8. Shri Prabhakar Reddy Vemireddy
9. Shri Lalji Verma

Rajya Sabha

10. Shri Neeraj Dangi
11. Dr. Bhagwat Karad
12. Shri Arun Singh

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Shri Dhruv - Under Secretary

REPRESENTATIVES FROM NUCLEAR POWER CORPORATION OF INDIA LIMITED

- | | | | |
|----|--------------------|---|--------------------|
| 1. | Shri B.C. Pathak | - | CMD |
| 2. | Shri V. Rajesh | - | Director |
| 3. | Shri B.V.S. Sekhar | - | Executive Director |
| 4. | Shri K.N. Babooraj | - | Executive Director |

PART-A

2. The Hon'ble Chairperson briefly apprised the Members on the three draft Reports. The Committee then considered and adopted the following three draft reports, without any changes/modifications, on the following three selected subjects: -

- | | | | | |
|-------|---|---|---|---|
| (i) | * | * | * | * |
| (ii) | Para No. 4.2 of Report No. 16 of 2023 on setting up of 25,000 Wi-Fi Hotspots in BSNL Rural Telephone Exchanges; and | | | |
| (iii) | * | * | * | * |

3. The Committee authorized the Chairperson to finalize the draft Reports on the basis of factual verification as suggested by C&AG; concerned CPSUs and Ministries/ Departments and presenting the Reports during the upcoming session of Parliament. **Then, the Committee took up another agenda of the day.**