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**STANDING COMMITTEE
ON COMMUNICATIONS
(1995-96)**

TENTH LOK SABHA

MINISTRY OF COMMUNICATIONS

(DEPARTMENT OF TELECOMMUNICATIONS)

*[Action Taken by Government on the Recommendations contained in the
Seventeenth Report of Standing Committee on Communications
on Demands for Grants (1995-96)]*

TWENTY-FIFTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

November, 1995/Kartika, 1917 (Saka)

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Presented to Lok Sabha on _____

Laid in Rajya Sabha on _____

J.



LOK SABHA SECRETARIAT
NEW DELHI

November, 1995/Kartika, 1917 (Saka)

C.C. No. 25

Price : Rs. 10.00

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and Printed by M/s. Jainco Art India, 1/21, Sarvapriya Vihar, New Delhi-110016.

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COMPOSITION OF STANDING COMMITTEE
ON COMMUNICATIONS
(1994-95)

Shri Pawan Kumar Bansal — *Chairman*

MEMBERS

Lok Sabha

2. Shri R. Jeevarathinam
3. Shri Shravan Kumar Patel
4. Shri Laeta Umbrey
5. Shri Surajbhanu Solanki
6. Shri N. Dennis
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Rajya Sabha

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33. Shri Virendra Kataria
34. Shri Aas Mohammad
35. Shri O. Rajagopal
36. Shri Mohammed Afzal
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41. Shri Vizol
42. Shri V. Kishore Chandra Deo
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SECRETARIAT

1. Shri S.N. Mishra — *Additional Secretary*
2. Shri G.C. Malhotra — *Joint Secretary*
3. Shri O.P. Ghai — *Deputy Secretary*
4. Shri S.K. Sharma — *Under Secretary*

INTRODUCTION

I, the Chairman of the Standing Committee on Communications (1995-96) having been authorised by the Committee to submit the Report on their behalf, present this Twenty-Fifth Report on Action Taken by Government on the recommendations of the Committee contained in their Seventeenth Report (Tenth Lok Sabha)—Demands for Grants (1995-96) on the Ministry of Communications (Department of Telecommunications).

2. The Seventeenth Report was presented to Lok Sabha on 9 May, 1995 and was also laid in Rajya Sabha the same day. The Government furnished their replies indicating Action Taken on the Recommendations contained in the Report on 29 August, 1995.

3. The Report was considered and adopted by the Committee at their sitting held on 17 November, 1995.

4. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

5. An Analysis of Action Taken by Government on the Recommendations contained in the Seventeenth Report of Standing Committee on Communications (Tenth Lok Sabha) is given in Appendix III.

NEW DELHI;
November, 1995
Kartika, 1917 (Saka)

PAWAN KUMAR BANSAL,
Chairman,
Standing Committee on Communications.

CHAPTER I

REPORT

This Report of the Standing Committee on Communications deals with the Action Taken by Government on the recommendations contained in their Seventeenth Report (Tenth Lok Sabha) on Ministry of Communications (Department of Telecommunications).

2. The Seventeenth Report presented to Lok Sabha on 9 May, 1995 and was also laid on the Table of Rajya Sabha the same day. It contained 16 observations/recommendations.

3. Action Taken Notes in respect of all the observations/recommendations contained in the Report have been received and have been categorised as follows:—

- (i) Recommendations/observations which have been accepted by the Government;

Sl. No. 6 (Para Nos. 28, 29 and 30), 7 (Para No. 31), 8 (Para No. 32), 11 (Para No. 42), 13 (Para No. 49), 15 (Para No. 64) and 16 (Para No. 65).

Total : 7

Chapter II

- (ii) Recommendations/observations which the Committee do not desire to pursue in view of the reply of the Government; Sl. Nos 2 (Para No. 8), 3 (Para No. 11), 4 (Para No. 12), 5 (Para No. 27), 9 (Para No. 40), 12 (Para No. 47), 14 (Para No. 52)

Total : 7

Chapter III

- (iii) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration.

Sl. Nos. 1 (Para No. 7), 10 (Para No. 41)

Total : 2

Chapter IV

- (iv) Recommendations/observations in respect of which Government have furnished interim replies.

Nil

4. The Committee will now deal with action taken by Government on some of their recommendations.

Shortfall in Utilisation of Budgetary Allocations

Recommendation Sl. No. 1 (Para No. 7)

5. The Committee in their 17th Report took a serious view of the fact that funds sanctioned to C-DOT during 1994-95 could not be fully utilised and the shortfall upto January, 1995 had been as high as fifty per cent.

6. The Department of Telecommunication (DOT) in their Action Taken Note have stated that the shortfall in utilisation of funds has been primarily on account of delay in procurement of capital goods and equipment, which because of long delivery time could not be procured within the financial year 1994-95. There were large number of Letters of Credit (LCs) opened in the last quarter of 1994-95 resulting in outstanding liabilities at the close of the year 1994-95.

7. It has further been stated that the actual expenditure during 1994-95 has been of the order of Rs. 49 crores against the fiscal budget of Rs. 60 crores. Purchase orders etc. outstanding as on 31.3.1995 was Rs. 16.14 crores.

8. The Committee are not satisfied with the reply. The Department of Telecommunication (DOT) have simply tried to explain away the non-utilisation of funds and have not informed of the steps that have been taken/proposed to take to overcome the constraints and streamline the procedure so that funds sanctioned to C-DOT in future are fully utilised. In the opinion of the Committee one of the foremost hindrances in the development of any organisation is under-utilisation of the yearly sanctioned funds and C-DOT is no exception. The Committee, therefore urge upon the Government to take expeditious and necessary steps to ensure that funds sanctioned to C-DOT as well as to other Organisations/ Undertakings under the administrative control of the Department of Telecommunications are fully utilised without fail. The Committee may be apprised of the steps taken in this regard at the earliest.

Construction of Campus Building for C-DOT

Recommendation Sl. No. 2 (Para No. 8)

9. In their Seventeenth Report the Committee had desired that formalities for purchase of land and building works etc. should be completed expeditiously and the Centre for Development of Telematics

should make requisite efforts to fully utilise funds allocated to them for the purpose.

10. The Ministry in their reply have stated that C-DOT has purchased land at Delhi for construction of campus. The building design work etc. is in progress and the construction is expected to begin in the last quarter of 1995. It is expected that funds allocated for campus construction during 1995-96 would be fully utilised.

11. **The Committee trust that funds allocated for campus construction during 1995-96 would be fully utilised. However, they would like to be apprised of the actual progress made so far in this regard.**

Under-utilisation of the Installed Capacity

Recommendation Sl. No. 10 (Para No. 41)

12. The Committee in their earlier Report had observed that installed capacity of the equipment for providing telephone connections had not been used to the optimum extent. The aggregate installed capacity of telephone equipment in various circles as on 28th February, 1995 was 1,11,03,758 lines. As against it, the direct exchange lines provided on that date were 91,65,322. Evidently about 20 lakh lines capacity was still lying unused. On the other hand, the waiting list for new connections aggregated to 23.77 lakhs. The Committee were at loss to understand why the unsatisfied demand was not being met when line capacity to the extent of 20 lakh lines created at enormous cost lay unutilised. The Committee had expressed grave concern at the under-utilisation of the installed capacity. The Committee has desired to be apprised of the reasons for low capacity utilisation.

13. The Government in thir Action Taken Note have replied that the installed capacity of the exchange is utilised to the maximum keeping in view the traffic handling capacity of the exchange and the demand for telephone in the area. The capacity has been utilised fully in urban areas whereas it is not so in rural areas where the demand is yet to pick up. The Department provides an Electronic Exchange of minimum capacity of about 56 lines in the rural area where a minimum demand for ten is registered. This results in lower utilisation of the exchange capacity and it gets reflected as spare capacity. It has been further stated that most of the unsatisfied demand exist in urban areas whereas the spare capacity is in rural areas.

14. **The Committee are not satisfied with the reply of the Department of Telecommunications (DOT). They are not convinced of the reasons for which about 20 lakh lines equipment capacity set**

up at enormous cost was lying unused on 28 February, 1995 particularly when the waiting list for new connections was as high as 23.77 lakhs. In fact, the Committee during study tour in September, 1995 gained the impression that inadequate delegation of powers to various Telecommunication circles to purchase matching accessories within stipulated time-frame when tendered equipments' supply was not forthcoming coupled with budgetary constraints are some of the reasons for lower utilisation of the installed capacity. They also found that in some Circles working connections in urban areas as a percentage of equipped capacity was as low as 61.6 percent. Therefore, the statement that the capacity has been utilised fully in urban areas is not correct, though it may hold good in the case of metropolitan circles. The Committee desire tht urgent corrective steps may be taken in this regard in urban areas where exchange capacity has not been utilised to the optimum level.

The Committee in this context, would also like to be apprised of the present position of unutilised line capacity in rural and urban areas respectively.

Village Public Telephones

Recommendation Sl. No. 11 (Para No. 42)

15. In their earlier Report the Committe had expressed concern over very low achievements in the matter of Village Public Telephones (VPT) in case of Andhra Pradesh, Bihar, Gujarat, Maharashtra, U.P. & West Bengal Circle. The aggregate target for these States for VPT was 20708 in 1992-93, 27920 in 1993-94 and 26164 in 1994-95. Against this, achievements were 15478 in 1992-93; 16067 in 1993-94 and 19925 in 1994-95, the overall position being that of 51360 Village Telephones against the target of 72092. The shortfall of targets by 30% was highly unsatisfactory. The Committee had also expressed concern over the fact that a meagre target of 4900 Village Public Telephones fixed for West Bengal for the first three years of the Eighth Plan remained unachieved—the achievement being only 3093 which was far short of the target. The Committee had strongly recommended that proper attention must be given to bridge such wide gap in installation of Direct Exchange Lines (DELs) and Village Public Telephones (VPTs) in different regions of the country so that some parity could be maintained in terms of Telephone density which is an important tool for development.

16. The Department of Telecommunications in their Action Taken Note have stated that the shortfall in achievement of Village Public Telephones (VPTs) was mainly due to non-availability of indigenously developed Multi-Access Rural Radio (MARR) Systems and matched

accessories within a stipulated time-frame. Now a good number of indigenous suppliers are reported to have developed who are reported to be supplying synthesised version of these equipment and accessories. Also the accessories, like Antenna and Feeder Cable are being procured on a package basis alongwith the equipment. As such necessary action is reported to have been taken to coordinate and match the supplies of equipment with their accessories. The DOT has further contended that private participation has also been envisaged so as to implement the National Telecom Policy, 1994 for providing Public Telephone Facility to every village of the country by 1997. It has been further stated that the targets for providing Village Public Telephones for the States of Andhra Pradesh, Bihar, Gujarat, Maharashtra, Uttar Pradesh and West Bengal have been enhanced and fixed at 4,000, 11,800, 2,000, 5,000, 34,000 and 7,200 respectively during the year 1995-96 so as to catch up with other States. The Department of Telecommunications expects that with the above steps the wide gap in installation of DELs and VPTs in different regions of the country would be abridged so as to maintain some sort of parity in terms of telephone density.

17. The Committee trust that with the above corrective measures taken by the Department of Telecommunications the wide gap in installation of Direct Exchange Lines and Village Public Telephones in different regions of the country will be a bridged so as to maintain some parity in terms of telephone density. The Committee would like to be apprised of the achievements made in 1995-96 *vis-a-vis* the targets laid for the States of Andhra Pradesh, Bihar, Gujarat, Maharashtra, Uttar Pradesh and West Bengal.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Sl. No. 6 (Para Nos. 28, 29 & 30)

In this context, the Committee would like to mention that earlier also in their Sixth Report on Demands for Grants for the year 1994-95, at paras 3.13 and 3.14 this Committee had pointed out unrealistic planning and lack of follow-up action on the part of DOT with regard to execution of works. The Committee had desired that while drawing up plans for expansion of Telecom network utmost care should be taken to ensure proper budgetary provision, technical feasibility, timely completion of formalities, acquisition of land and construction of buildings etc. The Committee had also recommended *inter-alia* review of the progress of ongoing works at regular intervals and taking of timely corrective steps.

In their Action Taken Notes the DOT have stated that it was making proper realistic planning with suitable time-frame for execution of the works; proper action was taken for timely supply of the equipment and all efforts were made to complete allied activities and that proper budgetary provisions would also be ensured. The Committee were assured that in future, planning would be made more realistic and follow-up action to complete the allied activities would be expedited. It was further stated that monitoring and coordination was being further strengthened.

It is a matter of grave concern that such problems still persist. Projects have been delayed because of those very problems for which timely action was stated to have been taken. The DOT owe an explanation on this account.

Action Taken by the Department

The Department has added 22.14 lakh DELs during the first two years of 8th Plan period. In the third year of th 8th Plan the Department has achieved 17.57 lakh DELs against the target of 14.26 lakh DELs. Thus the achievement within the first three years comes to 39.71 lakh DELs against the target of 75 lakh DELs for 8th Plan. The balance to reach the target is 35.3 lakh DELs for the remaining two years. The Department has proposed to add about 20 lakh DELs during 1995-96 and a similar or a little higher achievements would be expected during the 5th year of the Plan. Thus the Department may exceed the target set for 8th Plan. This massive expansion plan needs

elaborate planning and timely execution. The Department adopts proper planning procedure without which such large development plans are not achievable. Department executes a very large number of projects (in thousands) and it may happen at times that due to certain unforeseen circumstances some projects get little delayed, for which corrective actions are taken immediately. The progress of on-going works are being reviewed at the level of Member of Telecom Commission almost every month and a regular and continuous interaction of DOT HQ with the field units are also held.

The supply of equipment at times gets delayed due to the induction of new technology equipment indigenously manufactured which requires a type approval and a field trial before induction in the DOT's network. The availability of equipment in the field units is being monitored and the equipment is being installed immediately after it reaches the site. It is not left idle. The areas of shortfall now have been narrowed down *viz.* Village Public Telephone (VPT) and UHF system. The reasons of short fall even in these two areas are due to teething trouble with the MARR equipment which has been developed indigenously and non availability of land for erecting towers for UHF systems in small towns. Necessary remedial measures for removing these bottlenecks are also being taken. However, the remarks of the Committee have been noted for further strengthening the planning process and execution of works.

Recommendation Sl. No. 7 (Para No. 31)

The Committee strongly feel that it is high time now for the Department to come out with a realistic planning at least for ten years or so, with a clear cut strategy as well as vision keeping in view the fast changes that world is likely to witness in telecommunications in coming years.

Action Taken by the Department

The remarks of the Committee that Department. should come out with a realistic planning at least for 10 years or so has been taken care of in the perspective plan for 10 years which cover the period upto year 2000. The detailed planning is being done on year-to-year basis. The changes that are taking place in the field of telecom all over the world are being kept in mind while preparing the plans. The latest technologies available in the world market are being inducted in the Department. The remarks of the Committee would be kept in mind while preparing the plans.

Recommendation Sl. No. 8 (Para No. 32)

The Committee are also of the view that the DOT should devise its policy in such a way that preferential treatment is offered to those

States, which ensure availability of land and other infrastructure facilities for spread of telecom network.

Action Taken by the Department

The supply of equipment and availability of infrastructure like land, building etc. are being monitored by DOT Headquarters regularly and while allotting equipment to a particular project site, it is always kept in mind that the land and other infrastructure facilities are available. Therefore those States which ensure availability of land etc. do automatically get equipment without any delay. The views of the Committee are therefore well taken care of in the Department's procedures.

Recommendation Sl. No. 11 (Para No. 42)

In the matter of Village Public Telephones (VPT), the Committee note with concern that achievements have been very low in case of Andhra Pradesh, Bihar, Gujarat, Maharashtra, Uttar Pradesh and West Bengal. The aggregate target for these States for Village Public Telephone (VPT) was 20708 in 1992-93; 27920 telephones in 1993-94 and 26164 in 1994-95. As against it the achievements were 15478 in 1992-93; 16067 in 1993-94 and 9925 in 1994-95, the overall position being that of 51360 village telephones against the target of 72092.

The shortfall of targets by 30 percent is highly unsatisfactory. Not only this, the very fact that a meagre target of 4900 village public telephones was fixed for West Bengal for the first 3 years of the Eighth Plan and even that meagre target remained unachieved-the achievement being only 3093 which is far short of the target speaks poorly of the DOT. Therefore, the Committee strongly recommend that proper attention may be given to abridge such wide gap in installation of DELs and VPTs, in different regions of the country, so that some sort of parity could be maintained in terms of telephone density, which is an important tool for development.

The statistics as given in the Report are admitted to be factually correct.

The shortfall in achievement of Village Public Telephones (VPTs) was mainly due to non-availability of indigenously developed Multi Access Rural Radio (MARR) Systems and matched accessories within a stipulated time frame. Now a good number of indigenous suppliers have been developed who are supplying synthesised version of these equipment and accessories. Also, the accessories, like Antenna and Feeder Cable are being procured on a package basis alongwith the equipment. As such necessary action has been taken to co-ordinate and match the suppliers of equipment with their accessories. Private

participation has also been envisaged so as to implement the National Telcom Policy, 1994, for providing Public Telephone facility to every village of the country by 1997.

The targets for providing village public telephones for the States of Andhra Pradesh, Bihar, Gujarat, Maharashtra, Uttar Pradesh and West Bengal have been enhanced and fixed at 4,000, 11,800, 2,000, 5,000, 34,000 and 7,200 respectively during the year 1995-96 so as to catch up with other States.

It is expected that with the above steps the wide gap in installation of DELs and VPTs in different regions of the country will be abridged so as to maintain some sort of parity in terms of telephone density.

Comments of the Committee

Please see Para No. 17 of Chapter I.

Recommendation Sl. No. 13 (Para No. 49)

The Committee note that DOT has taken up the matter with the Railways and the National Power Grid Corporation to use their vast infrastructure for expansion of Telecom network all over the country which will not only be cost effective but will also accelerate spread of their network in rural areas. The Committee desire the DOT to pursue the matter vigorously with the concerned Ministries of Railways and Power at the highest level with a view to expedite the agreement in this regard.

Action Taken by the Department

A proposal was received from Railways and a Committee was set up by Telecom. Commission to examine the same. Based on the recommendations of this Committee it has been decided by the Telecom, Commission to hire channels from Railways Optical Fibre Network for providing connectivity to Telephone exchanges falling on Bhusawal-Itarsi-Nagpur Railway Route. Railways were requested to convey their acceptance and indicate the annual rental charges to be paid.

Since Railways had expressed the Non-availability of channels on the section they had been requested to upgrade their existing Optical Fibre System for meeting the requirement of Rural Exchanges of the DOT on route. The matter is being further pursued vigorously.

Regarding utilization of the transmission lines of Power Grid Corporation of India for Optical Fibre Network, a number of meetings have been held with M/s Power Grid Corporation. They have been requested to furnish the tentative cost details of their Optical Fibre system being envisaged by them. Power Grid Corporation have

intimated that the cost details are being worked out and will be furnished very soon. Further action will be taken on receipt of required information from Power Grid Corporation.

[File No : 39-25/95-TPL (OF) Dated : 30.8.95]

Recommendation Sl. No. 15 (Para No. 64)

The Committee are distressed to note that capacity utilisation of ITI Ltd. and HTL Ltd. has been substantially low. The Committee are not convinced of the reasoning that price-wise, products of ITI and HTL are not competitive because of the under-utilisation of installed capacity of production but rather feel that it is other way round. The under-utilisation of the capacity may be, in Committee's opinion, due to higher prices of their products as compared to similar products of other manufacturers, technological obsolescence, higher cost of production, higher overhead costs, inefficiency and the resultant lower level of productivity, etc. The Committee, therefore, desire the Ministry to have an indepth study of these two Undertakings under their control and analyse the reasons for under-utilisation of their capacities created at enormous cost. The Committee feel that with proper monitoring and timely diversification their functioning can be improved to face the competitive environment.

Action Taken by the Department of Telecom

As desired by the Committee, the matter regarding under-utilisation of the capacities in the two Undertakings viz. ITI and HTL has been studied further. The reasons for under-utilisation of their capacities are as follows :

- (i) DOT is the main buyer of the equipments produced by various Telecom. manufacturers including ITI and HTL. Demand/requirement of various equipments by the DOT has a direct bearing on the capacity utilisation of the PSUs.
- (ii) Obsolescence of products, like, MILT, ILT (in case of ITI Ltd.) and Electronic Teleprinters (in case of HTL), etc. due to changes in technology. obsolescence of manufacturing methods resulting in infrastructure lying unutilised.
- (iii) Owing to liberalisation in Industrial policy, a large number of private sector manufacturers have set up capacities for manufacture of various types of telecom. equipments. The equipment is now procured by the DOT on the basis of open tenders. The Company which quotes the lowest price is able to get maximum quantity of the order. The order on other Companies depends upon their ranking in the tender.

- (iv) In case the quotation of our PSU is not the lowest (which happens quite often), their capacity utilisation gets affected.
- (v) The higher cost of production and higher over-head costs in the PSUs affects their competitiveness in the open tenders. The higher costs of production and higher over-head costs in the PSUs are on account of surplus manpower (about 8000 in ITI and 450 in HTL), burden of social costs, location of the units in remote areas (Rae Bareli and Mankapur Units of ITI), peculiar law & order situation in respect of Srinagar unit of ITI etc.

Steps taken to increase the capacity utilisation

- (a) With a view to utilise the capacities of ITI and HTL optimally DOT is following a policy under which 30 to 35% of its orders are kept reserved for ITI and HTL outside the tenders. This policy is reviewed from time to time depending upon the situation.
- (b) ITI and HTL are already taking action for reducing their cost of production and over-head costs. ITI has been able to reduce their material cost by about 10% in 1994-95 over the previous year and HTL has been able to reduce the same by about 7.5%. ITI has been able to reduce their over-head expenditure by about 8% in 1994-95 as compared to previous year. Whereas, HTL has been able to reduce the same by about 2%. The Companies have also been able to reduce their payments in respect of liquidated damages progressively during last few years.
- (c) In order to overcome the problem of surplus manpower both the PSUs have introduced Voluntary Retirement Scheme. A total number of 3131 persons have taken retirement from ITI and 73 persons from HTL since the introduction of VRS in the Companies. An allocation of Rs. 5 Crores has been earmarked for ITI and Rs. 2 Crores for HTL from the National Renewal Fund during 1995-96 to meet the expenditure partly on VRS in two Companies.
- (d) Monitoring of the performance of the 2 PSUs is done periodically at the Telecom Commission Hqrs. and suitable remedial action taken wherever necessary.
- (e) ITI & HTL are already diversifying into new areas of business. HTL, which was manufacturing only Teleprinters, are now diversifying their activities for manufacture of Digital

Large Exchange Equipment, MDFs, Transmission Equipments, etc. ITI Ltd. have also embarked upon a diversifying programme to manufacture a number of new items.

DOT fully agrees with the observations of the Committee that with proper monitoring and timely diversification, the functioning of the PSUs can be improved. Further instructions in this regard would be suitably issued.

[File No. U-55015/1/95-FAC, Date 29.8.95]

Recommendation Sl. No. 16 (Para No. 65)

As telecommunication market is not restricted to the Department of Telecommunications, its vast potential in other segments like Railways, Defence, Exports, etc. should be fully utilised by ITI and HTL Limited. The Committee hope that Government should make every endeavour to exploit full potential of the indigenous telecom industries including Public Sector Undertakings.

Action Taken by the Department of Telecom

ITI and HTL are endeavouring to increase their sales to non-DOT customers. As compared to 4.73% of the total turnover during 1993-94, ITI has improved their non-DOT sales turnover to 15.5% during 1994-95. Similarly, HTL has been able to improve their non-DOT business from 1.06% (1993-94) to 6.59% (1994-95). The exports of ITI Ltd. are also progressively on the increase from Rs. 0.87 Crores (1992-93), Rs. 2.25 Crores (1993-94), Rs. 2.76 Crores (1994-95). DOT fully endorses the views of the Committee that there is a vast potential of non-DOT market and the Companies would be suitably instructed to increase their marketing efforts to exploit the same.

2. The Committee has disired that Government should make every endeavour to exploit full potential of indigenous Telecom industry, including PSUs. In this connection it is stated that DOT is already procuring equipments from indigenous manufacturers only. As already indicated earlier in order to use the capacities of its own PSUs optimally a policy of reserving certain percentage of DOT orders is being adopted.

[File No. U-55015/1/95-FAC, Date 29.8.95]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT REPLIES.

Recommendation Sl. No. 2 (Para No. 8)

The Committee understand that land and buildings etc. are the basic necessities of any institution. Therefore, the Committee desire that formalities for purchase of land and building works etc. should be completed expeditiously and the Centre for Development of Telematics should make requisite effort to fully utilise funds allocated to them for the purpose.

Action Taken by the Department

C-DOT has purchased land at Delhi for construction of Campus. The building design work etc. is in progress and construction is expected to begin in the last quarter of 1995. It is expected that funds allocated for campus construction during 1995-96 would be fully utilised.

[File No. 51-11/95-IDN, Dates 29.8.1995]

Comments of the Committee

Please *see* Para No. 11 of Chapter I.

Recommendation Sl. No. 3 (Para No. 11)

Keeping in view the fact that country's development to a great extent is dependent on the scientific pool of the society, the Committee feel that the remunerations provided to scientists/technocrats in the country including those of Centre for Development of Telematics (C-DOT) should be commensurate with their job requirements and should also take into account their alternative opportunity cost so that there are enough incentives to these people.

Action Taken by the Department

Proposals, regarding granting additional perks and benefits to C-DOT employees to bring compensation package slightly better than what it is today, are under consideration. More benefits to Scientific

personnel are expected to be given through recommendations of the Fifth Pay Commission Report.

[File No. 51-11/95-IDN, Dated 29.8.1995]

Recommendation Sl. No. 4 (Para No. 12)

The Committee recommend that adequate laboratory facilities should also be provided to Scientists working in C-DOT at least at par with some of the leading developing countries.

Action Taken by the Department

C-DOT has laboratory facilities and R & D infrastructure which is at par with R & D centres of some of the developing countries. These facilities include work stations. Case tools, ASIC design centre and Hybrid design centre and other testing and design equipments/facilities etc.

[File No. 51-11/95-IDN, Dated 29.8.1995]

Recommendation Sl. No. 5 (Para No. 27)

The Committee take a serious view of the fact that there have been shortfalls in achieving financial as well as physical targets by the Department of Telecommunications (DOT). The reasons advanced by the Department for not adhering to the targets have been delay in supply of equipment; sub-standard equipment supplied at times; non-availability of land in villages; frequent coordination problems in the field, etc. The Committee noted that the Department kept on shifting its policy/priorities as happened in the case of UHF, MACE I and II systems etc. UHF systems proved to be costlier than OFC systems, in addition to other problems concerned with UHF systems like non-availability of land and frequent coordination problem etc. Targets of UHF were reduced while that of OFCs were increased in the middle of the Eighth Plan period. MACE equipment Version I and II were found to be faulty and did not function satisfactorily in villages due to inadequate power supply and therefore, needed to be replaced in large number. The replacement cost of these faulty equipment is stated to be Rs. 163.65 lakhs in the case of 73 equipments of MACE I.

In the case of MACE II Rs. 48 lakhs have to be spent to upgrade 520 equipments. The Committee take a serious note of this costly lapse. The Committee are unable to understand and how these kinds of problems like inadequate power supply in villages which made MACE I and II equipments non-functional and other related problems like non-availability of land in villages etc. could not be visualised by the Department when the policy was being framed and targets laid down. In addition, of the 55858 Village Public Telephones installed

based on Multi Access Rural Radio, as many as 4593 VPTs were reported to be faulty as on February, 1995. The Committee fail to understand how equipments having a specified life-span and duly certified before installation in the fields, could become faulty within a few months of installation. The installation of telephone equipment which developed faults so soon after commissioning also deprived the people of more than 2200 villages of the intended benefits. It reflects poorly on the functioning of the DOT. In the light of such revelations the Committee is quite apprehensive about the effectiveness of perspective plan drawn up for the next 10 years by the DOT. It is shocking to note that DOT could not foresee even the basic problems which could arise in short span of less than two to three years time.

Action Taken by the Government

Against a target of providing 50,000 Village Public Telephones (VPTs) during the year 1994-95, the achievement was 47,659 VPTs which is about 95.32% of the target. The reasons for the minor shortfall have been analysed and advance planning action has been taken to minimize recurrence of the problems as stated in the Report. Due to techno-economic reasons and limited utility of UHF systems, DOT has shifted its priorities from UHF to OFC.

M/s MACE were the first indigenous suppliers of Multi Access Rural Radio (MARR) systems which were employed for providing VPTs. Due to lack of adequate expertise, these systems developed faults as a result of inherent design defects rendering the VPTs non-functional. As such, these systems needed replacement, costs of which are as stated in the Report. These design defects have now been removed through intensive Research and Development carried out by DOT AND SYNTHESISED VERSION OF MARR equipment of latest technology has been developed which are being inducted in the network.

The problem of erratic and unreliable power supply in the rural areas has also been sorted out by using Solar Powered Photo voltaic Cell which are best suited to rural environment as these employ the use of maintenance free batteries and do not depend on mains power supply.

The technology being relatively new and area of operation being varied and far flung, the fault incidence in the initial stages was quite high as stated but now a system of constant monitoring and qualitative/corrective maintenance activities have been evolved whereby incidence of faults have been cut-down. Motor vehicles and Radio Communication Test Sets have also been ushered in the field for

facilitating effective maintenance and early rectification of faults. Results have been very encouraging.

The apprehension about effectiveness of perspective plan, therefore, does not appear valid.

Recommendation Sl. No. 9 (Para No. 40)

The Committee find that there has been wide disparity in telephone density of different circles. While telephone density is the highest in Bombay *i.e.* 11.83, followed by Delhi, Madras and Calcutta being 9.81, 6.95 and 3.33 respectively, telephone density in West Bengal has been the lowest *i.e.* 0.19. The circles having telephone density much lower than the National average are Bihar, Assam, Orissa, U.P., J & K and Northeast where telephone density has been 0.27, 0.38, 0.43, 0.45, 0.58 and 0.63 respectively. In aggregate terms, of the total 91.60 lakh telephones in the country as on 28th February, 1995 more than 27 lakh connections were there in the four metro cities which constitutes 30% of the total. Obviously, the circles with low telephone density deserve better treatment. The Committee desire that more attention should be given to these circles in the matter of providing new telephone connections.

Action Taken by the Department

40. The telephone density in a state or city depends on the demand for telephones in the area which in turn depends on the state of economic development and the economic potential of the area. The provisioning of telephones is done, on the basis of the demand in the area. Since the industrial and business activities have been higher in these Metro cities as compared to those in Bihar, Assam, Orissa, UP, J & K and Northeast the growth has been higher in the Metro cities. However the %age increase in the telephone density in all these circles over the period 1992-95 is comparable with the metro cities (details given in the annexure). As per the National Telephone Policy the telephones will be provided on demand all over the country by 1997.

| | Telephone density as on 31. 3. 95 per 100 population | Percentage growth in telephone density since 1. 4. 1992 |
|---------|--|--|
| | (1) | (2) |
| Bihar | 0.29 | 93 |
| Assam | 0.39 | 79 |
| Orissa | 0.43 | 65 |
| U.P. | 0.47 | 68 |
| J & K | 0.60 | 46 |
| N.E. | 0.65 | 80 |
| Country | 1.16 | 68 |

Recommendation Sl. No. 12 (Para No. 47)

The Committee learnt that major income in telecom comes from the urban areas where there are more lines as well as higher volume of traffic. Investment in urban areas in Telecom is, therefore, commercially more viable. Income generated from urban areas compensate expenditure incurred in providing telecom services and facilities in uneconomical rural areas. Once the department stipulates that the private sector provide ten per cent of their total lines in rural areas, it implies this would give private companies substantial benefits. At present, 14-15% of total telephone demands getting registered is from rural areas and 4-5% from tribal areas. Considering the fact that the historic step that Government has undertaken currently in strengthening Panchayati Raj System throughout the length and breadth of the country and also because of the opening up of the backward rural areas besides the spread of industrialisation, the social, commercial and industrial activities in rural areas are likely to be accelerated. The rural demand for telephone is, therefore, expected to grow at a much higher rate in future. The committee are afraid that unless timely steps are taken, it would aggravate the rural/urban imbalances in telephone density. Therefore, the committee strongly recommend that necessary steps may be taken up to ensure realisation of targets.

Action Taken by the Department

The private participation in basic services stipulates that the private operators would provide at least 10% of their total capacity in rural areas as village public telephones in order to meet the National Telecom Policy objective of telephone in all villages by 1997. As per National Telecom Policy the telephones have to be provided on demand all over the country including rural areas by 1997. The private operators have also to meet this condition since their licences cover a whole circle including all rural and tribal areas. As the industrial and business activities grow in rural areas the demand in rural/tribal areas is also likely to grow and the private operators as per their license conditions have to meet the rural demand. Therefore, the imbalance in rural/urban telephone demand satisfaction is not likely to arise.

Recommendation Sl. No. 14 (Para No. 52)

The Committee understand that security aspects to a certain extent have been taken care of in the tender document prepared by the Department in case of the circumstances arising out of internal disturbances, sabotage, etc.

The Committee feel that in normal times also, problems related to telephone tapping could pose equally grave threat to the nation as well as infringe on privacy of citizens. Therefore, the Committee urge the Department to take necessary steps in this regard.

Action Taken by the Department

The security measures adopted in tender documents are given below :

1. The LICENSEE shall not normally employ bulk encryption equipment in its network. Any encryption equipment connected to the LICENSEE's network has to have prior evaluation and approval by the TELECOM AUTHORITY.
2. The LICENSEE shall provide to the TELECOM AUTHORITY location details of switching centres, transmission centres, including routing details etc. Implementation of installation of the concerned equipment and execution of the concerned project shall be taken up only after the approval by the TELECOM AUTHORITY. Locations of these centres shall not be changed without prior approval of the TELECOM AUTHORITY.
3. In case of transmission lines, the LICENSEE shall take prior approval of the route from the TELECOM AUTHORITY before commencement of execution of the associated project.

4. The LICENSEE shall provide necessary facilities to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity.
5. The LICENSEE, shall make available on demand to the agencies authorised by the Government of India access to the switching centres, transmission centres, routes etc. for technical scrutiny and for inspection.
6. All foreign prsonnel to be deployed by the LICENSEE for installation, operation and maintenance of the LICENSEE's network shall be security cleared by the Government of India prior to their deployment.
7. The LICENSEE shall ensure protection of privacy of communication and ensure that unauthorised interception of messages does not take place.
8. TELECOM AUTHORITY shall have the right to take over the SERVICE, equipment and networks of the LICENSEE in part or in whole of the SERVICE area in case of emergency or war or low intensity conflict or any other eventuality in public interest, as declared by the Government of India. Specific orders or direction from the Government issued under such conditions shall be applicable to the LICENSEE.
9. TELECOM AUTHORITY reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security.

[F.No. 12-3/95-BS-I, Date 11.9.1995]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT REPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation Sl. No. 1 (Para No. 7)

Despite all the assurances given to the Committee by the Department of Telecommunications (DoT) in reply to their recommendations contained in the Sixth Report, the Committee find that funds which were sanctioned to C-DoT, last year, could not be fully utilised by them. The shortfall has been as high as upto fifty per cent (upto January, 1995). The Committee take a serious view of this.

Action Taken by the Department

This shortage in utilisation of funds has been primarily on account of procurement of capital goods and equipment, which because of long delivery time could not be procured within the financial year 1994-95. There were large number of LCs opened in the last quarter of 1994-95 resulting in outstanding liabilities at the close of the years 1994-95.

The actual expenditure during 1994-95 have been of the order of Rs. 49 crores against the fiscal budget of Rs. 60 crores. Purchase orders etc. outstanding as on 31.3.1995 was Rs. 16.14 crores.

(File No. 51-11-/95-IDN Dated : 29. 8. 1995)

Comments of the Committee

Please *see* Para No. 8 of Chapter I.

Recommendation Sl No. 10 (Para No. 41)

The Committee observe that installed capacity of the equipment for providing telephone connections has not been used to the optimum extent. The aggregate installed capacity of telephone equipment in various circles as on 28th February, 1995 was 1,1103,758 lines. As against it, the direct exchange lines provided on that date were 91,65,322. Evidently, about 20 lakh lines capacity is still lying unused. On the other hand, the waiting list for new connections aggregate to 23.77 lakhs. The Committee are at loss to understand why the unsatisfied demand is not being met when line capacity to the extent of 20 lakh lines created at enormous cost is still there. It is a matter

of grave concern. The Committee will like to be appraised of the reasons for low capacity utilisation of the installed capacity when the effective demand is beyond the rated capacity.

Action Taken by the Department

The installed capacity of the exchange is utilised to the maximum keeping in view the traffic handling capacity of the exchange and the demand for telephone in the area. The capacity has been utilised fully in urban areas whereas it is not so in rural areas where the demand is yet to pick up. The Department provides in Electronic Exchange of minimum capacity of about 56 lines in the rural area where a minimum demand of ten is registered. This results in lower utilisation of the exchange capacity and gets reflected as spare capacity. Most of the unsatisfied demand exist in urban areas whereas the spare capacity is in rural areas.

Comments of the Committee

Please *see* Para No. 14 of Chapter I.

CHAPTER V
RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF
WHICH GOVERNMENT HAVE FURNISHED
INTERIM REPLIES

— NIL —

NEW DELHI ;
November, 1995
Kartika, 1917 (S)

PAWAN KUMAR BANSAL,
Chairman,
Standing Committee on Communications.

APPENDIX I

MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON COMMUNICATIONS (1995-96)

The Committee sat on Thursday, the 19 October, 1995 from 15.00 hrs. to 16.15 hrs. in Committee Room No. 'D' Parliament House Annexe, New Delhi.

PRESENT

Shri Pawan Kumar Bansal — *Chairman*

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri R. Anbarasu
4. Shri Somjibhai Damor
5. Shri Sanat Kumar Mandal
6. Shri Satyagopal Misra
7. Shri Rupchand Pal
8. Shri Ram Pujan Patel
9. Shri Surajbhanu Solanki
10. Shri Chandrajeet Yadav

Rajya Sabha

11. Shri Mohammed Afzal
12. Shri Prakash Yashwant Ambedkar
13. Shri Jalaludin Ansari
14. Shri V. Kishore Chandra Deo
15. Shri Janeshwar Mishra
16. Shri O. Rajagopal
17. Smt. Anandiben J. Patel
18. Shri Vizol
19. Smt. Veena Verma

SECRETARIAT

1. Shri O.P. Ghai — *Deputy Secretary*
2. Shri S.K. Sharma — *Under Secretary*

2. The Committee took up for consideration the Draft Report on Action Taken by Government on the recommendations contained in their Eleventh Report relating to National Film Archive of India and adopted the same with some additions/modifications.

3. Thereafter, the Committee authorised the Chairman to finalise and present the Report to Lok Sabha.

4. The Committee then took up for consideration the Draft Report on Action Taken by Government contained in their Seventeenth Report relating to Demands for Grants (1995-96) on Ministry of Communications (Department of Telecommunications). The Committee suggested some modifications to be carried out in the Draft Report and specifically desired that Para No. 14 of the Draft Report be redrafted in the light of the suggestions made by them.

5. Thereafter, the Committee desired that another sitting be fixed to consider and adopt the above mentioned Draft Report.

The Committee then adjourned.

APPENDIX II

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON COMMUNICATIONS (1995-96)

The Committee sat on Friday, the 17 November, 1995 from 15.00 hrs. to 16.35 hrs. in Committee Room No. 62, Parliament House, New Delhi.

PRESENT

Shri Pawan Kumar Bansal — *Chairman*

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Somjibhai Damor
4. Shri N. Dennis
5. Shri B. Devarajan
6. Shri R. Jeevarathinam
7. Shri Sanat Kumar Mandal
8. Shri Satyagopal Misra
9. Shri Rupchand Pal
10. Shri Surajbhanu Solanki
11. Shri Shivsharan Verma
12. Shri Chandrajeet Yadav

Rajya Sabha

13. Shri Prakash Yashwant Ambedkar
14. Shri Jalaludin Ansari
15. Shri V. Kishore Chandra Deo
16. Shri Virendra Kataria
17. Shri Janeshwar Mishra
18. Shri O. Rajagopal
19. Smt. Sushma Swaraj
20. Smt. Veena Verma

SECRETARIAT

1. Shri O.P. Ghai — *Deputy Secretary*
2. Shri S.K. Sharma — *Under Secretary*

WITNESSES

Officers of the Ministry of Information & Broadcasting

1. Shri Bhaskar Ghose — *Secretary*
2. Shri R. Basu — *Additional Secretary & DG - DD*
3. Shri N.P. Nawani — *Additional Secretary & F.A.*
4. Shri K.S. Sarma — *Joint Secretary*
5. Shri Sanjiv Dutta — *Deputy Secretary*
6. Shri M.P. Lele — *DDG, Doordarshan*

&

Other officials

2. At the outset, the Chairman welcomed the representatives of the Ministry of Information & Broadcasting to the sitting of the Committee. The representatives were requested to take their respective seats for tendering evidence before the Committee.

3. During the course of evidence, the Members of the Committee raised various points regarding production of Programmes by Doordharshan—in-house and by outside producers.

4. The representatives of the Ministry replied to the clarifications sought by the Members of the Committee.

5. The Chairman thanked the witnesses for replying to the queries of the Committee and the witnesses then withdrew.

6. A verbatim record of the proceedings of the sitting was kept.

7. The Committee then took up for consideration Para No. 14 of the Draft Report on Action Taken by Government contained in their Seventeenth Report relating to Demands for Grants (1995-96) on Ministry of Communications (Department of Telecommunications) and adopted the same with some modifications/additions.

8. Thereafter, the Committee authorised the Chairman to finalise and present the Report to Lok Sabha.

9. *The Committee then adjourned to meet again on 12 December, 1995.*

APPENDIX III

(Vide Introduction of Report)

Analysis of Action Taken Government on the Seventeenth Report of Standing Committee on Communications (10th Lok Sabha)

| | | |
|------|--|-------|
| I. | Total Number of Recommendations | 16 |
| II. | Recommendations/Observations which have been accepted by the Government : Sl. Nos. 6 (28, 29 & 30), 7 (31), 8 (32), 11 (42), 13 (49), 15 (64) and 16 (65) | |
| | Total | 7 |
| | Percentage | 43.75 |
| III. | Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies : Sl. Nos. 2 (8), 3 (11), 4 (12), 5 (27), 9 (4), 12 (47) and 14 (52) | |
| | Total | 7 |
| | Percentage | 43.75 |
| IV. | Recommendations/Observations in respect of which the Government's replies have not been accepted by the Committee and which require reiteration : Sl. Nos. 1 (7) and 10 (41) | |
| | Total | 2 |
| | Percentage | 12.5 |
| V. | Recommendations/Observations in respect of which Government have furnished interim replies : | |
| | Nil | |