

REPORT

PART I

I. Introductory

The Department of Telecommunications (DoT), which form a part of the Ministry of Communications and Information Technology, remain responsible for policy formulation, licensing, wireless spectrum management, universal service obligation and the administration of various Acts pertaining to telecommunications. The plan of telecom expansion by the Department is mainly carried out through its Public Sector Undertakings (PSUs) *i.e.* Bharat Sanchar Nigam Limited (BSNL), Mahanagar Telephone Nigam Limited (MTNL), Indian Telephone Industries (ITI) Limited and Telecommunication Consultant India Limited (TCIL). The Internal and Extra Budgetary Resources (IEBR) of the PSUs fund the development and expansion of telecommunication activities.

2. The gross budgetary support in the Budget Estimate 2008-2009 of the Department is towards the outlays of Wireless Planning and Coordination (WPC), Wireless Monitoring Organisation (WMO), Telecom Engineering Centre (TEC), Telecom Regulatory Authority of India (TRAI), Telecom Dispute Settlement and Appellate Tribunal (TDSAT), Centre for Development of Telematics (C-DoT), Indian Telephone Industries (ITI) Limited and the four departmental projects *i.e.* Setting up of Telecom Testing and Security Certification Centre (TETC), Technology Development and Investment Promotion, Undersea Cabling between Mainland and Andaman & Nicobar (UM & AN) and OFC based network for Defence Services which were initiated during the year 2006-2007, pension and other retirement benefits and the Secretariat expenses. Besides, budgetary support is also provided for executing the Universal Service Support Policy (USSP) of the Department through the Universal Service Obligation Fund (USOF).

II. Implementation status of the Observations/Recommendations of the Committee contained in their Forty-Fourth Report (Fourteenth Lok Sabha) on Demands for Grants (2007-2008) of the Department of Telecommunications

3. The Committee presented their Forty-fourth Report (Fourteenth Lok Sabha) on Demands for Grants (2007-2008) of the DoT on 27 April, 2007. The Report contained 40 Observations/Recommendations. Out of that 32 Observations/Recommendations (Paragraph Nos. 1-11, 13-27, 29-30, 36-38 & 40) were accepted by the Government. The

Committee did not desire to pursue two recommendations (Paragraph Nos. 28 & 39) as the reply given by the Government was satisfactory. The replies of the Government in respect of five recommendations (Paragraph Nos. 31, 32, 33, 34 & 35) were not accepted by the Committee and they reiterated these recommendations in their Fifty-second Report (Fourteenth Lok Sabha). The Committee had also given their comments on three recommendations (Paragraph Nos. 5, 26 & 27). Reply of the Government to one recommendation (Paragraph No. 12) was of interim nature.

III. DoT Budget

4. The Plan and Non-Plan provisions made in the Revenue and the Capital Sections of the DoT Budget for the year 2008-2009 is as under:—

Demand No. 13			
(Rs. in crores)			
	Plan	Non-Plan	Total
Revenue Section			
Voted	174.25	5765.00	5939.25
Charged	—	—	—
Capital Section			
Voted	200.75	—	200.75
Charged	—	—	—
Grand Total (Revenue+Capital)	375.00	5765.00	6140.00

5. The detailed Plan and Non-Plan proposals for 2008-2009 BE are as follows:—

Plan Proposal—2008-2009 (BE)			
(Rs. in crore)			
Sl. No.	Unit	Budgetary Support	Earmarked for North-East Region
1	2	3	4
1.	WMO	15.00	2.10
2.	WPC	4.00	0.40

1	2	3	4
3.	TEC	10.00	1.00
4.	C-DoT	153.00	16.00
5.	TRAI	10.00	
6.	TDSAT	1.00	
7.	UM A&N	5.00	
8.	TETC	5.00	
9.	TDIP	2.00	
10.	DS	170.00	18.00
	Total	375.00	37.50

Non-Plan Proposal—2008-2009 (BE)

Sl. No.	Particulars	Amount (Rs. in crore)
1.	Pension payments	1590
2.	a. Transfer to USO Fund	2000
	b. Compensation to service providers	2000
3.	Others (Salaries, provision of TRAI, payment to international bodies)	175
	Total	5765

6. The comparative Revenue and Capital Budget showing Plan and Non-Plan Budgetary Support for 2008-2009 (BE) *vis-a-vis* that of 2007-2008 (RE) is as under:—

(Rs. in crores)

Head	RE (2007-2008)		BE (2008-2009)	
	Plan	Non-Plan	Plan	Non-Plan
1	2	3	4	5
REVENUE:				
Secretariat	0.00	5.76	0.00	6.22
DoT Directorate	0.00	80.38	0.00	76.47

1	2	3	4	5
USO Fund - Admn.	0.00	1.84	0.00	3.30
VTM	0.00	0.00	0.00	15.15
Tel.Engg.Centre	0.25	7.40	0.25	7.58
C-DoT	89.00	0.00	137.00	0.00
WPC	0.32	2.25	1.00	2.38
WMO	0.10	12.15	7.50	13.35
International Cooperation	0.00	14.30	0.00	14.30
Comp. To ITI	0.00	6.08	0.00	6.45
TRAI	3.00	25.34	3.00	24.80
TDSAT	1.25	5.50	1.00	5.00
Reimbursement to BSNL towards				
Rural telephony	0.00	0.00	0.00	0.00
Pension	0.00	1537.00	0.00	1590.00
Interest subsidy to ITI	0.00	0.00	0.00	0.00
Transferred to USOF	0.00	1450.00	0.00	2000.00
Compensation to Service Providers	0.00	1450.00	0.00	2000.00
Telecom Testing and Security Cerfn Centre	4.00	0.00	5.00	0.00
TDIP	4.00	0.00	2.00	0.00
Write off of loans to ITI	0.00	377.00	0.00	0.00
Waiver of penal interest				
Outstanding against ITI	0.00	0.00	0.00	0.00
North East Region	10.00	0.00	17.50	0.00
Total	111.92	4975.00	174.25	5765.00

1	2	3	4	5
CAPITAL				
OFC based network for Defence Services	96.00	0.00	152.00	0.00
TEC	0.18	0.00	8.75	0.00
WMO	5.65	0.00	5.40	0.00
WPC	15.00	0.00	2.60	0.00
Undersea Cabling	1.00	0.00	5.00	0.00
Loan to ITI	1.00	352.00	0.00	0.00
TRAI	5.00	0.00	7.00	0.00
North East Region	14.25	0.00	20.00	0.00
Total	138.08	352.00	200.75	0.00
Grand Total	250.00	5327.00	375.00	5765.00

7. The approved Plan Outlay of the Telecom Sector in 2007-2008 including its PSUs was Rs. 25561.97 crore with a Budgetary support of Rs. 340 crore. In the 2007-2008 Revised Estimates, the Plan Outlay was reduced to Rs. 16388.97 crore with a Budgetary support of Rs. 250 crore. The approved Plan Outlay for 2008-2009 is Rs. 21434.60 crore including a budgetary support of Rs. 375 crore, with Rs. 37.50 crore being earmarked for the North-East Region.

8. Regarding the outlay proposed, the allocations made at the BE/RE stage and actual expenditure incurred by the Department during the Tenth Plan period, the following information was furnished to the Committee:—

(Rs. in crore)				
Year	Proposed	BE	RE	Actual Expenditure
Tenth Plan				
2002-03	18466.09	18327.06	14191.04	11610.43
2003-04	15010.41	14965.00	12855.01	7423.14
2004-05	17267.23	11660.00	9689.31	6707.67
2005-06	17214.38	11801.01	17143.40	8000.25
2006-07	22045.05	19509.31	17468.22	7217.57
Total	90003.16	76262.38	71346.98	40959.06

9. The corresponding data for the first two years of the Eleventh Plan period is as follows:—

(Rs. in crore)				
Year	Proposed	BE	RE	Actual Expenditure
Eleventh Plan				
2007-08	26549.42	25561.97	16388.97	*5566 (up to 15 February, 2008)
2008-09	21971.35	21434.60	—	—

10. After a thorough scrutiny of all the above facts and figures, the Committee desired to be apprised of the reasons for the drastic reduction of the Plan outlay from Rs. 25561.97 crore at the 2007-2008 BE stage to Rs. 16388.97 crore at the RE stage. The Committee also desired to know the reasons for a low expenditure of Rs. 5566 crore only (upto 15 February, 2008) and the schemes/projects/activities that were shelved/staggered/deferred as a result of such gross under-utilisation of funds. In reply it was stated that after undertaking the mid plan review for the year 2007-2008 fiscal, physical and financial targets of the PSUs were revised depending upon the prevailing market conditions. It was also stated that no projects/schemes suffered as a result of such reduction/revision.

11. Asked to elaborate, it was replied that the telecommunication sector has been characterized by the rapid technological changes, innovation and cost reduction. The intense competition in the field also forced the PSUs to rework and reframe their strategies at a short notice. As a result, it sometimes became difficult to project accurately the outlays. However, efforts were being made through stricter financial control to plan realistically and optimally.

12. Referring to the Tenth Plan Proposal, allocation and expenditure, the Committee asked about the across the board mismatches throughout the Plan period. In reply, it was stated that primarily the reduction in annual Plan Outlay was on account of the revision of plan size by BSNL and MTNL. It was further stated that the plan proposals of the PSU's were examined and scrutinized with due diligence before sending it to the Planning Commission. However, there were variations between the approved plan and the actual

expenditure on account of rapidly changing technological scenario in the telecom sector which sometimes made the long-term planning difficult.

13. Explaining the position in evidence, the Secretary DoT stated as under:—

“.....this has been happening broadly because of two organisations—USO Fund as well as BSNL and MTNL.....They have fallen short of their original target.....This has been continuously happening because of technological changes, shortages, delays in procurement (equipment) and delays in tendering. This has been a normal practice.....”

14. Asked to state whether the Department of Telecommunications, being the nodal Department to oversee the functioning of its PSUs, could distance themselves from the non-performance of BSNL & MTNL, another representative of the Department submitted:—

“We are putting up very ambitious targets. But perhaps you are aware that for the last three years we have not been allowed to procure equipment. There have been court cases one after the other.....The dilemma is unbelievable.....The tender process takes one year.....We also feel frustrated.....”

15. When the Committee desired to hear the views of the Secretary, DoT as to how to overcome the difficulties, he responded:—

“When we talk about their short fall, it may appear to be so, but actually the shortfalls have been primarily due to the shortfalls in the projections as well as achievements of these two organisations, that is the BSNL and the MTNL. One of them is now a Navratna and the other is about to be a Navratna. Once that organisation becomes a Navratna, their efficiency will improve. They have come into becoming a corporation only recently. BSNL is a very recent phenomenon. You will have to be a bit generous towards them. It will take some time for them to get into the corporate model. I am not saying that you should give them too much of time. Hopefully they should be improving. Over a period of time their performance will improve and in future this should not happen.”

16. The Committee then wanted to be apprised of the reasons for provision of an outlay of Rs. 21434.60 crore in 2008-2009 BE which has been almost four times increase over the 2007-2008 Actual Expenditure.

In reply, it was stated that in 2008-2009 there was a need to consider the future trends of demand for wireless services and planning to deploy new technology and state-of-the-art Exchanges in the network of the PSUs. Hence, the increase in the plan size.

17. Asked to indicate whether the budgetary provision of Rs. 375 crore on the Plan side in BE 2008-2009 would be sufficient for the Department to successfully carry out activities like setting up of Telecom Testing and Security Certification Centre (TETC), Technology Development and Investment Promotion in Telecom Sector (TDIP), Undersea Cabling between Mainland and Andaman and Nicobar Island (UM A&N) and OFC based network for Defence Services (DS), it was stated that the budgetary provision of Rs. 375 crore approved by Planning Commission for 2008-09 was for carrying out *inter-alia* activities like setting up of Telecom Testing and Security Certification Centre, Technology Development and Investment Promotion, Undersea Cabling between mainland and Andaman and Nicobar Islands and the replacement of some of the defence wireless networks between fixed locations, with optical fibre based network. Any enhancements, if required would be considered after a mid-review of the annual plan 2008-09. Additional funds would then be projected at the RE stage.

18. Considering the performance of the Department and their PSUs during the Tenth Plan period as well as at the beginning of the Eleventh Plan, the Committee asked about the measures put in place for the optimal utilisation of funds and consequent achievement of physical targets. In reply, it was stated that PSUs were working towards the following objectives:

- a. To provide the state-of-the-art telecom services to esteemed customers on demand at affordable price in the country.
- b. To provide world-class telecom infrastructure in its area of operation and develop the country's economy.
- c. To further improve its operations in Domestic markets by proper marketing strategies and entering into joint ventures.
- d. To meet the telecommunications requirements of business enterprise in the country.
- e. To retrain its employees with customer orientation in its operations.
- f. To expand its data services and entertainment based services.

19. It was further stated that keeping the above objectives in mind, the PSUs were preparing 'Outcome Budget' for their proposed plans. Since the Outcome Budget emphasized the correlation between the outlays and the physical achievement of targets, it was a powerful tool for planning and monitoring the optimal utilisation of funds and consequent achievement of physical targets.

20. The Committee were informed that as per an agreement DoT, through BSNL would help in the replacement of some of the Defence Wireless networks between fixed locations with Optical Fibre Cable based network for coordination/vacation of spectrum by Defence. In this context, the Committee desired to be apprised of the achievement made during 2007-2008 and the preparedness of BSNL to utilise Rs. 170 crore, as earmarked during 2008-2009, in view of the urgency involved. In reply, it was stated that an alternative OFC based network for IAF (Indian Air Force) was being undertaken for release of spectrum for mobile services. The total No. of site was more than 160. 60 sites have been undertaken by BSNL for logistics/infrastructure and the remaining sites being undertaken by IAF. Work at 45 sites has already been completed and will be accepted by April, 2008. Work at remaining sites would be completed/accepted in phases by September & December 2008. The entire network would be completed by March 2009. Regarding utilisation of fund, the reimbursement would be made after receipt of invoices from BSNL for the work which they have completed so far.

IV. Thrust Areas of the Department

21. Network Expansion, Rural Telephony and Broadband Connections have been identified as the three thrust areas of the DoT.

(i) Network Expansion

22. The Department's network expansion envisages 250 million connections by December, 2007, 500 million by 2010 and 600 million by 2012. The Committee were informed that 273 million connections have already been provided by December, 2007 itself. Out of that, 234 million were wireless connections and 39 million were wireline.

23. In the above context, the Committee asked about the share of BSNL and MTNL in the 273 million connections that were provided as on 31 December, 2007. In reply, it was stated that the share of BSNL was 6,85,16,318 connections (3,17,11,219 wireline and 3,68,05,099 wireless) and that of MTNL 68,06,916 connections (35,94,524 wireline and 32,12,392 wireless).

24. In response to another specific query regarding the subscriber growth in respect of BSNL/MTNL and the private sector for the last five years, the following information was furnished to the Committee:—

(In millions)

	Public		Private	
	Wireline	Wireless	Wireline	Wireless
2003	40.02	3.15	1.31	10.14
2004	39.77	6.72	1.15	28.90
2005	39.87	12.21	1.55	44.74
2006	39.24	21.84	0.98	80.03
2007	37.50	33.93	3.31	131.16

25. It was further stated that the public sector had dominance in wireline segment. The growth, however, was declining as compared to wireless segment, which was picking up fast in the recent years. On the other hand, private sector was mainly active in the wireless segment and was growing very fast in this segment.

26. In response to another specific query, it was replied that the share of private sector in the number of telephones had increased from 65 per cent in December 2006 to 72.40 per cent in December, 2007 while the share of public sector had declined to 27.60 per cent as on the same date.

27. In evidence, the CMD, BSNL stated:—

“Our market share, as of today, is about 25 per cent. We have been losing around 8 per cent a year in the market share. When there is more competition, the incumbent is bound to lose the market share. It has to stabilise at some figure. So, in the coming year, we want to see an increasing trend in our market share. We are working on that.”

(ii) *Rural Telephony*

28. Rural telephony has remained another thrust area with the Department for which 200 million rural connectivity has been projected by 2012. The Committee were informed that the urban teledensity had increased from 48.39 per 100 people in 2007 to 62.93 as on January,

2008 whereas the rural teledensity during the corresponding period had increased from 5.89 to 8.68 per 100 people. The overall teledensity as on January, 2008 stood at 24.63 per 100 people. The Committee were also informed that a rural teledensity target of 25 per 100 people had been fixed by 2012.

29. In the above context, the Committee desired to know whether the Department were satisfied with the progress made in the provision of rural telephony during the last decade which witnessed a phenomenal growth in urban connectivity and measures taken/proposed to give a fillip to the rural teledensity. In reply, it was stated that Rural teledensity as on 31.12.2007 was 8.35 per 100 people compared to 0.29 in 1996 and was gradually picking up. It was also stated that the following measures were initiated to boost rural connectivity and to give a fillip to the rural teledensity.

- a. Support from Universal Service Obligation Fund (USOF) for provisioning of Rural Direct Exchange Lines (RDELs) in all the 1685 net cost positive Short Distance Charging Areas (SDCAs).
- b. Under Bharat Nirman, a target of providing Village Public Telephones (VPTs) in 66,822 uncovered villages was visualized. Out of this, 53,073 VPTs have been provided till February 2008 and the remaining VPTs are likely to be provided by June 2008 in a phased manner.
- c. Support from USOF for the innovative scheme of sharing of infrastructure by USO Fund to set up 7871 number of infrastructure sites (towers) spread over 500 districts in 27 States, for provision of mobile services in the specified rural and remote areas, where there is no existing fixed wireless or mobile coverage in the country.
- d. With the aim to provide e-governance and data services to the rural masses, a proposal is under consideration of the Government to provide subsidy support for Broadband connectivity in rural and remote areas of the country in a phased manner.
- e. For creation of general infrastructure for the development of telecom facilities, it is proposed to improve the OFC network between the Block HQs and the District HQs to begin with.
- f. Relaxation of norms by Bharat Sanchar Nigam Limited (BSNL) for laying cable up to 5 Km of exchanges against

the earlier standard of 2.5 Kms based on demand and techno-commercial consideration.

- g. Large-scale deployment of WLL network by BSNL in rural areas.
- h. Deployment of Mobile Network along all the Highways by BSNL to give incidental coverage to large parts of rural areas.
- i. Remote and far-flung areas, which are not possible to be covered with terrestrial technology, are planned by BSNL to be covered with Digital Satellite Phone Terminals (DSPTs).

30. The Committee then specifically wanted to be apprised of the contribution of the private service providers towards rural telephony since Unified Access Services License (UASL) came into vogue and the mechanism evolved to monitor their performance, especially in the provision of rural telephony. In reply, it was stated that earlier the service providers were not providing segregated data for rural and urban telephones. The teledensity, therefore, was calculated based on BSNL figures for wireline phones. The data for rural wireless connections has been made available only recently. Of the 6,73,31,303 rural connections as on 31.12.2007, private sector's share is 4,32,00,399 connections, which is 64.2% of the total rural connections.

31. It was further stated that according to the conditions of CMTS/ UAS licence, there has been no requirement of mandatory coverage of rural areas by the Licensee(s). However, the rural areas being a big captive market for the service providers, the private sector was also playing a major role as indicated in figures given above.

(iii) Broadband

32. Broadband coverage is another thrust area of the Department. The Committee were informed that the Broadband Policy was announced on 14 October, 2004 with a vision of providing 20 million broadband subscribers by the end of 2010. It was also envisaged to provide broadband coverage for all secondary and higher secondary schools, Public Health Centres and Gram Panchayats during the Eleventh Plan (2007—2012).

33. The Committee asked about the present status of the broadband coverage, the share of BSNL/MTNL in it and the preparedness of the Department to provide broadband connections as per the Broadband Policy, 2004. In reply, it was stated that there were 26 lakh Broadband

subscribers in the country as on 30.09.2007. Nation-wide Broadband Services were launched by BSNL & MTNL *w.e.f.* 14.1.2005 to cover 200 towns in one year. The spread now covered 600 towns with about two million connections given out of which share of BSNL/MTNL was 75%. To encourage the expansion of broadband connectivity at a faster pace, both outdoor and indoor usage of low power Wi-fi and Wi-Max systems in 2.4 GHz– 2.4835 GHz band has been delicensed. The use of low power indoor systems in 5.15—5.35 GHz & 5.725—5.875 GHz has also been delicensed.

34. During evidence the Secretary, DoT submitted:—

“ Actually, coming to broadband, our target by 2010 is 20 million. In the Eleventh Five Year Plan, it will be about 20 million. So, they will have about 50 per cent and the rest of the 50 per cent will have to come from the private sector. We are going for auction of 3G and Wi-MAX. So, that will also help in the penetration of broadband in the next few years. I think there will be a massive expansion of broadband connection in the country in the next few years after these things are available. In the next six months or so, we are hoping to finish the auction.”

35. Supplementing him, the CMD, BSNL stated:—

“ All the exchanges will be unable to have broadband connections by wire-line equipment. In the remote areas, to go further 3 kms., we are putting wireless broadband connections in 1000 remotest blocks. In respect of three States for the urban authority, we have given the work for Wi-MAX. They are Andhra Pradesh, Gujarat and Maharashtra on a franchise basis. The roll-out will also happen in 2008-09.”

36. When the Committee desired to know about the plan of action on the part of the Company to extend the service to other States also, the CMD, BSNL assured that it would be extended to other States also and the Company was working on that.

V. Universal Service Obligation

37. The New Telecom Policy 1999 (NTP) envisaged provision of access to basic (the word ‘basic’ omitted *vide* ‘Indian Telegraph (Amendment) Rules, 2006’) telecom services to all at affordable and reasonable prices. The resources for meeting the Universal Service Obligation (USO) are generated through a Universal Service Levy (USL), which is a percentage of the revenue earned by the operators under

various licenses. Keeping in line with NTP' 99, the Universal Service Support Policy came into effect from 1.4.2002. The Universal Service Levy presently is 5% of the Adjusted Gross Revenue earned by all the operators except pure value added service providers like internet service providers, voice mail, e-mail etc.

38. The Indian Telegraph (Amendment) Act, 2003 giving statutory status to the Universal Service Obligation Fund (USOF) was passed by the both Houses of Parliament in December 2003. Deemed to have come into force from 1 April, 2002, the Fund is to be utilized exclusively for meeting the Universal Service Obligation and the balance to the credit of the Fund do not lapse at the end of the financial year. Credits to the Fund are through Parliamentary approvals. The Rules for administration of the Fund have also been notified on 26.3.2004.

39. The Committee were informed that the ongoing USOF activities included subsidy provision towards Village Public Telephones (VPTs), replacement of MARR VPTs, provision of Rural Community Phones (RCPs), individual Rural Direct Exchange Lines (RDELs) and shared infrastructure mobile services schemes (First Phase). The following new activities were also stated to be planned during the 2008-2009 fiscal:—

- (a) New VPTs in remaining villages as per Census, 2001.
- (b) Shared Infrastructure Mobile Services Scheme (2nd Phase)
- (c) Provision of Mobile Services in A&N, L&M Islands and Leh and Ladakh.
- (d) Broadband connectivity in rural and remote areas.
- (e) Creation of general infrastructure for the development of telecom facilities – Optical Fibre Connectivity.
- (f) Pilot Projects for induction of new technological developments in telecom sector.

40. The Committee were also apprised that for the induction of new technological developments in the telecom sector on a Pilot Project basis in rural and remote areas, USOF had recently invited Applications from the eligible companies to undertake Pilot Projects for demonstrating their products/ services in the field of Rural Broadband, Rural Telephony (Fixed, Wireless in Local Loop, Mobile), Transmission Media in Rural Areas, General Telecom Infrastructure in Rural Areas like Tower, Batteries, Power Plant, Hybrid power, other solutions for meeting power requirement of rural telecom installation, Customer Premises Equipment etc. About Five Pilot Projects were likely to be

provided subsidy support at an upper ceiling of Rs. 50 Lakhs per project during the Financial Year 2008-09.

41. In the above context, the Committee desired to know the fund allocation/availability to USOF and utilisation. In reply, it was stated that the entire budgetary provision of Rs. 5081.44 crore towards USO activities allocated in the Tenth Plan (2002-2003 to 2006-2007) was optimally utilised. It was also stated that during the year 2007-2008, the BE provision for USOF was Rs. 1800 crore which was reduced to Rs. 1450 crore at the RE stage. As on January, 2008 the expenditure has been Rs. 615.31 crore only. A provision of Rs. 2000 crore has been made in 2008-2009 BE against the requirement of Rs. 2900 crore.

42. The Committee asked the reasons for reduction of 2007-2008 BE provision of Rs. 1800 crore by Rs. 350 crore at the RE stage and the anticipated disbursement of funds by the end of the 2007-2008 financial year. In reply, it was stated that under RE 2007-2008 projections, the requirement of funds under various USOF activities was reduced by Rs. 350 Crore broadly due to the following reasons:—

- (i) Agreements for the Mobile Infrastructure Scheme Phase-I were entered into effective from 01.06.2007. As per rollout conditions of the agreements, 50% of the towers were supposed to be commissioned within 8 months of signing of the agreement. However, because of delay in acquisition/leasing of sites and requests for relocation of sites, the rollout under the project has been delayed. As the towers are likely to come up from the month of January 2008 and their claims for the quarter ending March 2008 shall be submitted in the first quarter of 2008-09, no expenditure has been incurred during the current financial year under this scheme.
- (ii) The rollout obligation of providing Village Public Telephones (VPTs) in uncovered villages through Digital Satellite Phone Terminal (DSPT) technology could not be achieved by BSNL on account of delayed allocation of satellite transponders and delay in supply of the equipment by M/s HFCL.
- (iii) Delay in provisioning of Rural Community Phones (RCP) and replacement of Multi Access Radio Relay (MARR) VPTs beyond their scheduled roll out period.
- (iv) Expenditure on account of other ongoing activities was lower than projections.

43. In evidence, the Committee queried about the quantum of shortfalls in utilisation of USO Fund during the year 2007-2008 and the plan of action to optimally utilise the 2008-2009 allocations. Responding to it, a representative of the Department stated that USO Fund had been spending the entire allocations made to it till the previous financial year. However, during the fiscal 2007-2008, an expenditure of Rs. 1280 crore was expected out of the allocation of Rs. 1800 crore.

44. He further submitted:—

“I will elicit reasons for the shortfall. This was the first year where we rolled out the scheme for shared mobile infrastructure. This envisages putting up more than 8000 towers in various parts of the country and we have signed agreements with various infrastructure providers from 1st June and there is an element of acquisition of land or leasing of land. The time for getting that land took a little longer time. So, towers roll out is slightly delayed and we are expecting about 200 towers to be rolled out by 31st March. Effectively, there has been no subsidy claim on account of towers. It will happen in the first half of the next financial year. In the provision of VPTs, in real remote areas, there is a provision of providing DSPTs. There has been delay in procurement of this equipment by BSNL from the respective supplier. We had a detailed review recently and BSNL has got this under control and they say that in the first half of the next year, they will procure them.

The third reason is it was pointed in the previous slide about rural community phones. There has been a shortfall in the numbers because as per the agreement, this cannot be provided where there is PCO. Fortunately or unfortunately, more and more villages are coming up with PCOs and they are becoming ineligible for RCPs. So, the RCP numbers are less than what we have projected. For these reasons, our expenditure has been less than projected. The shortfall will be carried over, and in the next year, the second phase of shared mobile infrastructure will also be rolled out and we also expect that we will be rolling out the scheme for rural broadband under the USO. With the new schemes, we are confident of spending the amount which has been provided, namely, Rs. 2000 crores for the next year.”

45. In response to a query regarding the amount released from the USO Fund to various service providers during 2007-2008 (upto

February, 2008), the following information was furnished to the Committee:—

Sl. No.	Name of Universal Service Provider	Amount (in crore of Rs.)
1.	Bharat Sanchar Nigam Limited	491.66
2.	Reliance Infocom Limited	194.72
3.	Tata Teleservices Limited	137.49
4.	Tata Teleservices (Maharashtra) Limited	67.69
Total		891.56

46. In addition to the above, funds amounting to Rs. 275 crore have been authorized to the field offices, *viz.* Controller of Communications Accounts (CCA), who are responsible for making payment.

47. The Committee then desired to know whether the claims of various service providers were pending, the period of pendency and the amount involved therein. In reply, an exhaustive statement was furnished to the Committee from wherein it was observed that an amount of Rs. 116,47,75,007 was pending disbursement to BSNL, some claims pertaining to even the year 2005. Similarly claims of Rs. 9,83,43,879 for Tata Teleservices and Rs. 7,60,94,052 for Reliance were pending disbursement.

48. Asked to explain the reasons for claims of service providers pending settlement for a such long period, it was replied that the settlement of claims was an ongoing process and such claims were at different stages of processing at the different CCA offices and the progress was being monitored.

49. In evidence, a representative of DoT updated the Committee that claims amounting to Rs. 133.92 crore were pending settlement under various activities. Out of that Rs. 47.7 crore only was pending settlement and thus the pending amount had been brought down substantially.

50. The Committee then desired to be apprised of the stand taken by the Ministry of Finance while reducing the estimated requirement of USO Fund by Rs. 900 crore during the 2008-2009 fiscal. In reply, it was stated that the Ministry of Finance reduced the estimate for

2008-09 keeping in view the trend of past expenditure and likely expenditure during 2008-09. However, the position would be reviewed at the 2008-2009 RE stage and additional funds would be sought for, if required. The Ministry of Finance has assured that additional funds sought for, if any, would be provided at the RE stage.

51. It was further stated that till date, the requirements of the USO Fund have been fully met with by the Ministry of Finance. During the Eleventh Plan Period also the requirements of the USO Fund were expected to be met with by the Ministry of Finance.

52. On being asked to indicate the year-wise requirement of USO Fund during the Eleventh Plan period keeping in mind the number of new activities that would be undertaken, it was replied that the expenditure from the USO Fund was “non-plan” expenditure. Annual assessment was made on yearly basis taking into account the ongoing activities and the proposed new activities which were formulated keeping in view the socio-economic environment of the country.

53. As stated earlier resources for meeting the USO were to be generated through a Universal Service Levy (USL) which was 5 per cent of the Adjusted Gross Revenue (AGR) earned by all the operators except pure value added services like Internet, voice mail, e-mail etc. While examining the DFG (2007-2008), the Committee were informed that the US levy collection during the year 2006-2007 was anticipated at Rs. 3488 crore.

54. In the above context, the Committee desired to be apprised of the actual US levy collection during the year 2006-2007 and the anticipated collection during the first year of the Eleventh Plan period. In reply, it was stated that Rs. 4211 crore had been collected as USO Levy during 2006-07. For the first year of the Eleventh Plan period, *i.e.* 2007-08, Rs. 5119 Crore was projected to be collected as USO Levy.

55. In response to another query in this regard, it was replied that total collection of USO Levy since inception and upto January 2008 was Rs. 19124 Crore and the requirements of the USO Fund have been met with timely and adequately.

56. Regarding the system of monitoring and control over the performance of the Schemes subsidised by USOF, the Committee were informed that to ensure proper quality of service and maintenance of various record, conditions existed in the Agreements with the USPs. The Agreements also provided for deductions in subsidies if the facility was non-functional on account of faults, or disconnected for non-

payment. The Agreement for new installations also provided for imposition of liquidated damages in case of not meeting the roll-out obligations within the specified period. In terms of the stipulations in the Agreements, the service providers had to submit a self-certification of fault incidence on the VPTs while submitting their claims in the Proforma prescribed, besides self certification, Sample verification was also carried out by the offices of Controller of Communication Accounts (CCAs), the field units of the Department of Telecommunications.

VI. Bharat Nirman Programme

Village Public Telephones

57. The Committee were informed that the VPT component was covered under the flagship 'Bharat Nirman Programme' of the Government of India. Nearly 5.42 lakh VPTs have already been receiving support towards operation and maintenance covering more than 90 percent of the villages with VPTs. For the remaining uncovered eligible 66822 villages, 14183 VPTs were to be provided in satellite based media. As on 31 January, 2008 BSNL has been able to provide 52,464 VPTs since 2004-2005 and the remaining villages were likely to be provided with VPTs in a phased manner by June, 2008. It was also stated that about 1500 VPTs were expected to be provided during January-March, 2008.

58. In the above context, the Committee pointed out that even if BSNL was able to provide 1500 VPTs during January-March 2008, its achievement would be 6995 VPTs during 2007-2008 out of the target of 17,819 VPTs. Asked to explain such shortfalls on the part of BSNL, the only service provider entrusted with the responsibility of provision of VPTs, it was replied that as on 29 February, 2008, a total number of 53,073 villages have been provided with VPTs out of the remaining eligible 66,822 villages. Most of the VPTs, which were to be provided on technologies other than satellite, have already been provided. The reasons for the delay in provision of VPTs on satellite technology were stated to be as follows:

- a. The allocation of transponders required for the operation of DSPTs (Digital Satellite Phone Terminals) was initially made from INSAT 4C. After the failure of INSAT-4C, the allocation of the transponders from ISRO was delayed. The required transponders were allocated to BSNL by the end of August 2007. This resulted in delay in procurement of the imported DSPT equipment, which is dependent on various technical parameters of allocated transponders.

- b. There is also a delay in supply of the DSPT equipment by the vendor, M/s HFCL. The matter had been perused at the highest level with M/s HFCL, both in BSNL and USO Fund. It has been assured by HFCL that the DSPT equipment shall be supplied in a phased manner starting from February/March 2008.
- c. Keeping in view the remoteness and inaccessibility of the villages, where these VPTs are to be located, and complexity of the equipment required to be set up, installation of VPTs may take longer time than that required for normal villages.

59. The Committee further asked about the preparedness of the Company to overcome the impediments so that the targeted VPTs could be provided by June, 2008, as assured. In reply, it was stated that the equipment required for setting up of hub for DSPT has been received, installed and the validation tests for antenna and outdoor unit/indoor have also been completed. The allotment of transponders from NSS-VI satellite has been received. The consignee particulars for remote terminals have been received from all the user circles. Action for identification of the custodians for the DSPT VPTs has already been initiated. To start with, 350 terminals in Orissa and 150 terminals in NE-I Circle shall be installed. With this supply of equipment, VPTs to be installed on DSPTs under Bharat Nirman Programme shall be completed by June 2008.

60. The Committee learnt that as per the reconciled data submitted by BSNL recently, it was likely that there might be another 40,000 to 50,000 uncovered villages where provision of VPTs would be required. Out of that about, 10,000 villages were likely to be provided with VPTs in the year 2008-2009.

61. In the above context, the Committee desired to be apprised of the plan of action on the part of BSNL to meet the additional challenge as per the 2001 Census when the Company was yet to achieve the VPT targets of 1991 census. In reply, it was stated that as an outcome of the re-verification exercise, BSNL had recently submitted a list of about 50,000 uncovered villages, where VPTs were to be provided. The Agreements for the disbursement of subsidy towards provision of VPTs in such uncovered villages were likely to be signed shortly with BSNL. As the BSNL had already rolled out services through their CDMA and mobile networks and had carried out the feasibility exercise, it was envisaged that about 10,000 villages shall be provided in the first year of the Agreement.

VII. Replacement of MARR based VPTs

62. The Committee were informed that as per the original agreement 1, 86,872 VPTs based on the MARR system were to be replaced by BSNL by 30 June, 2005. The target was revised downward to 1,82,766 replacements and two extensions were granted to BSNL to replace such VPTs by 30 November, 2007. As on December, 2007 BSNL has been able to replace 1,32,579 MARR based VPTs.

63. In the above context, the Committee asked the reasons for the reduction of the original target of replacement of MARR based VPTs by approximately 4000 and failure on the part of BSNL to replace the fault prone MARR VPTs even after two extensions. In reply, it was stated that the reduction of about 4000 MARR based VPTs from the original target was primarily on account of the reconciliation exercise carried out by BSNL at the field level for verification of the MARR VPTs actually existing and those already replaced.

64. It was further stated that earlier in the absence of wireline/ wireless network of BSNL in rural and remote areas, the progress of replacement of MARR based VPTs was slow. Subsequently, the network of BSNL on CDMA/GSM has started rolling out in rural and remote areas, which have resulted into replacement of MARR based VPTs at a faster pace. It was reported that some of the remaining MARR VPTs were to be replaced using DSPTs, for which equipment was being procured.

65. The Committee then desired to be apprised of the Circles where VPTs were still working on the fault prone MARR technology and the plan of action on the part of BSNL to replace all the MARR based VPTs by June, 2008. In reply, it was stated that the Service Areas, where a sizable number of MARR VPTs were yet to be replaced, were Assam (157), J&K (131), Chhattisgarh (196), Meghalaya (487), Mizoram (274), Arunachal Pradesh (121), Manipur (239), Rajasthan (321) and Orissa (179). With the spread of BSNL network on CDMA/ GSM in the rural and remote areas of the States and procurement of DSPT equipment, the remaining MARR based VPTs shall be replaced in a phased manner.

VIII. Provision of Rural Community Phones (RCPs)

66. The Committee were informed that agreements have been signed with BSNL and RCL on September, 2004 for installation of 46,253 Rural Community Phones (BSNL –24822 and RIL-21431) by 2007 in a phased manner in villages with a population of more than 2000. The

target was subsequently revised to 43409 which might further be reduced by another 2000 RCPs. As on 31 January, 2008, 38137 RCPs have been provided by both the companies, the break up being 21889 by BSNL and 16248 by RIL. It was also observed from a statement that during the years 2006-2007, out of a target of 17363 RCPs, the achievement was 11,224. Similar shortfalls were also observed during 2007-2008 (target-8682 and achievement 1605 as on 31 January, 2008).

67. In the above context, when asked to furnish the reasons for the reduction of RCP targets twice and shortfalls in achievement of targets even thereafter, it was replied that agreements were signed with M/s BSNL and M/s RCL in September 2004 to provide 46253 Rural Community Phones (RCPs) [BSNL: 24822, RCL: 21431]. These RCPs were to be installed only in those villages where the population was more than 2000 and not having a PCO facility. The Universal Service Providers (USPs) were advised to verify non-availability of at least one public access facility (PCO) in these villages before providing RCPs. As such, no subsidy was to be payable for provision of RCPs in those villages already having a PCO facility. In this regard, both the USPs, namely, BSNL and RCL have submitted lists of such villages already having PCO facility. Accordingly, as per the terms and conditions of the Agreements, the number of RCPs to be provided by BSNL has been amended to 21978. RCL has recently submitted a list of 2534 such villages, which were not eligible for provision of RCP. With this, the target for RCL shall be revised to 18897 RCPs. As on 31.01.2008, BSNL has provided 21889 RCPs while RCL has provided 16248 RCPs. The reason reported by RCL for shortfall has been the non-availability of points of interconnection (POIs). It was further stated that the remaining RCPs were likely to be provided by September 2008.

68. In response to a specific query regarding the performance of the private service provider in the provision of RCPs, it was stated that the Private Service Provider has honoured its contractual obligation for provision of RCPs in the first two years of the Agreement. Provision existed in the Agreements for levying liquidated charges (LD) in case of delay in provisioning of RCPs beyond the stipulated time. The LD was being levied wherever applicable as per the terms and conditions of the agreements.

IX. Provision of individual Rural Direct Exchange Lines (RDELs)

69. As regards the provision of individual Rural Direct Exchange Lines, the Committee were informed that support has been extended

to nearly 91 lakh Rural household Direct Exchange Lines (RDELs) installed prior to 1.4.2002 towards the differential between the TRAI prescribed rental and the rental charged by the Service Provider. The support was for the limited period of 1.4.2002 to 31.1.2004. Further, agreements were signed in March 2005 with BSNL, RCL, TTL and TTL (MH) for the installation of individual rural household Direct Exchange Lines (RDELs) in the country during 01.04.2005 and 31.03.2007. As per the Agreements signed, these RDELs were to be provided on Land Lines or on Fixed Wireless Terminals in case of any wireless technology. These RDELs were to be installed in the eligible 1685 Short Distance Charging Areas (SDCAs) out of a total such 2647 SDCAs, where cost of providing telephone connection was more than the revenue earned. The contracted SDCAs amongst these companies were 1267, 203, 172 and 43 respectively. About 25,64,577 RDELs were provided [BSNL (8,91,306), RCL (7,37,207), TTL (7,26,915) and TTL (MH): 2,09,149] under this scheme as on 31.03.2007. The scheduled date for installation of the RDELs has been extended by one year period i.e. up to 31.03.2008. It was expected that about 5,00,000 RDELs would be provided during the extended period April 2007—March 2008. Financial Year-wise achievement was stated to be as under:—

Year	Achievement by BSNL	Achievement by RIL	Achievement by TTSL	Achievement by TTML	Total Achievement
2005-06	343235	31724	26966	3697	405622
2006-07	548071	705483	699949	205452	2158955
Total	891306	737207	726915	209149	2564577

X. Shared Infrastructure Mobile Services Scheme

70. Regarding the shared infrastructure mobile services scheme the Committee were informed that a scheme was launched by USO Fund to provide subsidy support for setting up and managing 7871 number of infrastructure sites (towers) in 500 districts spread over 27 States for provision of mobile services in the specified rural and remote areas, where there was no existing fixed wireless or mobile coverage. The infrastructure so created shall be shared by three service providers for provision of mobile services including other Wireless Access Services like Wireless on Local Loop (WLL). The agreements effective from 01.06.2007 have been signed with the successful bidders in May 2007. Mobile services through these shared towers were targeted to be made operational in a phased manner by May 2008. It was reported that about 200 towers were likely to be set up during the period January-March 2008.

71. In the second phase of the shared infrastructure mobile services scheme, it was proposed to cover the other uncovered areas in the country through mobile services for which 11000 additional towers have been identified. These towers would be installed in the second phase of the scheme which was likely to be launched shortly. About 6000 towers were likely to be set up in the Financial Year 2008-09.

72. Asked to differentiate between phase I and phase II of the shared infrastructure mobile services scheme, the Secretary, DoT submitted in evidence as follows:—

“The Phase-II is in the most difficult areas of the country. The first one 7,000 is for 2007-08 and there has been some spill over in terms of time and all that. So instead of March, it will be completed by June. By March, out of 8,000 only 200 towers will come up. They will complete it by September. Simultaneously, they will be checking up this year 11,000 towers which they are expected to complete during the course of the next year”.

XI. Telecom Regulatory Authority of India (TRAI)

73. The Telecom Regulatory Authority of India (TRAI) was established under the Telecom Regulatory Authority of India Act, 1997 enacted on 28 March 1997. The TRAI (Amendment) Act, 2000 led to reconstitution of the Authority. It consists of one Chairperson, two full- time members and two part-time members. TRAI has endeavoured to encourage greater competition in telecom sector together with better quality and affordable prices, in order to meet the objectives of NTP' 99. Vide Notification of the Government dated 9th January 2004, broadcasting and cable services have also been included in the definition of 'telecommunication service' under the TRAI Act, and thus, broadcasting and cable services have also come under the purview of TRAI.

74. The Committee were informed that during the year 2006-2007 the Plan RE for TRAI was Rs. 2.00 crore but the actual expenditure fell short by Rs. 54 lakh. Similarly, the RE for 2007-08 was Rs. 8.0 crore whereas the actual expenditure during the year (up to 31 January, 2008) has been Rs. 2.92 crore only. The 2008-2009 BE provides for an amount of Rs. 10 crore.

75. The Committee were further informed that the 2007-2008 approved non Plan RE for TRAI was Rs. 25.34 crore whereas the actual expenditure during the year (up to 31 January, 2008) was Rs. 16.00 crore only. During the year 2008-2009 the non Plan BE provision is Rs. 24.80 crore.

76. In the above context, when the Committee desired to know the reasons for the Authority's failure to utilise Rs. 2 crore on the plan side during 2006-2007, it was replied that one ongoing project titled 'Institutional Capacity Building Project of TRAI' to be funded by domestic sources under the Plan Head was being executed since the financial year 2005-06 to meet TRAI's requirement for conducting consultative studies on regulatory issues by engaging consultant/ consultancy firms of repute and to fulfil the training needs of TRAI officials. During the year 2006-07, the Authority after review of the then ongoing consultancy studies, decided to conduct one consultancy study in-house and also decided not to procure the test drive equipment included in the Annual Plan Proposal of 2006-2007. In addition, very few officials of TRAI could be deputed for international training as not many International Training schedule meeting the requirements of TRAI were available during 2006-2007.

77. The Committee then asked whether TRAI would be able to spend Rs. 5 crore on the plan side in the remaining two months of 2007-2008 fiscal. In reply, it was stated that under the Plan Head for the year 2007-2008 at the RE Stage the following budgetary projections were made by TRAI

- (i) Institutional Capacity Building Project – Rs. 3.00 crore
- (ii) Purchase of Land & Building – Rs. 10.00 crore

78. Out of the Rs. 3.00 crore for Institutional Capacity Building Project, a sum of Rs. 2.92 crores was utilized up to 31st January 2008.

79. A provision of Rs. 5.00 crore for Purchase of Land & Building for TRAI's office space has been made at the RE Stage against a projection of Rs. 10.00 crore. In this regard, it was submitted that while projecting a sum of Rs. 10.00 crore for the purpose, the proposal to acquire land by way of re-allotment from DDA measuring 2405.32 Sq.Mts. at Vasant Vihar was at an advance stage of finalization. It was expected that DDA would make available the land by the end of current financial year itself. However, the process of re-allotting the land by DDA to TRAI would take some more time and, therefore; TRAI was not in position to utilize the budgetary provision of Rs. 5.00 crore made under the Capital Outlay for the year 2007-2008. Accordingly, this amount has since been surrendered as un-utilized.

80. In response to another query regarding the anticipated non-plan expenditure by 31 March, 2008, it was stated that TRAI would be able to spend Rs. 20 crore on the non-plan side by the end of the 2007-2008 fiscal.

81. Asked to spell out the plan of action on the part of TRAI to utilise Rs. 10 crore (Plan) and Rs. 24.80 crore (non-Plan) that have been approved for the 2008-2009 financial year, it was replied as follows:—

Plan Head

(i) Institutional Capacity Building Project:

As the Telecom Sector is a fast changing sector, the Authority decides the need for Consultancy Study in the context of discharging its regulatory functions depending upon the prevailing market conditions. In addition, as part of capacity building of the available Human Resources, the Authority decides, on need basis, imparting International Training for its officers on techno-regulatory issues. The details of the Consultancy Studies for the year 2008-2009 are being firmed up and also a schedule of training depending upon the requirement shall be firmed up shortly. It is expected that these activities are likely to enhance in-house capacity to deal with the regulatory issues.

(ii) Purchase of Land & Building:

There is a need to have own office premises for TRAI for which all out efforts are being made to acquire a suitable land and building from various land owning agencies. The requirement of fund for the purpose may arise at any point of time depending upon the availability of land. Therefore, the amount provided for the purpose will be effectively utilized.

Non-Plan Head

The anticipated actual expenditure for 2007-08 will be Rs.20.00 crores. The BE 2008-09 of Rs.24.80 crores has been projected taking into consideration the anticipated increase in expenditure on account of the implementation of Sixth Pay Commission recommendations and it is anticipated that this amount would be fully utilized during fiscal year 2008-09.

82. The Committee were then informed that during the year 2007-08, 10 consultancies/studies were proposed to be taken up by TRAI. However, after a midterm review, 8 consultancies/studies were finally selected depending upon the prevailing market conditions and requirement. It was also stated that out of the 8 studies, two had

already been completed and three were likely to be completed by the year end. Of the remaining three, a study on 'Survey on CAS issues in Four Metropolitan cities' has been dropped and studies on 'Satellite Communication related issues' and 'Workshop/Seminar on Regulatory and Technical issues relating to NGN' have been deferred/spread over to 2008-2009.

83. In the above context, the Committee wanted to be apprised of the reasons for deferring/spreading over two important studies, as mentioned above to the 2008-2009 fiscal. The Committee also asked whether it would not upset the financial projections of TRAI for the year besides adversely affecting the interest of the stakeholders. In reply, it was stated that the Consultancy Studies were firmed up depending upon the prevailing market conditions and requirement for new studies to deal with the then emerging regulatory issues so as to best sub-serve the Sector. Accordingly, these two studies/workshops were deferred for the fiscal 2008-2009 and it was not likely to adversely impact the financial projections and the interests of the stakeholders.

XII. Telecom Disputes Settlement and Appellate Tribunal (TDSAT)

84. Telecom Disputes Settlement & Appellate Tribunal (TDSAT) was established in the year 2000 by the Government of India after amending the Telecom Regulatory Authority of India Act, 1997. The Tribunal consists of a Chairperson and two members. The TDSAT adjudicates disputes between licensor and licensee, between two or more service providers, between a service provider and a group of consumers and hear and dispose of appeals against any decision or order of the Telecom Regulatory Authority of India. The Tribunal has original as well as appellate jurisdiction. As per Section 16(1) of the Act, the Appellate Tribunal is not bound by the procedure laid down by the Code of Civil Procedure but is guided by the Principles of Natural Justice and subject to the other provisions of the Act, the Appellate Tribunal has powers to regulate its own procedure.

85. The Committee were informed that during the year 2006-2007, a Non-Plan budgetary provision of Rs. 2.60 crore was made for TDSAT. This was subsequently increased to Rs. 4.15 crore at the RE stage. But the actual expenditure during the year was Rs. 3.04 crore only. In 2007-2008 the Non-Plan BE amount of Rs. 4.85 crore was enhanced to Rs. 5.50 crore at the RE stage whereas the actual expenditure (up to December, 2007) has been Rs. 1.76 crore only. The 2008-2009 Non-Plan BE provides for an amount of Rs. 5.00 crore. Under the Plan Expenditure the 2007-2008 BE/RE provision was Rs. 1.25 crore whereas the expenditure has been Rs. 52 lakh only (upto December, 2007).

86. In the above context, the Committee desired to know the reasons for the Tribunal falling short of utilising the 2006-2007 RE non-plan allocation by Rs. 1.11 crore even though such allocation was almost double the BE allocation of that year. In reply, it was stated that the utilisation of funds for the year 2006-2007 RE was lower by Rs. 1.1 crore on account of lack of satisfactory resolution of the case instituted by Indian Tourism Development Corporation (ITDC). The ITDC had served a notice to TDSAT and other organizations including other Government departments/offices occupying space in Hotel Samrat demanding an enhanced rent of Rs. 220 per sq. ft. The TDSAT had secured funds in the RE in anticipation of the case being decided by Estate Officer which should have resulted in an increased outgo on account of the enhanced rent. However, the Estate Officer of ITDC did not take up the case for regular hearing and as a result, there was no recourse but to surrender the funds.

87. The Committee then asked whether TDSAT would be able to utilise the remaining amount of Rs. 3.74 crore under the Non-Plan allocation by the end of the 2007-2008 fiscal. It was replied that the TDSAT on 27.02.2008 surrendered an amount of Rs. 75 lakh from Non-Plan Fund. The case regarding enhanced rent was amicably settled and TDSAT and ITDC have signed an agreement at Rs. 195/- per sq. ft. for the space occupied by it in Hotel Samrat. This resulted in enhanced rent liability of Rs. 2,00,11,680. The savings of Rs. 75 lakh which have been surrendered was principally on account of the post of members which have not been filled up in TDSAT. One post of member was lying vacant for the entire year and another member retired in September 2007 and that post was not yet filled up. The post of Director has not been filled up since May 2007 and the post of Dy. Registrar was also lying vacant since January 2008. These two posts were not filled up because the Departmental Promotional Committee could not be legally constituted in the absence of a member of TDSAT.

88. On being asked to indicate whether the Tribunal would be able to spend Rs. 73 lakh on the plan side in the last three months of the 2007-2008 financial year. In reply, it was stated that in so far as plan funds were concerned, the seminar organized by TDSAT were mostly held in the 2nd half of the year during September to March. This was because of lack of availability of Supreme Court Judges for about 2 months due to vacations in the Supreme Court. The first seminar for the year 2007-2008 was therefore organized at Srinagar in October 2007 followed by the seminar at Kolkata in January 2008, at Hyderabad in February 2008 and the 4th seminar was being organized

by TDSAT at Goa on 29th March, 2008. In spite of organising 4 seminars, the TDSAT had to surrender Rs. 10 lakh out of allocated funds in the Plan funds. This surrender was principally on account of post of members in the TDSAT lying vacant and funds which were expected to be utilized in the expenditure of study tours of the Chairperson and members could not be fully utilized. The Chairperson, TDSAT has also dispensed with the appointment of Legal Consultant in the TDSAT which has resulted in a saving of Rs. 2.4 lakhs.

89. The Committee then asked about the measures contemplated by the Tribunal to utilise the 2008-2009 non-plan budgetary allocation of Rs. 5 crore and Plan allocation of Rs. 1 crore. In reply, it was stated that the Tribunal expected that the posts of members as well as that of the other staff shall be filled up in the first quarter of the next financial year. As a result TDSAT would be able to utilize the Non-Plan as well Plan funds during the financial year 2008-09.

90. Asked to state categorically the extent to which the vacancies in the Tribunal were affecting its smooth and effective functioning it was replied that the vacancies of the members in the TDSAT had to some extent affected the decision making process in technical and complicated cases in Telecom and Broadcasting Sectors. For one of the post of Administrative Member, offer has already been sent and the meeting of the Search Committee for the selection of the Technical Member is likely to be held by the end of March, 2008.

91. In response to another specific query, it was replied that during the year 2007-2008 a total no. of 186 petitions, 13 appeals, 22 Execution Applications, 15 Review Applications and 154 Miscellaneous Applications on Telecommunications sector including Broadcasting and Cable services were filed before TDSAT. The issues involved in these cases included spectrum allocation, license agreement, interconnection (including disputes on providing signals / decoders), recovery petitions, tariff matters, interpretation of regulations of TRAI etc. Most of the cases were being decided within the stipulated period.

92. The Committee were further informed that out of total 186 petitions filed before TDSAT during the year 2007-2008, 91 had been decided while 95 were pending. Out of the 91 decided petitions, 60 were dismissed, 9 allowed and 22 were settled/disposed of with directions. The 13 appeals were pending as on date. Out of 22 Execution Applications, 18 were disposed of while 4 were pending. Out of 15 Review Applications, 14 were dismissed while one is pending. Out of 154 Miscellaneous Applications, 62 have been decided while 92 were pending. Out of the 62 decided applications, 40 were disposed of with directions, 10 were allowed while 12 were dismissed.

93. Out of the above decided cases, as per record available in TDSAT, only one case has been appealed before the Supreme Court. This appeal was dismissed by Supreme Court.

XIII. Telecom Engineering Centre (TEC)

94. Telecom Engineering Centre is a Standardization and Technology wing of the Department of Telecommunications.

95. The main activities of TEC consist of—

- Drawing up of technical specifications and engineering specifications for new products, equipment, systems, etc.
- Coordination and evaluation of new products, equipment and systems including Type Approval, Interface Approval, etc.
- Providing engineering support to the Department.
- Investigation into operational problems, minor modifications to equipment, methods, etc.
- Support the field units of DOT (now MTNL and BSNL) in the development of tools, testers, methods and maintenance aids, etc.

96. The Organisation of TEC consists of a Headquarters Group or the Core Group located at New Delhi and a unit at Hyderabad and the Regional Centres at 5 locations, *i.e.* Bangalore (with one sub-centre at Chennai), Calcutta, Delhi, Hyderabad and Mumbai (with one Sub-Centre at Pune).

97. The functions of TEC primarily consist of—

- Framing of Generic Requirements (GRs), Interface Requirements (IRs)
- Promoting standards
- Validation and testing of the products, equipment, systems, services, etc.
- Engineering and technical support to DoT, etc.

98. The functions of Regional Centres of TEC are primarily related with—

- Type Approval Certificate (TAC), Interface Approval Certificate (IAC) and other testing activities.
- Point of Interconnect Testing, Service Testing, etc.

99. The Committee were informed that the Plan allocation for TEC for the 2007-2008 BE was Rs. 20.25 crore which was reduced to Rs. 45 lakh at the RE stage. The Plan BE 2008-2009 provides for an amount of Rs. 10 crore which includes Rs. 1 crore earmarked for the North East Region.

100. In the above context, the Committee asked for the reasons behind the drastic reduction of the Plan allocation of TEC from Rs. 20.25 crore at the 2007-2008 BE stage to a mere Rs. 45 lakh at the RE stage. In reply, it was stated that the allocation of Rs. 20 crore in BE 2007-08 was for establishing Next Generation (NGN) labs in TEC. However, standards on NGN were still under formulation at international organisation like ITU-T. NGN lab was envisaged on Public Private Partnership model. No concrete response from Industry on Public Private Partnership model has been received as yet and it was proposed to invest in initial phases without Private investment during 2008-09. Project estimate is under preparation/approval of the competent authority.

101. The Committee then desired to know the anticipated expenditure of TEC by the end of the 2007-2008 fiscal and whether any shortfall/overspending was anticipated. In reply, it was stated that the anticipated expenditure by TEC by the end of the 2007-2008 fiscal would be around Rs. 16.30 lakh, besides expenditure of Rs. 20 lakh for foreign training which was under process. It was further stated that no shortfall/overspending was anticipated during the 2007-2008 fiscal.

102. Asked to indicate the measures taken by TEC to fully utilise the 2008-2009 BE amount of Rs. 10 crore, it was replied that the TEC shall set up next generation test & certification Labs at TEC headquarters in New Delhi. The labs were proposed to be set up in phases over a period of four years covering the state of art technologies in the Telecom sector. The different labs classified under separate disciplines in Telecom were envisaged to be integrated at the backend into a single test bed.

103. The Committee then desired to know the specific activities proposed to be undertaken by TEC in the North-East Region during the year 2008-2009. In reply, it was stated that the Centre was planning a satellite based broadband network for NE region. Satellite Terminals shall be installed in schools, hospitals etc. in consultation with the concerned State Government.

104. The Committee categorically wanted to be apprised of the proposal of TEC to start the satellite based broadband in the North-East Region, approval of which was pending with the DoT. In response, it was stated that the project estimate for the said network had been prepared and was in the process of approval.

105. From a statement furnished to the Committee, it was observed that in some core activities, TEC had fallen short of the targets fixed during the year 2007-2008 (up to 31 December, 2007). For example, out of preparation of 37 new Generic Requirements/Interface Requirements, TEC had been able to complete only 12 such Requirements as on 31 December, 2007. Similar shortfalls had also been observed in Review of GRS/IRS, preparation of Test Schedule/Test Procedure, etc.

106. Asked to furnish the reasons for such shortfalls, as mentioned above and the plan of action by TEC to optimally achieve the schemes/projects earmarked during 2008-2009, it was replied that some shortfalls were on account of the following reasons:

- Global Standards not being frozen.
- Training of staff is required on new and fast changing technologies.

107. It was further stated that a detailed plan has been chalked out for utilizing the funds allocated.

XIV. Wireless Planning & Coordination (WPC)

108. The Committee were informed that the BE for WPC during 2007-2008 was Rs. 11.40 crore which was increased to Rs. 16.92 crore at the RE stage. The actual expenditure for the year (up to January, 2008) has been Rs. 4.51 crore. The BE 2008-2009 provides for an amount of Rs. 4 crore.

109. In the above context, the Committee desired to know the reasons for which the 2007-2008 BE amount of Rs. 11.40 crore was increased to Rs. 16.92 crore at the RE stage and whether WPC would be able to optimally utilise the RE amount by the year end in view of the lesser expenditure as on January, 2008. In reply, it was stated that the Project National Radio Spectrum Management and Monitoring System 2008 was scheduled to be completed by March 2008. Payment on account of supply of remaining inland equipment and payment towards installation services and other activities were expected to be

made during this financial year. The amount allocated in BE 2007-2008 was not sufficient to meet the expenditure, due to which the allocation at RE stage was increased. The total expenditure as on 29 February, 2008 was Rs. 4.51 crore. The case for payment of Rs. 5.5 crore was under consideration at various levels in the Ministry. Some other payments have got delayed. Out of Rs. 16.92 crore, a sum of Rs. 5.6 crore has been proposed for surrender. Therefore, the effective utilisation of RE 2007-2008 would be Rs. 11 crore. It was further stated that the WPC was making all efforts to optimally utilise the amount allocated in RE 2007-2008 by March 2008 as most of the payments would be made by March 31, 2008. However, some outstanding payments of 2007-08 would go to early part of 2008-09, for which a token amount of Rs. 4.0 crores has been requested. Almost all the work under the project has been completed. The amount allocated for BE 2008-2009 would be utilised for making outstanding payments against the work that had already been completed in 2007-2008 and also payment of balance 10% of the Contract value, which was due after completion of project. WPC was making all efforts to optimally utilise the amount allocated in BE 2008-2009.

110. Asked to explain the present status of the National Radio Spectrum Management and Monitoring System Project, the following information was furnished:

- (i) Out of 24 fixed sites (Wireless Monitoring Stations etc.), work at all the fixed sites has been completed. 21 sites have so far been accepted.
- (ii) All the 21 V/UHF Mobile Monitoring System (MMS) vehicles have been delivered to their respective sites after successful completion of Acceptance Testing. These facilities have been accepted and this part of the project stands completed.
- (iii) The Operational Acceptance Test document for final acceptance of National Radio Spectrum Management and Monitoring System (NRSMMMS) has been finalized. The Operational Acceptance Test is under progress.
- (iv) The SHF part of the project has been proposed for cancellation.

XV. Wireless Monitoring Organisation (WMO)

111. The Wireless Monitoring Organization (WMO) is a field organization of the WPC Wing of the DoT, Ministry of Communications

and IT. The WMO has a network of 22 Monitoring Stations spread all over the country to monitor (technical and operational parameters of) all wireless transmissions, both Government and Non-government agencies. These stations resolve cases of harmful interference as well as collect data on vacancy/occupancy of Radio Frequency Spectrum, identify and to locate unauthorized wireless transmissions. To ensure mutual compatibility and efficient working of various services like microwave, LOS links, Radar, Cellular Radio Telephones etc., Mobile monitoring is also carried out.

112. It was observed from the documents furnished to the Committee that for WMO the BE 2007-2008 provided an amount of Rs. 15 crore. The RE 2007-2008 was reduced to Rs. 6.38 crore. The BE 2008-2009 for WMO prescribes an amount of Rs. 15.00 crore, the break-up being Rs. 9.00 crore for the technical schemes and Rs. 6 crore for civil works.

113. In this context, the Committee queried about the reasons for the reduction of the 2007-2008 Plan BE provision of Rs. 15 crore to Rs. 6.38 crore at the RE stage which was again raised to Rs. 15 crore in the 2008-2009 BE. In reply, the following reasons for reduction were furnished:—

- (i) Due to delay in creation of Project Implementation Unit (PIU) for implementation of technical schemes.
- (ii) No expenditure could be incurred/booked against an allocation of Rs. 1.75 crores for North-East Region, as procurement of land for Wireless Monitoring Station, Dibrugarh could not materialize. No other construction work is pending in the N.E. Region.
- (iii) The allocation of spare BSNL land to WMO for Wireless Monitoring Stations at Bangalore, Hyderabad and Ranchi is under the consideration of a committee constituted in the DoT. The decision in the matter is likely to take some time. Hence, allocation for civil works was reduced from Rs. 10.25 crores in B.E. 2007-08 to Rs. 5.65 crores in R.E. 2007-08.

114. Regarding the reasons for increase in the 2008-2009 BE amount *vis-a-vis* the 2007-2008 RE provision, it was stated that such increase was made because alongwith the continuing schemes of 2007-2008, a few new schemes (approved in the Eleventh Five Year Plan) were

proposed to be taken up during the 2008-2009 fiscal. Such new schemes included Augmentation/Upgradation of Wireless Monitoring Terminals, Satellite Monitoring Earth Stations, creation of Project Implementation Unit (PIU) and Augmentation of Training Facilities.

115. From another statement furnished to the Committee, it was observed that in the Technical schemes like Project Implementation Unit, Expansion of Monitoring Facilities and Augmentation of Training Facilities, the performance of WMO up to December, 2007 has been nil.

116. In this context, the Committee sought the reasons for WMO remaining a non-starter in the above schemes even after lapse of nine months of the 2007-2008 fiscal. In reply, it was stated that the case for creation of nucleus PIU is still under the process of administrative approval and financial concurrence. As per the approved 11th FYP, technical schemes like expansion of the monitoring facilities and augmentation of the training facilities has to be taken up by the PIU.

117. Asked to spell out the preparedness of WMO to accomplish the earmarked projects of the 2008-2009 fiscal, it was replied that for building and creating monitoring facilities under the Technical schemes planned for the BE 2008-09, WMO proposed to pull its resources from its various establishments. It may be added that the creation of the PIU was an essential requirement for implementing the technical schemes approved by the Planning Commission for the XIth five year plan period.

XVI. Centre for Development of Telematics (C-DOT)

118. The Centre for Development of Telematics (C-DOT) was set up by the Government of India on August 25, 1984 as an autonomous scientific society under the Societies Registration Act, 1860, with its registered office in New Delhi. Its activities focus on research and development in the areas of Telematics technology, products and services. The organization is funded mainly by way of grants-in-aid from the Government. The key objectives of C-DOT include:—

- (i) Development of total telecom solutions, technologies and application for the fixed line, mobile and packet based converged network and services with particular emphasis on rural and remote areas.

- (ii) Development of local manufacturing capabilities for C-DOT products by using indigenous ancillary industries for components.
- (iii) Research in the frontiers of information technology and telematics, taking into account futuristic trends.
- (iv) Research and development in the telecom security arena of telecom equipment as well as services.

119. The Committee were informed that during the years 2006-2007 and 2007-2008, out of the budgetary allocations of Rs. 143.70 crore and Rs. 134.97 crore respectively for C-DOT, the actual expenditure in the corresponding years was Rs. 114.92 crore and Rs. 115 crore (anticipated). The BE 2008-2009 has provided for an amount of Rs. 195.63 crore (including GBS and IEBR).

120. In the above context, the Committee desired to be apprised of the anticipated expenditure by C-DOT by the end of the 2007-2008 fiscal and whether any shortfalls were anticipated. In reply, it was stated that the expenditure by C-DOT as on 31st March'08 would be over Rs.115.00 crore (Provisional). Some shortfall was anticipated in the financial year 2007-2008 due to the fact that it was the first year of the 11th Five Year Plan. A number of new technology programmes were proposed during the year which required a detailed feasibility study before their actual R&D work could commence. Deciding on alternate architectures for the R&D architecture for each of the works has taken more time. However, this would help in appropriate implementation during next year.

121. Asked to state the measures taken by C-DOT to fully utilise the 2008-2009 allocations in view of the shortfalls experienced during the preceding years, it was replied that the budgetary allocation for the year 2008-2009 was expected to be fully utilized. Significant expenditure was expected to be incurred towards some of the major technology programmes, namely, Communication Security Research and Monitoring, the technology for NER and the programme for migration of legacy systems to the next generation network (IP based packet network). All these programmes were stated to be capital intensive. R&D programmes, for which feasibility study has been done in the year 2007-08, would actually commence during the year 2008-09. Thus, it was expected that budgetary allocation would be fully utilized.

122. The Committee then queried about the target and actual realisation of internal generation of resources by C-DOT during each

year of the Tenth Plan period. In reply the following information was furnished:-

(Amount in Rs. crore)			
Sl. No.	Year	Target set at the beginning of the year	Actual amount raised
1.	2002-03	21.27	16.90
2.	2003-04	14.00	17.87
3.	2004-05	35.00	32.08
4.	2005-06	21.20	8.96
5.	2006-07	61.70	48.38
Total		153.17	124.19

123. It was stated that the major short fall was in the year 2005-06. During this year, there were very low revenues from fixed line switch royalties. Some of the customisation efforts did not yield commensurate revenue.

124. When asked to indicate the year-wise target of internal resource generation during the Eleventh Plan period, it was replied that the target planned for the internal revenue generation for the Eleventh Plan period was Rs. 337.47 crore, year-wise details being as follows:-

Year	Internal Revenue Generation (Amount Rs. in crore)
2007-08	37.63
2008-09	39.02
2009-2010	64.09
2010-2011	80.08
2011-2012	116.65
Total	337.47

125. As regards the plan of action chalked out by C-DOT to realise the Eleventh Plan targeted amount, the Committee were informed that C-DOT had taken steps to address the challenges arising from the

changed telecom scenario in the country, including increased competition and accelerated pace of technology evolution. Strategic alliances and partnerships with some of the leading technology development and front end marketing organizations both in the public and private sectors (including international partners); provisioning of turnkey software intensive solutions directly to end customers; develop, build and operate type of application service provisioning for customers; value addition to its own and to third party technologies; sharing of IPR with partners; providing technical consultancy; meeting customized requirements of users; building a better technology marketing infrastructure were some of the proposed steps. It was added that some of the Basic futuristic research and national interest projects might not generate revenues during the Plan period but would result in indirect benefits to place C-DOT on a new perspective.

126. The Committee then categorically desired to know whether C-DOT would be able to optimally achieve the various Projects/ Schemes undertaken during the year 2007-2008 and measures proposed in that direction during the year 2008-2009 fiscal. In reply, it was stated that the Financial Year 2007-2008 was the first year of Eleventh Five Year Plan Period. The number of new technology programmes proposed during the year required a detailed feasibility study before their implementation could commence. The major research focus during the year had also been towards completing the targets planned for the projects which would spill over to 2008-2009 fiscal and the endeavour was to accomplish the target and complete these schemes. Conversion of technology feasibility study and the architecture prepared during the year 2007-2008 would be aggressively developed into products and systems during the year 2008-2009.

XVII. Bharat Sanchar Nigam Limited (BSNL)

127. In pursuance of the New Telecom Policy 1999, the Government of India corporatised the service providing functions of the Department of Telecommunications (DoT) and transferred the business of providing telecom services in the country to the newly formed company viz. Bharat Sanchar Nigam Ltd *w.e.f.* 1st October 2000. The Company has been incorporated as a company with limited liability by shares under the Companies Act 1956, with its registered and corporate office in New Delhi. BSNL is a Public Sector Undertaking with an authorized share capital of Rs. 10,000 crore and paid up capital of Rs. 5,000 crore. It is one of the largest technology-oriented Public Sector Undertaking (PSU) in the country with a mandate of providing all types of telecom services. It operates the telecom services in all the telecom circles of

the country except Delhi and Mumbai where another PSU viz. MTNL is operating. The vision of BSNL is to provide world-class telecom services ranging from plain telephone service to all types of value added services at affordable prices.

(i) *Financial Targets and Achievements*

128. As regards the financial targets and achievements of BSNL during the Tenth Plan period, the following information was furnished to the Committee:—

(Rs. in crore)		
Year	Target (RE)	Achievement
2002-2003	11,819	12,057
2003-2004	10,608	6537
2004-2005	11,650	7578
2005-2006	15,463	6838
2006-2007	15,349	5705
Total (Tenth Plan)	64,889	38,715

129. Similar year-wise targets for the Eleventh Plan period and achievement for the year 2007-2008 were stated to be as follows:—

(Rs. in crore)		
Year	Outlay approved/ proposed in XI th Plan	Achievement
2007-08	22881.00 (BE) 14065.00 (RE)	5566 (upto 15 February, 2008)
2008-09	18591.00	—
2009-10	14015.00	—
2010-11	14892.00	—
2011-12	14629.00	—
Total	76,192..00	

130. A perusal of the above two statements revealed that during the entire Tenth Plan period, the financial target for BSNL was Rs. 64,889 crore whereas the achievement was Rs. 38,715 crore only, implying an expenditure of 59.66 per cent. More importantly, each year, excepting the first year of the Tenth Plan period, witnessed huge shortfalls in expenditure.

131. For the financial year 2007-2008, the BE outlay of Rs. 22,881 crore was reduced to Rs. 14065 crore at the RE stage and the actual expenditure (upto 15 February, 2008) was Rs. 5566 crore only.

132. In the above context, the Committee probed about the reasons for huge shortfalls in expenditure during the entire Tenth Plan period. In response, the following explanation was given:—

- (1) Budgeting:— The development plans were prepared keeping in mind the target set by Hon. MOC & IT of 250 million lines by 2007 and fast expansion taking in telecom field. So, the plans were kept ambitious & optimistic. The provision in the BE/RE is made as per rates obtained in previous year tender.
- (2) Delay in Procurement of Equipment and Material:—Being a Government owned company even though transparent procedures are followed yet in some cases bidder approach court thereby delaying the procurement process resulting in less expenditure.
- (3) Reduction in Prices:—There is downward trend in prices of Telecom equipment which has substantial electronic component in it. The prices of mobile exchange equipment, WLL exchange equipment, FWT and Broadband equipment have reduced by around 25% resulting in reduction in expenditure by same amount.
- (4) Rate quotation in tenders:—The suppliers are quoting rates with very low margin which is known as forward bidding. Thus they are facing cash flow problem/resource crunch which adversely affects their supply of equipment/material and roll out of the network for BSNL. Naturally, it results in reduced payment to supplier/contractor and hence less expenditure.

133. Drawing the attention of the Department to the Committee's earlier Reports wherein they have repeatedly been emphasising that procedural flaws like delay in procurement of equipment and material should be dealt with by prudent planning, the Committee queried whether BSNL lacked functional autonomy to overcome such problems.

In reply, it was stated that all the PSUs were governed by the Rules and Regulations prescribed by the Government of India. As such, BSNL has full autonomy for its functioning under the Articles of Association and Memorandum of Association of the company.

134. The Committee then asked for the reasons of reduction of the 2007-2008 RE outlay by more than Rs. 8,000 crore *vis-a-vis* the BE outlay and also desired to know the anticipated achievement by the end of the 2007-2008 fiscal. In reply, it was stated that utilisation by the Company was likely to be close to Rs. 6500 crore by 31.03.08. The reasons for reduction in RE 2007-08 in comparison to BE 2007-08 were stated to be as under:

(i) GSM Projects—

135. CMTS cell had projected fund requirement under BE 2007-08 assuming an internal target of 24.5M lines. However on realistic assessment RE 2007-08 was reduced. The reasons for shortfall are detailed below:—

- (a) The order against new 2G/3G IMPCS combo tender was delayed due to court case filed by one of the bidder in Hon'ble High Court of Delhi. Accordingly there was a delay in Placement and acceptance of Purchase Order by vendors, so only 20% of cost of 2G order is provisioned in RE.
- (b) The complete order against new 2G/3G combo tender could not be placed as the L-2 bidder has not accepted the advance purchase order.
- (c) The order for 9 million GSM lines to M/s ITI in West Zone is delayed.
- (d) The roll out against recent order of 2 million GSM lines given in West Zone is delayed on part of vendor and various other factors.
- (e) The order placed in the month of January 2007 in North Zone was not accepted by the vendor.
- (f) A frequent interruption of transmission media caused by Sabotage by miscreants and road widening work has delayed the commissioning of new Base station works in North East.

(ii) Transmission Projects

136. During 2007-08, target for TAX capacity was set as 1741 Kilo Circuits and provision made in BE 2007-08 accordingly. However, due to the delay in TAX project tender resulting in shortage of equipment, only 451 Kilo Circuits TAX equipment is likely to be commissioned. Hence RE 2007-08 was reduced accordingly. Also the

tenders for OF cable, Transmission Systems and Microwave equipment were delayed & thus less equipment was supplied during 2007-08. The transponder bandwidth was not available resulting in delay in commissioning of satellite equipment.

137. Asked to indicate measures taken/proposed by BSNL to ensure optimum utilisation of the Eleventh Plan outlay of Rs. 76,192 crore in general and that of 2008-2009 (Rs. 18,591 crore) in particular, in view of the experience gained during the Tenth Plan period, it was replied that the following measures were taken by BSNL towards that end:—

- (i) Changes in the procurement policy related to pricing formula, vendor tie-up, block of three years for procurement etc have been contemplated in order to curb delay in the procurement of equipment. Strict and tight schedule observation is being resorted to for timely availability of equipment.
- (ii) BSNL Headquarter is periodically monitoring the implementation of all major projects. The feedback is being taken on periodic basis so that timely intervention for keeping the implementation process on track can be taken.
- (iii) BSNL Headquarter is constantly monitoring the monthly achievements received from each BSNL Circles against the yearly targets. Corrective steps are taken like making timely availability of funds and other resources to the BSNL Circles to ensure the achievements of the targets.

(ii) *Physical Targets and Achievement*

138. As regards the physical targets and achievement of BSNL for the year 2007-2008, the following statement was furnished to the Committee:—

Sl. No.	Item	Unit of measurement	MOU Target 2007-08	Actual Achievement 2007-08 upto 31.12.2007	%age Achievement
1	DELS	Lakh lines	99.75	37.93	37.99%
2	Broadband Connections	Lakh lines	10.50	4.77	45.43%
3	Internet Connection	Lakh lines	8.40	1.55	18.45%
4	TAX	KC	1,575	324	20.57%
5	OF Cable	RKM	26,250	24,431	93.07%

139. As would be seen from the above, as on 31 December, 2007 the achievement of physical targets earmarked during 2007-2008 has been poor on the part of BSNL in almost all the Schemes, except Optical Fibre Cable (OFC). For example, against the target of 99.75 lakh Direct Exchange Lines (DELs), the achievement has been 37.93 lakh DELs only. Similar shortfalls have also been observed in Broadband connections, Internet Connections and TAX where the achievement percentage has been 45.43, 18.45 and 20.57 respectively.

140. In this context, the Committee desired to be apprised of the reasons for the poor performance on the part of BSNL in achieving the Annual Physical targets of 2007-2008 and steps taken to arrest the shortfalls in future. In reply it was stated that there was short fall in achievement in respect of wired line DELs, WLL DELs, Mobile DELs, VPTs, TAX, Broadband and Internet connections, the reasons for which were as follows:—

- (i) Wired line telephone connections: The shortfall in achievement is due to surrender as well as disconnection due to non-payment. While 14, 88,426 gross new telephone connections have been provided up to December 2007, but the net achievement is (-)20,27,385 due to surrender/disconnection of 35,15,811 telephones.
- (ii) WLL telephone connections: The shortfall in achievement in WLL DELs is due to delay in supply of WLL terminals (FWTs) by the supplier.
- (iii) Mobile telephone connections: There is delay in placement of order due to court case by over six months and there after reduction in prices. The L-2 bidder has not accepted the order and thus there is shortfall in addition of mobile equipment and hence the connections.
- (iv) VPT: Almost 2/3rd of VPTs are to be provided through DSPTs. Due to delay in supply of terminal equipment by the vender, the commissioning of the VPTs under DSPT project are being delayed resulting in shortfall in achievement of VPT target.
- (v) Broadband connections: The short fall in the achievement of Broadband connections is due to shortage of equipped capacity of Broadband in the network. Broadband ports commissioned through Project 2.2 were almost exhausted by August 2007. Due to delay in delivery of equipment from vendors, deployment of broadband port in the network

started from 14th September 2007 and about 1.6 million ports have been commissioned up to January 2008. The provisioning of Broadband connections is picking up and the target is expected to be achieved.

- (vi) Internet connections: The shortfall in achievement during this period is because of deletion of around 4 Lakhs inactive account in June 2007.
- (vii) TAX: There was shortage of equipment due to delay in TAX project tender resulting in shortfall of TAX capacity achievement.

141. It was further stated that the projects were being continuously monitored in 2007-08 and attempts were made to complete the projects in time by obtaining quick financial concurrence and approval, faster tendering process and quick ordering.

(iii) North-East Region and Tribal Sub-Plan Areas

142. The status of number of telephone connections and the teledensity in the North-East Region State/Circle-wise as on 31 December, 2007 was stated to be as under:—

Sl. No.	Name of State	Population as on December, 31, 2007 (in thousand)	Telephone as on December, 31, 2007 (wired+WLL+CMTS)	Teledensity as on December 31, 2007
1.	Assam	29,371	1,113,469	3.79
2.	Meghalaya	2,527	156,990	6.21
3.	Mizoram	965	116,013	12.2
4.	Tripura	3,485	193,821	5.56
	NE-1	6,977	466,824	6.69
5.	Arunachal Pradesh	1,142	156,092	13.67
6.	Manipur	2,490	125,504	5.04
7.	Nagaland	2,029	191,409	9.16
	NE-2	5,721	473,005	8.27
8.	Sikkim	541	92,680	17.12
9.	NE Region	42,611	2,145,978	5.04
10.	BSNL	1,105,727	68,516,318	6.20

143. It would be seen from the above data that except in Arunachal Pradesh in NE-II Circle and Sikkim, the teledensity in all other States/ Circles in the North East Region was in single digit and the overall teledensity of the North-East Region was 5.04 as on 31 December, 2007.

144. Taking into account the above facts, the Committee asked about the specific measures taken by BSNL to give an *impetus* to teledensity in the North-East Region, especially in Assam, Tripura and Manipur where teledensity was on a very lower side. In reply, it was stated that BSNL had planned to provide around 7 lakh connection in the North-East Region during 2008-2009 for increasing the teledensity there.

145. In response to another specific query regarding the breakup of the telephone connections and the market share of each of the service providers in the North-East Region, the following data was furnished:—

Break-up of telephones

Wired line	—	800,718
WLL	—	161,366
GSM	—	1,183,894
Total	—	2,145,978

Market Share of Telecom Service Providers

Sl. No.	Name of Circle	BSNL	Bharti	Reliance	Airtel
1.	Assam	30.22%	21.38%	19.93%	28.47%
2.	North East - 1 & 2	44.22%	18.56%	12.39%	24.83%
□	Overall	35.41%	20.34%	17.13%	27.12%

146. The status of telecom facilities in each of the States of North East Region as on 31 December, 2007 was stated to be as follows:—

Sl. No.	Name of State	Tele-phone Exchange	Total Capacity	Total DELs	Waiting List	VPTs
1	2	3	4	5	6	7
1.	Assam	597	15,71,993	1,113,469	8,822	22,163
2.	Meghalaya	117	204,371	1,56,990	0	2,931

1	2	3	4	5	6	7
3.	Mizoram	92	140,633	1,16,013	21	608
4.	Tripura	122	255,392	1,93,821	415	856
	NE-1	331	600,396	4,66,824	436	4,395
5.	Arunachal Pradesh	104	190,178	1,56,092	33	1,011
6.	Manipur	55	149,694	1,25,504	4,422	1,646
7.	Nagaland	62	195,253	1,91,409	400	1,100
	NE-2	221	535,125	4,73,005	4,855	3,757
8.	Sikkim	47	121,760	92,680	0	374
	NE Region	1,196	2,829,274	2,145,978	14,113	30,689

147. Another statement of the physical targets and achievements during the year 2007-2008 for the North-East Region, as per the Annual Report of the Department was as follows:—

Item	2007-2008	
	Target	Achievement up to 31, December, 2007
Net Switching Capacity (Lines) (Fixed+WLL+CMTS)	11,35,500	28,29,274
DELS (Nos.) (Fixed+WLL+CMTS)	10,30,310	21,45,978
VPTs (Nos.) (As per Census 2001)	3,173	30,721
Broadband Connections (Nos.)	49,016	5,497
Internet Connections (Nos.)	43,000	26,179

148. As would be seen from the above two statements, particularly relating to VPTs, there were a total number of 30,689 VPTs in the North East Region whereas from the target achievement data for 2007-2008 it has been found that out of a target of 3,173 VPTs in the NE Region, the achievement as on 31 December, 2007 was 30,721.

149. In the above context, expressing their surprise, the Committee queried whether it was a fact that in just nine months of the 2007-2008 fiscal, BSNL was able to provide ten times more VPTs

vis-a-vis the targets earmarked. In reply, it was stated that the achievement of VPTs in the North Eastern Region during 2007-08 up to Dec'2007 is (-) 2178 as per Census 2001 data.

150. It was also observed from the above statement that out of the 2007-2008 targets of 49,016 Broadband and 43,000 Internet connections in the NE Region, BSNL has been able to provide only, 5,497 Broadband and 26,179 Internet connections as on 31 December, 2007. In this context, the Committee desired to be apprised of the anticipated achievement in both Broadband and Internet connections in the North-East Region by the end of the 2007-2008 fiscal. In reply, it was stated that the anticipated achievement of Broadband connections in NE region was 46,000. In all, 88248 Broadband ports have been ordered under Multiplay Project in NE Region including Sikkim, all of which would be commissioned by March'08. With this the total capacity of Broadband in NE region would be 109332 ports. It was further stated that little shortfall in targets was anticipated due to the delay in delivery of equipment and non-availability of infrastructure in NE Region, which delayed commissioning of Multiplay Project.

151. From yet another statement pertaining to the Tribal Sub Plan (TSP) Areas furnished to the Committee, it was observed that the target for Switching capacity in the TSP areas during 2007-2008 was 10 lakh lines whereas the achievement as on 31 December, 2007 has been 5,87,558 lines. Similarly out of a target of 6 lakh Direct Exchange Lines, the achievement during the corresponding period has been 4,24,331 lines.

152. Asked to explain the shortfalls in achievement of 2007-2008 annual targets in the TSP Areas, it was replied that it was anticipated that the Switching Capacity and DELs target in TSP areas for 2007-08 shall be achieved by March' 2008.

153. In reply to a specific query regarding the constraints experienced in provision of telecommunication facilities in the TSP Areas and measures taken to overcome the same for optimal achievement of physical targets, it was stated that the constraints faced in the TSP Areas were poor availability of electric supply and transport facilities.

(iv) Outstanding Arrears of Telephone Bills

154. As regards the Circle-wise outstanding arrears of telephone bills of basic services (as on 31 December, 2007) and mobile services

(as on 31 January, 2008) the following two statements were furnished to the Committee:—

**Outstanding Arrears (>3 months old) of Basic Services
including WLL & ISDN as on 31.12.2007**

[In thousands of Rs.]

Name of Circle	Amount
1	2
Andaman & Nicobar	107608
Assam	1212432
Bihar	2790857
Jharkhand	1228908
Kolkata	2263584
North East-I	713825
North East-II	2752275
Orissa	981108
West Bengal	1086351
Chhattisgarh	643594
Gujarat	1446452
Madhya Pradesh	2044840
Maharashtra	3008254
Haryana	1028169
Himachal Pradesh	123999
Jammu & Kashmir	494028
Punjab	1220101
Rajasthan	494659
Uttar Pradesh (East)	3891587
Uttar Pradesh (West)	1602871
Uttaranchal	200893

1	2
Andhra Pradesh	3254990
Karnataka	1423379
Chennai	983736
Kerala	227416
Tamilnadu	1122182
Total	36348098

**Outstanding Arrears (>3 months old) of Mobile Services
as on 31.1.2008**

[In thousands of Rs.]

Name of Circle	Amount
1	2
Andaman & Nicobar	24742
Assam	699726
Bihar	356401
Jharkhand	178485
Kolkata	100308
North East-I	300998
North East-II	658041
Orissa	249545
West Bengal	188666
Chhattisgarh	39302
Gujarat	367110
Madhya Pradesh	96718
Maharashtra	660329
Haryana	57592
Himachal Pradesh	32242
Jammu & Kashmir	168285

1	2
Punjab	207744
Rajasthan	119459
Uttar Pradesh (East)	420030
Uttar Pradesh (West)	129711
Uttaranchal	59781
Andhra Pradesh	417083
Karnataka	406338
Chennai	37626
Kerala	119569
Tamilnadu	158128
Total	6253959

155. Regarding the amount written off, cases involved therein and reasons therefor, the following data was furnished:—

**Detail of amount written off for Basic Services
including WLL & ISDN as on 31.12.2007**

[In thousands of Rs.]

Name of Circle	No. of cases	Amount written off
1	2	3
Andaman & Nicobar	4178	9920
Assam	248	13339
Bihar	569	19419
Jharkhand	17082	84568
Kolkata	97972	709316
North East-I	2362	4664
North East-II	51155	3270
Orissa	7746	6791

1	2	3
West Bengal	8196	24096
Chhattisgarh	6333	3176
Gujarat	26331	39379
Madhya Pradesh	3493	2933
Maharashtra	73234	153920
Haryana	12109	51047
Himachal Pradesh	1977	2387
Jammu & Kashmir	6474	2687
Punjab	138875	82901
Rajasthan	28101	33202
Uttar Pradesh (East)	5757	6744
Uttar Pradesh (West)	1850	2336
Uttaranchal	2451	11761
Andhra Pradesh	129586	103539
Karnataka	55351	137472
Chennai	32416	67218
Kerala	5449	12644
Tamilnadu	10142	10631
Total	729437	1599360

156. As would be seen from the above data, an amount of Rs. 3634,80, 98,000 was pending against BSNL's subscribers of basic services as on 31 December, 2007. Similarly, the outstanding arrear against the cellular subscribers was Rs. 625,39,59000 as on 31 January, 2008. Moreover, an amount of Rs. 159,93,60000 has been written off due to non-recovery of the outstanding dues.

157. Asked to indicate the specific measures taken by BSNL to recover the outstanding dues of such huge proportions, it was replied that the following measures were taken to recover the outstanding revenue arrears:

- (i) Year-wise target for liquidation of outstanding has been fixed for all the Circles separately for Basic services and Cellular services.

- (ii) The progress in regard to target for realisation of outstanding is monitored at Corporate Office, BSNL.
- (iii) Instructions have been issued to Circles for separate monitoring of Billing and collections of High callers who contribute a major share of revenue to the Company.
- (iv) Security deposit available against telephone and cellular phones disconnected for non-payment is adjusted.
- (v) Legal suits wherever found necessary are filed and pursued.
- (vi) Instructions have been issued to Circles to review the outstanding on regular basis by holding Liquidation Board Meeting and High Power Committee meeting.
- (vii) The State Governments have been requested to amend their respective land revenue Acts so that dues of BSNL can be recovered as land revenue arrears.
- (viii) Heads of Circles have been authorized to appoint Private Recovery Agents on commission basis to assist BSNL in recovery of outstanding dues.
- (ix) Discount scheme for clearance of old outstanding was launched.
- (x) Procedure for settlement of defaulter cases through Lok Adalats has been introduced.
- (xi) Incentive scheme to employees of BSNL has been introduced for recovery of outstanding dues from defaulters.

158. On being asked to cite the effectiveness of the measures taken in recovering the outstanding revenue arrears, it was replied that by implementation of very effective schemes for realisation of outstanding arrears and with close monitoring of the progress in this regard, the outstanding as on 31.03.2007 has been reduced during the year 2007-08 as indicated below:—

(Amount in Crore of Rs.)				
Particulars	O/s as on 31.3.07	O/s as on 31.12.07 for bills issued up to 31.3.07	O/s amount realized within 10 months (i.e. up to 31.12.07)	% reduction as on 31.12.07 for O/s up to 31.3.07
Basic Services Including WLL & ISND	4542.78	3494.61	1048.16	23.07

(Amount in Crore of Rs.)

Particulars	O/s as on 31.3.07	O/s as on 31.1.08 for bills issued up to 31.3.07	O/s amount realized within 10 months (i.e. up to 31.1.08)	% reduction as on 31.1.08 for O/s up to 31.3.07
CMTS-Postpaid	620.52	523.61	96.91	15.62

159. In evidence, responding to a query of the Committee regarding huge amount of outstanding arrears and the DoTs responsibility towards it, the Secretary, DoT submitted:—

“This is a permanent item in our Board meetings. This is an important matter to be considered.”

V. Surrender of BSNL Telephones

160. Regarding surrender of BSNL's Wired Line, WLL and mobile telephones during the years 2006-2007 and 2007-2008 (upto 29 February, 2008), the following information was furnished to the Committee:—

Circle-wise Disconnection including surrender of Wired Line, WLL & Mobile

Sl. No.	Name of Circles/ Metro Districts	2006-07			2007-08 (up to 29.02.2008)		
		Wired Line	WLL	CMTS	Wired Line	WLL	CMTS
1	2	3	4	5	6	7	8
1.	A & N	15,129	849	251	8,257	262	2,166
2.	Andhra Pradesh	603,006	38,863	297,145	581,867	53,101	180,903
3.	Assam	41,005	3,614	11,622	84,848	6,772	168,152
4.	Bihar	121,993	11,949	0	48,426	10,099	22,832
5.	Chhattisgarh	28,889	6,362	5,635	28,729	12,647	2,630
6.	Gujarat	377,432	29,590	215,574	355,757	35,707	228,767
7.	Haryana	148,685	23,769	197,230	132,123	26,308	317,546
8.	Himachal Pradesh	37,877	5,817	69,146	51,597	6,929	96,448

1	2	3	4	5	6	7	8
9.	J & K	20,505	4,809	58,866	49,731	6,877	19,875
10.	Jharkhand	44,872	1,474	2,270	20,400	2,863	32,508
11.	Karnataka	381,174	39,586	332,740	402,838	55,142	379,232
12.	Kerala	155,608	39,561	91,091	174,363	45,908	187,138
13.	Madhya Pradesh	140,512	61,796	52,274	161,489	63,476	20,632
14.	Maharashtra	448,298	49,810	390,302	542,825	96,566	521,764
15.	NE-I	18,229	914	3,500	8,966	833	15,766
16.	NE-II	9,389	105	0	28,630	2,611	15,763
17.	Orissa	57,586	27,569	45,007	35,551	8,342	19,772
18.	Punjab	326,956	38,744	18,225	230,493	28,919	18,431
19.	Rajasthan	173,114	51,891	304,288	153,470	48,064	604,840
20.	Tamil Nadu	395,834	81,730	0	442,210	94,620	380,589
21.	Uttanchal	35,076	7,575	25,361	31,076	8,568	20,146
22.	UP(E)	176,656	26,960	40,869	121,973	20,432	15,935
23.	UP(W)	175,687	16,543	291,560	126,689	15,536	453,872
24.	W. Bengal	99,966	0	0	119,884	24,074	37,800
25.	Kolkata	101,099	6,244	159,478	104,185	7,080	163,365
26.	Chennai	122,867	7,743	229,875	99,582	3,904	228,365
□	Total	4,257,444	583,867	2,842,309	4,145,959	685,640	4,155,237

161. Observing such large scale surrender of BSNL telephones including mobile phones, the Committee asked whether the Company had carried out any study/survey to find out the reasons for such surrender/disconnection. In reply it was stated that a study was conducted by BSNL to ascertain the reasons for surrender of phones through an outside agency M/s International Data Corporation in the year 2003-04. The study was conducted in 45 cities spread across Andhra Pradesh, Chennai, Tamil Nadu, Gujarat, Maharashtra, Madhya Pradesh, Punjab, Rajasthan, Kolkata, Bihar, Jharkhand and UP (East). The main findings of the study were stated to be as under:—

- (i) Out of total no. of surveyed sample ex-subscribers, 20% were defaulters on BSNL dues.

- (ii) Majority of ex-subscribers was long standing customers availing BSNL service for over 5 years.
- (iii) 25% of the surveyed customers perceived that the monthly rent is high.
- (iv) 21% respondents cited dissatisfaction with BSNL services like fault repair etc.
- (v) 55% of the surveyed ex-subscribers do not own any telephone as on date.
- (vi) 18% of the surveyed ex-subscribers still have the BSNL connection (had more than one connection before surrender) and only 9% have availed private operator service after surrender/disconnection of BSNL Fixed Phone.
- (vii) 18% of the surveyed ex-subscribers switched over to GSM Mobile Service.
- (viii) Out of the total surveyed ex-subscribers, only 20% were business users who surrendered only 1-2 landlines out of many they own today.

VI. Quality of Service

162. Asked to categorically indicate the measures taken by BSNL to improve the quality of service in all segments of services to check large scale surrender of connections, retain the customer base and allure new ones, it was replied that the following measures were taken in that direction:—

Wired telephone and WLL

- Creation of pole less net work to reduce fault rate.
- Replacement of under ground paper core cables.
- Providing up to 3 WLL BTSs per SDCA to improve the WLL coverage in SDCAs.
- IS95 based CDMA network are being upgraded/ replaced by at least CDMA 2000 1x WLL network.
- Many Value Added Services like high speed Internet, SMS etc. are being provided to WLL customers.
- Conversion of SBM (Single Base Module) into RSUs (Remote Switching Units) and C-DOT 256 Port exchanges into AN-RAXs (Access Network-Rural Automatic Exchanges).

- Battery charger of FWT to operate in the voltage range of 90~300V.
- Do's and Don'ts have been issued to customers to increase their awareness on proper use of FWTs so as to minimize FWT related faults.

Cellular Mobile Services

- Expansion of Network: BSNL is expanding its GSM network to overcome the network congestion caused due to ever growing demand and traffic.
- Drive test: The network optimization through the exercise of Drive test has been intensified. This would improve the QoS.
- Load Balancing: Re-parenting of BSCs/BTSs is being reviewed and implemented.
- Congestion relief mechanism: Network optimization by using congestion relief mechanism in the BTSs having un-equal traffic among three sectors is being carried out.
- Monitoring of the network: Review of network congestion and corrective & possible preventive measures have been intensified.

163. The Committee then desired to know the innovative marketing strategy adopted by BSNL to augment their customer base *vis-a-vis* the Private players.

164. In reply it was stated that the marketing strategy of BSNL is to provide reliable, affordable, transparent and state-of-the-art telecom services to customers, both technically as well as in customer care, especially in the rural and remote areas of the country. The trust of a Government owned set-up coupled with the high quality services was stated to be the USP of BSNL.

165. BSNL has taken several steps to communicate effectively, through various media like Electronic, Press, Digital, Out of Home (OOH), Door to Door Campaign, Road shows, Customer meets, etc.

166. Many customer friendly steps as indicated below were reportedly taken by BSNL.

- Behaviour and Attitude training to all BSNL Employees.

- Establishment of full fledged Marketing/Business Development unit in all Circles.
- Appointment of renowned Advertising agencies for marketing all the services of BSNL, Brand-building, and fighting competition in corporate office as well as in circles.
- Empowering the Operational Units of BSNL: All the State circles to take decision for matching tariff with that of the competitors in their area.
- All the Telecom District take decisions in relation to marketing activities in their area.
- Ample budget allocation to all units with authority to all District Heads for spending the funds for their activities.
- A comprehensive policy has been made to create a sales network.
- BSNL has also attempted a high profile Brand Ambassador.
- Large numbers of Customer Service Centres (CSC's) have been opened, particularly in SDCA's.
- Very aggressive Marketing has been done for Mobile as well as Broadband. All our capacities are fully sold out.

167. The Committee were informed that as a result of such efforts, BSNL has won several awards even in this competitive environment. The latest one was given by AWAAZ Consumer Award 2007. As per the latest survey done by them, BSNL happened to be the most preferred Landline as well as the Broadband service provider for the consumers.

XVIII. Mahanagar Telephone Nigam Limited (MTNL)

168. Mahanagar Telephone Nigam Limited (MTNL) was incorporated on Feb. 28, 1986 under the Companies Act as a wholly owned Government Company and on April, 01 1986, assumed responsibility for the control, management, operation of the telecommunications Networks in Delhi & Mumbai. MTNL is the principal provider of fixed-line telecommunication service in these two Metropolitan Cities of Delhi and Mumbai and the jurisdiction of Company comprises the city of Delhi and the areas falling under the Mumbai Municipal Corporation, New Mumbai Corporation and Thane Municipal Corporation. MTNL under a license issued on Feb. 2001 is also providing GSM based cellular services in both the metropolitan cities of Delhi (including the cities of Gurgaon, Faridabad, Ghaziabad

and Noida) and Mumbai (including Kalyan as well). A Joint Venture Company named United Telecom Ltd. (UTL) has been set up by MTNL, VSNL and TCIL along with Nepal Venture Pvt. Ltd. (NVPL) to provide CDMA based basic services in Nepal. UTL also has licence to operate NLD & ILD services. In the international arena, a wholly owned subsidiary under the name of Mahanagar Telephone Mauritius Ltd. (MTML) has been providing services in Mauritius. MTNL has also formed a Joint Venture with Software Technology Parks of India (STPI) under the Department of Information Technology, with authorized capital of Rs. 50 crores. Millennium Telecom Limited (MTL) a joint venture company of MTNL & BSNL with 51% & 49% equity participation respectively is planning to lay its own submarine cable system from both East & West of the country to East & Middle East with an aim for onward connectivity to Europe and North America through existing & newly planned submarine cable *via* both East & West routes. MTNL launched Broadband service based on the state-of-the-art ADSL2+ technology.

(i) Financial Targets and Achievements

169. It was observed from a statement furnished to the Committee that out of the Tenth Plan Outlay of Rs. 11,955.46 crore, the actual expenditure incurred by MTNL during the entire Plan period was Rs. 4302.27 crore only. The total Outlay in the Eleventh Plan has been projected at Rs. 8576.31 crore. It has also been observed that during the first year of the Eleventh Plan period *i.e.* 2007-2008, the actual expenditure as on 31 December, 2007 has been Rs. 649.59 crore only against a RE of Rs. 2042 crore. The 2008-2009 fiscal provides for an outlay of Rs. 2430.97 crore.

170. In the above context, the Committee asked whether MTNL would be able to utilise approximately Rs. 1400 crore in the last quarter of the 2007-2008 financial year. In reply, it was stated that due to non supply of equipment/completion of installation in time by one of the vendors for major projects planned for execution in the year 2007-08 and some delay in overseas acquisition, MTNL might not be able to utilize all the funds as planned in the RE for 2007-08. For some of the equipment /projects which have been put in commercial use, some payments were pending due to non-clearance of some minor issues.

171. Asked to state the lessons learnt by MTNL from its dismal performance in utilising the approved outlay of the Tenth Plan period and corrective measures taken during the Eleventh Plan period, it was replied that the projections of MTNL during the Tenth Five Year Plan,

were ambitious and perspective in nature. Due to fierce competition in the telecom sector, the 10th plan projections were reworked a number of times. In the telecom sector where the technology was changing very fast and becoming obsolete, it was very difficult for the Company to forecast the requirements very well in advance and some changes in the plan were inevitable. MTNL has drafted the Eleventh Five Year Plan taking into consideration the experience it had gained during the 10th plan period on the various factors which resulted in lower expenditure in the 10th plan period. MTNL expected that it shall be able to optimally utilize Rs 8567.31 crore proposed for meeting the targets of the Eleventh Five Year Plan. Although due care has been taken by MTNL in drafting the Eleventh Five Year Plan, mid term corrections seemed inevitable due to the fast changing telecom scenario.

(ii) *Physical Targets and Achievements*

172. As regards the percentage achievement of Tenth Plan physical targets by MTNL, the following statement was furnished to the Committee:—

Name of Scheme	% age achievement
Net new connections including WLL and Cellular connections (in lakh)	56.29
TAX/Tandem Capacity	37.50
DLC (No.s)	34.48
Optical Fibre Cables	55.97
PCUT Cable replacement	50.17

173. Asked to state the reasons for non-achievement of physical targets in all the Schemes during the Tenth Plan period, it was replied that MTNL had exceeded the target for Net Switching Capacity and despite less expenditure, the Company had met nearly all the targets. Reasons for the shortfalls in other schemes were stated to be as follows:—

- New Connection:—There is a minor shortfall in the case of new telephones connections since there is a general decline in the demand for fixed line telephone and there is a tendency to shift to cellular mobile service. However, fixed lines telephones are available “on demand” in MTNL.
- DLC: The consolidated targets of DSLAM/DLC which were later introduced in the plan targets instead of DLC have

been achieved. Approx. 5 lakhs ports of Broadband were added by adding 934 DSLAMs. The broadband service of MTNL has been very successful and therefore it was decided to install more DSLAMs than DLCs.

- OFC: The annual targets were kept lower in later years keeping in view the requirement. It may be stated that in spite of the large Broadband deployment, there has been no shortage of fibre in the network.
- PCUT Cable Replacement: A total of 58.3 LCKM of PCUT cables was planned for replacement in the 10th plan out of which 29.6 LCKM and 28.7 LCKM were targeted to be replaced in 2002-03 & 2003-04 respectively. The requirement of PCUT cables were linked with the installation of new RSUs which in turn was linked with demand for fixed lines. As there was no demand for fixed lines, the replacement of PCUT cable was done as per requirement. These dynamic adjustments, taking market realities into account were done in the best interest of MTNL under the prescribed Annual Plan procedure.

174. The 2007-2008 BE and RE Physical Targets for MTNL and achievement made thereon as on 29 February, 2008 were stated to be as follows:—

Sl. No.	Items	BE (07-08)	RE (07-08)	Achievement as on 29.2.2008
1.	Net Switching Capacity including capacity for WLL (CDMA) & GSM	2000K	9,50,000	8.6K
2.	DLCs/DSLAM/FTTH & Metro Ethernet Ports	1250K	500K	567.224K (status)
3.	Net new connections including WLL & Cellular connections	1160K	700K	424.343K

175. Asked to explain the reasons for downward revision of 2007-2008 targets at the RE stage as well as shortfalls in achievement, it was replied that the main reasons for the revision of targets and shortfalls were as under:—

- Inability of ITI to install 750K GSM equipment in Mumbai. Although PO for 750K GSM for Mumbai was placed on ITI long before, but ITI could not install the equipment on time.

- (ii) Inability of ITI to supply 300K BB equipment in Mumbai. Although PO for 300K BB in Mumbai was placed on ITI it could supply only 42.7K equipment and expressed its inability to supply the remaining equipment.
- (iii) The laying of Optical Fibre and PIJF cable depends upon a number of factors like permission for digging by the local authorities. This problem is more acute in Delhi where Commonwealth Games are proposed to be held in 2010 and getting permission for digging is difficult. However, MTNL expects to overcome the shortfall in the targets in the year 2008-09.

176. As regards measures contemplated to optimally achieve the physical targets during the Eleventh Plan Period, it was stated that MTNL was trying its best to meet the challenges it is facing due to stiff competition and legacy of a large number of untrained man power, its late entry in the GSM market etc. which was eating into all its profits and progress. MTNL has drafted the Eleventh Five Year Plan taking into consideration the experience it had gained during the Tenth Plan period on the various factors which resulted in lower expenditure in the Tenth Plan period. MTNL was concentrating on GSM and Broadband services and has introduced a number of valued added services on the platforms such as IPTV, VOIP providing cheap alternative of international calls, Colored Ring Back tone, Mobile TV, Mobile commerce, etc.

(iii) Outstanding Arrears of Telephone Bills

177. Regarding the outstanding arrears telephone bills of MTNL including cellular services as on 29 February, 2008, the following statement was furnished to the Committee:—

Outstanding arrears of MTNL including Cellular Services

(Amount in Rs. crore)				
Unit	Services	31.03.2006	31.3.2007	29.2.2008
1	2	3	4	5
Delhi	Basic	690.33	634.44	612.83
	CDMA	67.55	67.35	65.71
	GSM	75.31	80.90	88.05
	Total	833.19	782.68	766.59

1	2	3	4	5
Mumbai	Basic	362.92	335.36	322.68
	CDMA	14.61	24.08	25.02
	GSM	61.96	76.31	89.69
	Total	439.49	435.75	437.39
MTNL	Basic	1053.25	969.79	935.51
	CDMA	82.16	91.43	90.72
	GSM	137.27	157.21	177.74
	Total	1272.68	1218.43	1203.98

178. As would be seen from the above statement, as on 29 February, 2008, an amount of Rs. 1203.98 crore was pending recovery from the defaulting subscribers of MTNL. The break up of the outstanding arrears was Rs. 935.51 crore towards basic services, Rs. 90.72 crore towards CDMA services and Rs. 177.74 crore towards GSM services.

179. Asked to state the measures initiated by the Company to recover the outstanding dues, it was stated that the following measures were taken in that direction:—

- (i) Strong monitoring of outstanding dues at the corporate level and at the units Head Quarter level as well as in the areas. High targets were set and the units were constantly placed on their toes to achieve them.
- (ii) In respect of old outstanding dues relating to period up to 31.03.2005 separate target was set. Private recovery agents were also employed for making recoveries.
- (iii) A Revenue Assurance program has also been implemented in MTNL wherein efforts are being made to ensure that maximum Revenue Billing and Revenue Realization takes place to further reduce the outstanding dues.
- (iv) Convergent Billing System is being introduced for achieving further control on realization of outstanding.
- (v) Automated telephonic reminders to subscribers who default in making payments of their bills.

- (vi) Further action of disconnection of the telephone including disconnection of other working connection of the subscribers is also initiated in case payment is not received.
- (vii) Legal notices are therefore served to those subscribers who despite the reminders fail to make the payments of the telephone bills.
- (viii) In the events of the above efforts not yielding results, recovery suits are filed in the court of law wherever possible.

180. The Committee desired to know the effectiveness of the measures initiated by MTNL to recover the outstanding dues. In reply it was stated that MTNL was rigorously pursuing the realisation of its outstanding dues as evident from the fact that the total outstanding was steadily reducing.

(iv) Surrender of Telephones

181. The gross and net fixed line connections in Delhi & Mumbai separately during the years 2005-06, 2006-07 & 2007-08 has been as under:—

	Delhi	Mumbai
2005-06		
Gross connections	165584	199063
Net connections	(-) 98190	(-) 99542
2006-07		
Gross connections	164807	226230
Net connections	(-) 23823	(-) 52275
2007-08 (as on 31.01.08)		
Gross connections	114257	167665
Net connections	(-) 22086	(-) 69114

182. It was further stated that MTNL had been adding new fixed line connections continuously. However, the net fixed lines had seen negative growth due to surrender and disconnection for non-payment etc. With the launch of new services like Broadband, IPTV (Internet Protocol Television) and VOIP (Voice over Internet Protocol), MTNL hoped to arrest this decline further.

183. Asked to state the reasons for such large scale surrender/disconnection of MTNL fixed line connections, it was replied that the main reasons for the negative growth of fixed line phones were as follows:—

- a. Closure of office/company
- b. Shifting of office/company/residence
- c. Poaching of MTNL subscribers by competitors
- d. Additional telephone connection
- e. Closure due to non-payment of telephone bills
- f. Economic reasons
- g. Shifted to mobile phones

184. Regarding measures taken to sustain the landline customers, it was stated that the following measures were taken in that direction:—

- a. Competitive and innovative tariffs.
- b. Increase in penetration of broadband on ADSL2+ technology and offering triple play services (voice, data, IPTV) on copper pair there by making fixed line services more attractive.
- c. Bringing Delhi and Mumbai under 95 dialing facility (local call).
- d. In addition to above, MTNL is also exploring provisioning of various new value added services like CRBT on fixed lines.

185. The Committee then desired to know whether there were any surrender of mobile connections also. In reply, it was stated that surrender of fixed and mobile connections was an ongoing process and surrenders were taking place in cellular phones also. It was further stated that the number of new connections over shadowed the surrender resulting in a positive growth in cellular subscribers.

186. Asked to indicate the exact number of cellular connections surrendered during the last three years, the following data was furnished:—

	Delhi	Mumbai
	1	2
2005-06		
Gross connections	590629	578570
Net connections	468235	500442

	1	2
2006-07		
Gross connections	522396	539716
Net connections	395803	422839
2007-08 (as on 31.01.08)		
Gross connections	418726	246389
Net connections	88684	208486

(v) *Quality of Services*

187. The Committee desired to know the specific measures taken by MTNL in providing quality telephone services to its customers in fixed line, WLL, Cellular, Broadband and Internet services. In reply, it was stated that MTNL had taken a lot of steps with following details to maintain its customer base as well as to improve telecommunication services in its service area:—

- (i) Improving the legacy PSTN Network by change of cables, drop wire etc. as required.
- (ii) All exchanges have been made Digital to improve service quality.
- (iii) Rehabilitation of outdoor n/w is being done on continuous basis to reduce fault rate and MTTR.
- (iv) New RSUs/DLCs are being provided to reduce faults.
- (v) MTNL has planned to expand Cellular Mobile Network by one million each in Delhi & Mumbai in 2007-08. Purchase Order has already been placed for 750K lines each for Delhi & Mumbai. Network is in advanced stage of commissioning in Delhi & likely by March 2008. 3G network of 500K is planned in 2008-09.
- (vi) Nearly 300 BTS each in Delhi/Mumbai is being installed which will further improve coverage and capacity.
- (vii) MTNL plans to commission Convergent billing & CRM in current year. This system provides one bill for all services to a subscriber. The system will also address customer request of services, tariff, complaint resolution etc.

- (viii) MTNL is providing a lot of Value Added Services for both PSTN & Mobile subscribers like news, songs, astrology, e-ticketing, SMS, Voice SMS, Internet, Broadband, IPTV etc in line with the emerging trends.
- (ix) New tariff plans both in landline and CDMA based PCOs are launched to retain PCO holders and attract new PCO franchisees.
- (x) MTNL is also taking care of its customers by opening Sanchar Haat, customer service centre, appointment of Dealers & Agent & special care of Corporate Customers.
- (xi) MTNL is reviewing its tariff for various products and services so as to make them customer friendly and to suit various segments of the society.
- (xii) MTNL has recently launched VOIP Services to provide ISD calls at lower tariffs. Nearly 2500 no. of customers have already subscribed to the services.
- (xiii) MTNL has introduced Broadband Services *w.e.f.* 14.01.05 which has been a great success in the country. Nearly 6 lakh broadband connections are working in MTNL. MTNL plans to add 1.6 lakh lines of broadband in Delhi & 1 lakh lines of broadband in Mumbai in current year to meet the growing demand. MTNL plans to expand the Broadband n/w by another 5 lakh line each.
- (xiv) MTNL has launched IPTV Services in both Delhi and Mumbai. It will help stop the churn of landline subscribers & provide enhanced video services to the customers.
- (xv) MTNL has planned to introduce new technologies like 3G and NGN, Wi-Max to provide Modern Telecom Service at competitive rates in 2008-09. Purchase Order has already been placed for NGN equipment.

188. Asked to spell out innovative marketing strategy adopted by MTNL, it was replied that MTNL was taking the following measures as a part of innovative marketing strategy:—

- (i) Keeping tariffs lower than those of competitors;
- (ii) Highlighting transparency (in customer billing);
- (iii) Offering calls between Delhi and Mumbai as local calls;
- (iv) Implementation of a host of new value added services on fixed and mobile service;

- (v) Offering various combo packages at attractive prices to increase popularity of various products of MTNL;
- (vi) Offer free services as add on to existing service e.g. a second free landline to add on to existing landline; and
- (vii) Creative and innovative advertisements in print/electronic media.

189. The Committee were apprised that the strategy has been quite successful in Mobile and Broadband segment as Mobile and Broadband services of MTNL have grown rapidly in the last 3 years.

XIX. Indian Telephone Industries Limited (ITI)

190. ITI Limited was established in July 1948 as a Departmental Undertaking of the Government of India and was converted into a Company in January 1950. It is the first Public Sector Undertaking to be set up by the Government of India. The Authorized and Paid up Share Capital of the Company is Rs. 700 Crores and Rs. 588 Crore respectively as on 31-03-2005. The Registered and Corporate Office of the Company is situated at Bangalore. The Company has grown into country's largest telecom company with state-of-the-art manufacturing facilities spread across six manufacturing units located at Bangalore, Naini, Rae Bareli, Srinagar, Palakkad & Mankapur. In addition Network Systems Unit with headquarters at Bangalore provides value-added services like Radio Paging, VSAT, etc. and there are 10 Regional Offices. It offers a complete range of telecom products covering the whole spectrum of Switching, Transmission, and Access and Subscriber Premises equipment. In tune with the technology trend, it has embarked on the manufacture of GSM and CDMA infrastructure equipment. ITI's strength lies in the strategic area of communications for Defence and the same has been epitomized by the prestigious ASCON project. By deploying its vast telecom expertise and infrastructure, the Company is consolidating its diversification into IT and IT – enabled services, acquiring keen competitive edge in the convergence market. Major Customers of ITI products are BSNL and MTNL. ITI is also supplying Telecom Products to Railways, Defence and Corporate Sectors. ITI is also making all out efforts to become a key player in the global market and continue its exports efforts in Afghanistan, Africa and SAARC countries.

191. It was observed from a statement furnished to the Committee that the Eleventh Plan proposed outlay for ITI has been Rs. 350 crore out of which Rs. 135 crore has been proposed for the first year *i.e.*

2007-2008 of the Plan period with the full amount termed as budgetary grant.

192. In the above context, the Committee asked whether the Company would be in a position to internally generate the requisite funds in case the Government did not agree to provide Rs. 135 crore as budgetary support during the year 2007-2008. In reply, it was stated that Rs. 135 crore was requested as budgetary support for ITI during 2007-08. However, Planning Commission allocated only Rs. 1 crore. In the absence of receipts of grant of Rs. 135 crores as budgetary support, the implementation of at least 18 projects/schemes would be affected to some extent. The major projects which would be affected included GSM 3G, NGN, ADSL-DSLAM, WiMAX-CPE, SIM/SMART Cards, Defence Production.

193. The Committee were informed that under the year 2007-2008 RE provisions, an amount of Rs. 377 has been written off towards loans to ITI Limited. No provision whatsoever has been made in the 2008-2009 BE for ITI. In this context, the Committee desired to know the extent to which the write-off Rs. 377 crore had eased the financial constraints of the Company and whether any such more waivers were in the offing. In reply, it was stated that loan write-off of Rs. 377 crore was towards clearing off statutory and other dues relating to the employees of ITI. The financial liability to the Company has reduced to the extent of loan write-off. The Revival Plan of ITI was under consideration of the Government.

194. The Committee then specifically desired to know whether ITI had been able to timely honour the Order placement under DoT's reservation quota for the Company. In reply, it was stated that DoT had stipulated a Reservation quota of 25% to 30% of the telecom equipment requirement of BSNL/MTNL to be procured from ITI. ITI has been generally complying with the terms and conditions of Reservation Quota orders as well as Tender Quota orders. However, there have been instances when the Company has not been able to execute the orders and this has affected the roll out plans of the two PSUs.

195. Asked to state the measures taken by the Company to execute all the orders in time to avoid adverse effect on the roll out plan of BSNL & MTNL, it was replied that ITI had been putting its best efforts to ensure that the delivery schedules as stipulated in various orders from BSNL/MTNL were adhered to and supply of equipment were made in time. Periodical Review Meetings were also held between

ITI and BSNL/MTNL under the guidance of DoT for appraisal of the progress and for monitoring the Supplies and Installation/Commissioning of such Telecom equipment.

196. The Committee then queried about the measures taken by ITI to upgrade its existing infrastructure as well as diversify the product range to cater to the fast changing telecom scenario. In reply, it was stated that ITI proposed induction of major collaboration projects like GSM 3G, NGN, GPON, MLLN, ADSL, WiMAX, IFWT, SDH etc.. ITI also has plans for diversification into the following areas:—

- Electronic Warfare & tactical communication services.
- Terrestrial Trunk Radio Network (TETRA) for Defence, Railways, BSNL, Police etc.
- Contract Manufacturing Services, MMS & EMS.
- Managing Services for BSNL/MTNL on revenue sharing basis.
- Customer Premises Equipment for ADSL, WiMAX, CLI Phones, GSM-FCT, GSM Handset.
- IT Sector.
- Clearing house for function Mobile/Landline No. portability.
- Banking Sector, SMPS Solar Panels, Fuel Cells etc.

197. It was further stated that ITI's endeavours have been to constantly identify suitable technology partners in the above areas for implementing respective projects, so that business opportunities in these areas could be addressed effectively. During 2007-08, ITI has entered into technology alliance for new products like GPON, NGN (IP-TAX) and Broadband CorDect (EDWAS). ITI has also won a tender for Rs. 104 crore of Maharashtra Government for implementation of SWAN (State Wide Area Networks) in IT Sector. ITI was further looking to modernize its manufacturing infrastructure base for value added contract manufacturing on competitive basis.

PART II

RECOMMENDATIONS/OBSERVATIONS

I. Allocation and Utilisation

(i) DoT Budget

1. The Department of Telecommunications (DoT) which form a part of the Ministry of Communications and Information Technology remain responsible for policy formulation, licencing, wireless spectrum management, Universal Service Obligation and the administration of the various Acts pertaining to Telecommunications. The plan of Telecom expansion by the Department is mainly carried out through their Public Sector Undertakings (PSUs) *i.e.* Bharat Sanchar Nigam Limited (BSNL), Mahanagar Telephone Nigam Limited (MTNL), Indian Telephone Industries (ITI) and Telecommunication Consultant India Limited (TCIL). The Internal and Extra Budgetary Resources (IEBR) of the PSUs fund the development and expansion of telecommunication activities. The budgetary support is extended to certain specific activities and specified bodies under the Department. The Committee note that the total approved Budget for the Telecom Services for the year 2008-09 is Rs. 6140 crore out of which Rs. 5939.25 crore is for the Revenue section *i.e.* Rs. 5765 crore is towards Non-Plan expenditure and Rs. 174.25 towards plan expenditure. The various points arising out of the examination of the Demands for Grants for the year 2008-09 of the Department of Telecommunications are dealt with in the succeeding paragraphs.

(ii) Tenth Plan Outlay and Utilisation

2. The Committee note that during the Tenth Plan Period the Department of Telecommunications proposed an outlay of Rs. 90003.16 crore, however a sum of Rs. 76252.38 crore was allocated to them at the BE stages which was further reduced to Rs. 71346.98 crore at the RE stages. The Actual Expenditure during the entire Tenth Plan Period was Rs. 40959.06 crore. Such gross mismatches in the outlays and utilisation have been attributed to the rapidly changing technological scenario in the telecom sector, making long term planning difficult. During evidence the Secretary, DoT maintained that primarily, USO Fund, BSNL and MTNL are responsible for under utilisation of funds during the Tenth Plan

Period. According to the Department, a number of court cases, delays in tendering process, delays in procurement, technological changes and highly ambitious targets have largely contributed towards huge shortfalls in expenditure during the Tenth Plan Period. The Secretary, DoT has also submitted in evidence that once BSNL becomes a 'Navaratna', like MTNL, the performance of the PSU will greatly improve. The Committee are not at all convinced with the reasons advanced by the Department for such poor depiction of Tenth Plan proposals, approvals and utilisation, firstly because the DoT, as the administrative Department to oversee the functioning of their subordinate/attached offices and PSUs, should not skip responsibilities while such offices/PSUs underperform, as has happened throughout the Tenth Plan Period. Secondly, during the entire Tenth Plan period, there has been optimum disbursement of subsidies from the USO Fund, implying thereby absolutely no shortfalls. The Committee acknowledge the fact that in the rapidly changing telecom scenario it sometimes becomes difficult to adhere to the long term planning, but the extent of shortfalls that has been observed in the utilisation of funds during the Tenth Plan Period cannot be condoned under any circumstances. Similarly, setting ambitious targets in the competitive scenario should not be construed as one of the reasons for under utilisation of funds because that is the requirement of the day. In fact, autonomy and performance should be synergised. The Committee, therefore, recommend that adequate and effective measures should be taken to realise the targets fixed in view of the prevailing competitive environment so that the Five Year plan projections depict a much more realistic picture. The DoT, instead of passing on the onus to their PSUs, should ensure that the impediments that are being faced by the PSUs are timely overcome to facilitate their roll out plan during the Eleventh Plan Period.

(iii) Eleventh Plan Projections

3. The Committee note that the proposed outlay for the first year of the Eleventh Plan for the Telecom Sector including its PSUs was Rs. 26549.42 crore whereas the approved 2007-2008 BE was Rs. 25561.97 crore with a Budgetary support of Rs. 340 crore. In the 2007-2008 Revised Estimates, the Plan Outlay was reduced to Rs. 16388.97 crore with a Budgetary support of Rs. 250 crore. The actual expenditure as on 15 February, 2008 has been Rs. 5566 crore only. The Committee are informed that such drastic reduction and under utilisation of funds during the year 2007-2008 happened

because the physical and financial targets of the PSUs were revised consequent upon a mid plan review taking into consideration the prevailing market conditions. Here also, the Committee are not satisfied with the reasons advanced for the unrealistic projections and the gross under utilisation of the Plan outlay during the 2007-2008 fiscal. At the cost of sounding repetitive, the Committee acknowledge that the telecommunication sector is characterised by rapid technological innovations and cost reductions compelling the PSUs to rework and reframe their strategies all of a sudden. But in such a dynamic sector where competition is so intense, inability on the part of the telecom PSUs to foresee these compulsions is unacceptable to the Committee, more so when there has been under utilisation of funds year after year on the same plea. The Committee, therefore, impress upon the Department to ensure that the Telecom PSUs adhere to advance and prudent planning, foreseeing the possible technological innovations and market demands, so that the Tenth Plan experience does not resurface and from the year 2008-2009 onwards the utilisation of annual as well as Plan outlays becomes optimum.

(iv) Annual Plan (2008-2009)

4. The Committee note that out of the 2008-2009 Annual Plan outlay of Rs. 21434.60 crore, a budgetary provision of Rs. 375 crore has been approved by the Planning Commission for the Department to carry out *inter-alia* activities like setting up of Telecom Testing and Security Certification Centre, Technology Development and Investment Promotion, Undersea Cabling between mainland and Andaman and Nicobar Islands and replacement of some of the defence wireless networks between fixed locations, with optical fibre based network. In this context, the Committee find that the Department would consider the adequacy of the budgetary allocations after a mid term review and consequently additional funds would be projected at the 2008-2009 RE stage. The Committee fail to understand the logic for leaving enhancement of budgetary allocations to be considered at the RE stage when certain activities, as mentioned above, have already been earmarked to be accomplished in the Financial Year 2008-2009 itself. It implies that the Department are either not sure of the achievement of targets or the financial projections are unrealistic. Needless to say, as far as possible sufficient financial projections should be made at the BE stage itself

so that the possible uncertainties at the RE stage are avoided and projects/schemes earmarked for a particular fiscal are accomplished.

(v) Replacement of Defence Wireless Network

5. The Committee find that as per an agreement, DoT through BSNL, would help in the replacement of some of the Defence wireless networks between fixed locations with Optical Fibre Cable based network for coordination/vacation of spectrum by Defence. In this context, the Committee note that an alternative OFC based network for IAF (Indian Air force) is being undertaken for release of spectrum for mobile services. Out of the more than 160 sites identified for the purpose, 60 sites have been undertaken by BSNL for logistics/infrastructure and remaining sites are being undertaken by IAF. Out of BSNL's quota, work at 45 sites has already been completed and will be accepted by April, 2008. Work at remaining sites would be completed/accepted in phases by September & December 2008. The Committee are informed that the entire network would be completed by March, 2009. Taking into consideration the urgency for coordination/vacation of spectrum by Defence in favour of the telecom service providers for faster roll out of the existing services and introduction of 3G services, the Committee desire that the alternative OFC based network for the Indian Air Force is completed as per the time schedule by optimally utilising the 2008-2009 budgetary allocation of Rs. 170 crore earmarked for the purpose.

(vi) Outcome Budget (2008-2009)

6. The Committee are informed that in order to obviate the recurrence of under utilisation of funds and consequential shortfalls in achievement of physical targets, the telecom PSUs are taking a number of measures like providing state-of-the-art telecom services at affordable prices, improving its operations in the domestic markets and expanding data and entertainment based services. Further, keeping the above objectives in mind, they are preparing 'Outcome Budget' which according to them is a powerful tool for planning and monitoring optimal utilisation of funds and achievement of physical targets. The Committee do not subscribe to the views expressed by the Department that the 'Outcome Budget' has acted as a powerful tool for planning and monitoring of financial utilisation and physical targets in the recent past. In fact, the Committee's examination of the document revealed huge shortfalls in utilisation of financial outlay/allocation and achievement of physical targets. Evidently, the document has not been used as an

effective management tool to correct the mismatches. The Committee, therefore, impress upon the Department to thrive to achieve the objectives for which the 'Outcome Budget' was innovated three years ago so that the correlation between the outlays and the physical achievement of targets of a particular fiscal is suitably spelt out and corrective measures taken in the subsequent years to improve the performance.

II. Thrust Areas of the Department

(i) Network Expansion

7. Network expansion is one of the thrust areas of the Department of Telecommunications. In this context, the Committee find that the Department's network expansion envisages 250 million connections by December, 2007, 500 million by 2010 and 600 million by 2012. As on October, 2007, 273 million connections have already been provided, the break up being 234 million wireless connections and 39 million wireline connections. However, what concerns the Committee is that the share of public sector has declined to 27.60 per cent as on December, 2007 whereas the share of private sector has phenomenally increased to 72.40 per cent as on the same date. Such an increase on the part of the private service providers has been mainly in the wireless segment where BSNL and MTNL are lagging behind. The CMD, BSNL's statement that the Company has been losing around 8 per cent market share in a year is a matter of serious concern. The Committee, therefore, desire that the Public Sector Companies should focus on technological upgradation and innovative marketing strategies to appropriately cater to the customer requirements so that their network expansion catches up to the private operators', especially in the wireless segment in the coming years. Such efforts on the part of the telecom PSUs particularly BSNL, should compliment their social obligations of rural telephony.

(ii) Rural Telephony

8. Rural telephony is another thrust area of the Department of Telecommunications for which 200 million rural connectivity is projected by the year 2012. In this context, the Committee find that rural teledensity as on 31 January, 2008 was 8.68 per 100 people compared to 5.89 in 2006 and 0.29 in 1996. During the corresponding period, the urban teledensity has grown leaps and bounds and as on 31 January, 2008, it stood at 62.93 per 100 people. The overall teledensity stood at 24.63 per 100 people as on the same date. A rural teledensity target of 25 per 100 people has been fixed by the year 2012. The Committee feel that the growth in rural teledensity

has abysmally failed to keep pace with the growth in the urban teledensity, despite it being a thrust area of the Department. In other words, although the Department claim to have initiated a number of measures to increase the rural teledensity, yet the rural areas seem to remain still neglected. The Committee, therefore, recommend that additional prudent measures like opting for deployment of cost effective technologies in the rural areas should be taken to give a fillip to the rural telephony for achieving the rural teledensity target of 25 per 100 people by the year 2012.

9. The Committee find that out of the 6,73,31,303 rural wireless connections as on 31 December, 2007, the private sectors' share is 4,32,00,399 connections which is 64.2 per cent of the total rural wireless connections. Here the Committee would like to point out that as provision of wireline connections in rural areas is a costly proposition, the private operators have preferred to go in for wireless connections in these areas and they have already marched miles ahead of BSNL, especially after the Unified Access Services License (UASL) Regime came into vogue. The Committee would like BSNL also to suitably tap the rural market which has tremendous potential and explore providing wireless connections in such areas in a big way. The Committee feel that provision of wireless telephony in rural areas by BSNL has already been encouraged to a great extent by the Committee's recommendations in this regard in their Thirty-Fourth Report on Indian Telegraph (Amendment) Bill, 2006 and consequent amendment of the Indian Telegraph Act. The Committee are hopeful that if serious efforts are made in that direction, BSNL will surely succeed in its mission because of the goodwill and aspirations still reposed in it in the rural areas.

(iii) Broadband

10. Broadband is another thrust area of the Department pursuant to which the Broadband Policy was announced on 14 October, 2004 with a vision of providing 20 million broadband subscribers by the end of 2010. During the Eleventh Plan Period (2007-2012), there is a proposal of broadband coverage for all the Secondary and Higher Secondary Schools, Public Health Centres and Gram Panchayats. The Committee find that nation wide broadband services were launched by BSNL and MTNL *w.e.f.* 14 January, 2005 to cover atleast 200 towns in one year. As on date 600 towns have been covered with about 2 million connections out of which the share of BSNL & MTNL is 75 percent. As provision of broadband connections by wireline equipment is a costly proposition in rural and remote areas, BSNL

is putting wireless broadband connections in 1000 remotest blocks. In that direction the Department of Telecommunications are going for auction of 3G and Wi-Max technologies. Depending upon Wi-Max technology, BSNL has entrusted the work on a franchise basis in Andhra Pradesh, Gujarat and Maharashtra. The Committee recommend that BSNL and MTNL should thrive to provide adequate broadband connections as envisaged for the Eleventh Plan Period so that they maintain their lead *vis-a-vis* the private operators. Provision of broadband connections through wireless equipment in the rural and remote areas is a step in the right direction for its cost effectiveness, and the Committee desire that the momentum should be continued for coverage of all the Secondary and Higher Secondary Schools, Public Health Centres and Gram Panchayats, as envisaged. The Committee also desire that the experiment of providing broadband connections on franchise basis, as resorted to by BSNL in Andhra Pradesh, Gujarat and Maharashtra should also be gradually extended to other States, if found feasible.

III. Universal Service Obligation Fund

11. The Committee note that in the year 2007-2008 the BE provision for USO Fund was Rs. 1800 crore which was reduced to Rs. 1450 crore at the RE stage. As on January, 2008 the expenditure has been Rs. 615.31 crore only. The anticipated expenditure by the end of the 2007-2008 fiscal is Rs. 1280 crore. Shortfalls in disbursement of Rs. 170 crore during the Financial Year 2007-2008 have been *inter-alia* attributed to difficulty in acquisition of land for putting up of towers, the delay in procurement of DSPT equipment and reduction in the target of Rural Community Phones (RCPs). It may be recalled that the entire budgetary allocation of Rs. 5081.44 crore during the Tenth Plan Period towards USO activities was optimally utilised. The Committee are, therefore, highly concerned to observe the shortfalls in disbursement of USO Fund for the first time. The Committee feel that such under utilisation of USOF during the first year of the Eleventh Plan Period might have prompted the Planning Commission to reduce the 2008-2009 allocations by Rs. 900 crore *i.e.* allocation of Rs. 2000 crore against the USOF requirement of Rs. 2900 crore. The Committee apprehend that reduction of Rs. 900 crore in 2008-2009 fiscal would seriously affect the plans and projections under USOF in view of a number of new activities like new VPTs in the remaining villages as per the 2001 Census and Shared Infrastructure Mobile Services Scheme, provision of Mobile Services in Andaman & Nicobar Islands, Lakshadweep & Minicoy Islands and Leh & Ladakh, and broadband

connectivity in rural and remote areas that are proposed to be taken up during the financial year 2008-2009 in addition to the ongoing activities. The Committee, therefore, recommend that all effective measures should be taken to ensure that there is no shortfall in utilising the 2008-2009 BE allocations so that the requirements under the USOF are not reduced drastically in the coming years. In view of the USOF's impeccable track record during the Tenth Plan Period, the Committee desire that any additional requirement during the year 2008-2009 should be forcefully presented at the RE stage so that the disbursement of funds towards roll out of various programmes, particularly pertaining to rural and remote areas, do not get a setback.

12. The Committee note that the year-wise requirement of USO Fund during the Eleventh Plan Period has not yet been worked out on the plea that disbursement from the USO Fund is a 'non Plan' expenditure and the annual assessment is made taking into account the ongoing and proposed new activities. The Committee are not satisfied with the reasoning as the lack of advance planning in projecting the financial requirements during the Five Year Plan period, especially when ongoing and new activities have been finalised, may result in financial constraints for the USOF. The Committee, therefore, recommend that overall year-wise fiscal projections may be made for the Eleventh Plan Period to facilitate adequate disbursement of funds from the USOF towards the subsidised activities.

13. The Committee observe that although the pending claims of various service providers from the USOF have been brought down substantially, yet an amount of Rs. 47.7 crore was still pending settlement as on 27 March, 2008. The Committee desire that immediate measures should be taken to settle the pending amount so that the claimant service providers are not inconvenienced. The Committee also desire that the monitoring mechanism of the performance of the schemes subsidised under the USOF should be further intensified so that suitable deductions in the subsidy amount may be made in case the service providers do not conform to the terms and conditions of the Agreement.

14. The Committee note that resources for meeting the USO are generated through a Universal Service Levy (USL) which is at present 5 per cent of the Adjusted Gross Revenue (AGR) earned by all the operators except pure value added services like Internet, voice mail and e-mail. In this context, the Committee find that collection of USO Levy since its inception and upto January, 2008 is Rs. 19124 crore. In the year 2006-2007 Rs. 4211 crore was collected as USO

Levy and during the year 2007-2008 the anticipated collection is Rs. 5119 crore. The Committee impress upon the Department to ensure that the requirements of the USO Fund are adequately and timely met from the USL collections in view of the wide spectrum of activities undertaken/proposed, particularly pertaining to the rural and remote areas.

IV. Village Public Telephones

15. The Committee observe that nearly 5.42 lakh Village Public Telephones (VPTs) have been provided by BSNL before 2004-2005 and these VPTs are receiving support from USOF towards operation and maintenance. There are still 66,822 uncovered eligible villages, as per the 1991 Census, where VPTs are to be installed. Since 2004-2005 and as on 29 February, 2008 BSNL has been able to provide VPTs in 53,073 villages. During the period January-March, 2008 about 1500 VPTs are expected to be provided by BSNL. The target is to cover all the remaining villages by June, 2008. The Committee find that even if BSNL is able to provide 1500 VPTs in the uncovered villages during January-March, 2008, there would still be 12,249 villages where VPTs have to be provided by June, 2008. It is pertinent to mention here that as per a reconciled data based on 2001 Census, another 50,000 VPTs would be required to be provided in the uncovered villages. Out of that 10,000 villages are likely to be covered during the financial year 2008-2009. Taking all the above factors into account and also more importantly in view of the fact that BSNL is the only service provider entrusted with the responsibility of providing VPTs, the Committee recommend that adequate measures should be taken to accomplish the target of 12,249 VPTs by June, 2008 in the remaining uncovered villages, as per the 1991 Census. After successfully catering to the old targets, BSNL should gear itself up to provide VPTs in the newly identified 10,000 uncovered villages, as per the 2001 Census, during the 2008-2009 fiscal. The Department of Telecommunications on their part should extend all possible assistance to ensure that procedural impediments like delay in receipt of equipment and cumbersome tendering procedure do not come in the way of BSNL's roll out plan for VPTs.

V. Replacement of MARR based VPTs

16. The Committee observe that as per the original agreement 1, 86,872 VPTs based on the MARR system were to be replaced by BSNL by 30 June, 2005. The target was revised downward to 1,82,766 replacements and two extensions were granted to BSNL to replace such VPTs by 30 November, 2007. But as on December, 2007,

BSNL has been able to replace 1,32,579 MARR based VPTs. As is evident from the above data, BSNL is still left with the replacement of 50,187 MARR based VPTs even after getting two extensions. The Committee find that the States/Circles where a sizeable number of MARR VPTs are yet to be replaced include Meghalaya (487), Rajasthan (321), Mizoram (274), Manipur (239), Chattisgarh (196), Orissa (179) and Assam (157). Needless to say, the progress of replacement of MARR based VPTs is not up to the mark and the Committee, therefore, desire that with the help of penetration of GSM/CDMA network in rural and remote areas and timely procurement of DSPT equipment, BSNL should replace all the VPTs based on the fault prone MARR technology at a much faster rate.

VI. Provision of Rural Community Phones (RCPs)

17. The Committee note that as per an Agreement signed in September, 2004, BSNL and Reliance Communications Limited (RCL) had to provide 46,253 Rural Community Phones by 2007, the break up being 24,822 by BSNL and 21,431 by RCL. The target was subsequently revised to 43,409 RCPs. The Committee find that as on January, 2008, 38,137 RCPs have been provided by both the Companies, the achievement being 21,889 by BSNL and 16,248 by RCL. The Committee are informed that the remaining RCPs are likely to be provided by September, 2008. The Committee are not satisfied with the progress made in the achievement of targets in RCPs as even after downward revision of the target, the required number of RCPs could not be provided by the deadline *i.e.* November, 2007. The Committee, therefore, impress upon the Department to ensure that the remaining RCPs are provided by September, 2008 for the benefit of those villages where even one public telecom access facility does not exist.

VII. Provision of individual Rural Direct Exchange Lines (RDELs)

18. The Committee note that agreements were signed in March 2005 with BSNL, Reliance Communication Ltd., Tata Teleservices Ltd. and Tata Teleservices Ltd. (Maharashtra) for the installation of individual rural household Direct Exchange Lines (RDELs) in the country during the period from 1 April, 2005 to 31 March, 2007. As per the Agreements signed, these RDELs are to be provided on Land Lines or on Fixed Wireless Terminals in case of any wireless technology. These RDELs were to be installed in the eligible 1685 Short Distance Charging Areas (SDCAs) out of a total such 2647

SDCAs, where cost of providing telephone connection was more than the revenue earned. The contracted SDCAs amongst these companies were 1267, 203, 172 and 43 for BSNL, RCL, TTL and TTL (MH) respectively. About 25,64,577 RDELs have already been provided [BSNL (8,91,306), RCL (7,37,207), TTL (7,26,915) and TTL (MH) 2,09,149] under this scheme as on the deadline i.e. 31 March, 2007. The Committee find that as all the eligible 1685 SDCAs could not be covered by the prescribed time limit, the scheduled date for the installation of the required individual RDELs in the identified SDCAs has been extended upto 31 March, 2008. In view of the deplorable position of rural teledensity and its imperatives, the Committee recommend that the Department of Telecommunications should prevail upon the four Companies to cover all the eligible SDCAs through provision of individual Rural Direct Exchange Lines by the revised target date.

VIII. Shared Infrastructure Mobile Services Scheme

19. The Committee observe that 'shared Infrastructure Mobile Services Scheme' is a recent initiative taken by the USO Fund in two phases to provide subsidy support for setting up and managing infrastructure sites (towers) for provision of mobile services in the specified rural and remote areas, where there is no existing fixed wireless or mobile coverage. The infrastructure so created shall be shared by the three service providers for provision of mobile services including other Wireless Access Services like Wireless in Local Loop (WLL). In the first phase agreements were signed with successful bidders in May, 2007 to set up and manage 7871 infrastructure sites (towers) in 500 districts spread over 27 States. Mobile services through these shared towers are targeted to be made operational in a phased manner by May, 2008. Under the second phase of the Shared Infrastructure Mobile Services Scheme, the Department propose to cover other uncovered areas in the country through mobile services for which 11,000 additional towers have been identified out of which about 6,000 towers are likely to be set up in 2008-2009. In view of the constraints experienced by the service providers in extending wireline services to the rural and remote areas of the country, the Shared Infrastructure Mobile Services Scheme appears to be a novel scheme and the Committee, therefore, recommend that the infrastructure sites/towers should be set up as per the earmarked targets and made operational across the country to boost rural teledensity.

IX. Telecom Regulatory Authority of India (TRAI)

20. The Committee note that the Plan RE for Telecom Regulatory Authority of India during the year 2007-2008 was Rs. 8 crore whereas the actual expenditure up to 31 January, 2008 has been Rs. 2.92 crore only. Similarly, the 2007-2008 approved non-Plan RE for TRAI was Rs. 25.34 crore whereas the actual expenditure during the year (up to 31 January, 2008) has been Rs. 16.00 crore only. During the year 2008-2009 the Plan and non-Plan BE provisions for TRAI are Rs. 10 crore and Rs. 24.80 crore respectively. In this context, the Committee find that due to the delay in allotment of land by DDA, TRAI would be able to spend Rs. 2.92 crore only during the 2007-2008 fiscal against the Plan allocations of Rs. 8 crore. Similarly, there would be a shortfall of more than Rs. 5 crore on the non-plan side during 2007-2008. The Committee are informed that the Regulatory body is taking a number of measures to optimally utilise the 2008-2009 Plan and non-Plan allocations. The Committee trust that TRAI would be able to utilise the budgetary allocations to the optimum and consequently accomplish the important Consultancy Studies/imparting training to its officers to effectively deliver its regulatory functions commensurate with the fast changing telecom scenario.

X. Telecom Disputes Settlement and Appellate Tribunal (TDSAT)

21. The Committee observe that in 2007-2008 the Non-Plan BE amount of Rs. 4.85 crore for Telecom Disputes Settlement and Appellate Tribunal was enhanced to Rs. 5.50 crore at the RE stage whereas the actual expenditure (up to December, 2007) has been Rs. 1.76 crore only. Similarly, under the Plan Expenditure the 2007-2008 BE/RE provision was Rs. 1.25 crore whereas the expenditure has been Rs. 52 lakh only (up to December, 2007). The 2008-2009 Plan and non-Plan BE provides for an amount of Rs. 1 crore and Rs. 5 crore respectively. The Committee find that shortfalls in expenditure by TDSAT under both Plan and non-Plan head during the 2007-2008 fiscal are primarily due to some significant posts lying vacant in the Judicial body for a longer period. As reported to the Committee, two posts of member have been lying vacant since 2007. Consequentially, the posts of Director and Deputy Registrar which have been lying vacant since May, 2007 and January, 2008 respectively could not be filled up as the Departmental Promotion Committee could not be constituted in the absence of members in TDSAT. The Appellate Tribunal have expressed the opinion that they would be able to optimally utilise the Plan and non-Plan allocations of 2008-2009 provided the vacant posts are filled up. The Committee are

highly concerned at the state of affairs where vacancies in the Appellate Tribunal have adversely affected the overall functioning of the Body. They, therefore, impress upon the Department to take immediate measures for filling up the vacant positions in the TDSAT in order to enable it not only to optimally utilise the budgetary allocations but also to facilitate the Tribunal's decision making process in technical and complicated cases in the Telecom and Broadcasting Sectors. The Committee also hope that once the Tribunal is fully constituted, they would be able to settle all the pending cases which include 95 Petitions, 13 Appeals and 92 miscellaneous applications pertaining to spectrum allocation, license agreement, interconnection, tariff matters, etc.

XI. Telecom Engineering Centre (TEC)

22. The Committee note that the Plan allocation for TEC for the 2007-2008 BE was Rs. 20.25 crore which was reduced to Rs. 45 lakh at the RE stage. The Plan BE 2008-2009 provides for an amount of Rs. 10 crore which includes Rs. 1 crore earmarked for the North East Region. Drastic reduction of the 2007-2008 BE allocation at the RE stage has been attributed to non formulation of standards at the international level and non response from Industry on the Public Private Partnership (PPP) model upon which the Next Generation (NGN) labs are envisaged to be established by TEC. The Centre is, therefore, preparing a project estimate for approval of the Competent Authority to do away with the private investment during 2008-2009. The Committee feel that it is a step in the right direction for maximum utilisation of Rs. 10 crore as earmarked during the year 2008-2009 and they hope that TEC would be able to initiate the process of establishing the Next Generation labs covering the state-of-art technologies in the Telecom Sector and complete the project within the stipulated time of four years. The Committee also desire that a satellite based broadband network as contemplated for the North-East Region during 2008-2009 with an earmarked amount of Rs. 1 crore is successfully carried out by TEC.

23. The Committee observe that in some core activities TEC has failed to achieve the targets fixed during the year 2007-2008. For example, out of preparation of 37 new Generic Requirements/Interface Requirements, TEC has been able to complete only 12 such Requirements as on 31 December, 2007. Similar shortfalls have also been observed in Review of GRS/IRS, preparation of Test Schedule/ Test Procedure, etc. Reasons for such shortfalls have been stated to be global standards not being frozen and non fulfilment of the

training requirements of the TEC staff. In view of the important activities undertaken by the Engineering Centre towards enrichment of the Telecom Sector, the Committee recommend that the aforesaid obstacles are promptly dealt with by the Department so that TEC is able to achieve important activities during the year 2008-2009. Particular care should be taken towards the training needs of the officials of TEC in that direction.

XII. Wireless Planning & Coordination (WPC)

24. The Committee observe that the BE for WPC during 2007-2008 was Rs. 11.40 crore which was increased to Rs. 16.92 crore at the RE stage reportedly due to the estimate that Rs. 11.40 crore as allocated in the BE stage would not be sufficient to carry out the project National Radio Spectrum Management and Monitoring System (NRMMS). But the Committee are informed that the effective utilisation of the allocated funds by the end of the 2007-2008 fiscal would be Rs. 11 crore as the project would not be completed by March, 2008. The Committee feel that the Budget exercise carried out by the WPC is not up to the mark as is evident from the fact that there would be a shortfall of exactly the same amount which was enhanced at the RE stage *vis-a-vis* the 2007-2008 BE allocations. The Committee, therefore, impress upon the Department to resort to prudent planning so that the fiscal management process does not go awry at the end of the financial year. The Committee also desire that the NRMMS Project which has already got delayed be completed by WPC in 2008-2009 fiscal itself by optimally utilising the allocated amount.

XIII. Wireless Monitoring Organisation (WMO)

25. The Committee find that for WMO the BE 2007-2008 provided an amount of Rs. 15 crore, at the RE stage it was reduced to Rs. 6.38 crore. The BE 2008-2009 for WMO prescribes an amount of Rs. 15.90 crore, the break-up being Rs. 9.90 crore for the technical schemes and Rs. 6 crore for civil works. Such drastic reduction at the 2007-2008 RE stage has been attributed to the delay in creation of Project Implementation Unit (PIU) for implementation of technical schemes, difficulty and delay in procurement of land for Wireless Monitoring Stations at Dibrugarh, Bangalore, Hyderabad and Ranchi. For the same reasons, WMO has remained a non starter in some of the important schemes even after lapse of nine months of the 2007-2008 fiscal. Taking into consideration the fact that creation of PIU is an essential requirement for implementing the technical schemes

approved by the Planning Commission during the Eleventh Plan Period, the Committee recommend that the DoT should appropriately address the bottlenecks which have caused delay in the creation of such Unit so that WMO is able to fully utilise the 2008-2009 budgetary allocations. The Committee also desire that expeditious measures should be taken to overcome the difficulties for procurement of land at various places, as mentioned above, in order to enable WMO to set up Wireless Monitoring Terminals there besides accomplishing other important schemes.

XIV. Centre for Development of Telematics (C-DOT)

26. The Committee note that during the year 2007-2008, out of the budgetary allocations of Rs. 134.97 crore for C-DOT, the actual expenditure (anticipated) by the year end is Rs. 115 crore. The BE 2008-2009 provides for an amount of Rs. 195.63 crore (including GBS and IEBR). Reasons for the shortfalls of approximately Rs. 20 crore have been stated to be due to the fact that a number of new technology programmes which were proposed during 2007-2008 required a detailed feasibility study before the commencement of the actual R&D work. The Committee are unable to accept such reasoning as it is least expected from a Centre of excellence. Moreover, before embarking upon any new schemes, the feasibility study should have been completed much in advance. Now with the assurance that such studies would be completed during 2007-2008 fiscal itself, the Committee hope that the financial and physical targets would be met fully during the year 2008-09. The Committee are of the firm opinion that by resorting to strategic alliances and partnerships with some of the leading technology development and front end marketing organisations both in the public and private sectors besides taking other appropriate and timely measures, C-DOT would be able to meet the challenges arising out of the changed telecom scenario of the country including increased competition and accelerated pace of technology evolution. That would materialise only if C-DOT achieves its annual fiscal and physical targets consistently.

27. The Committee observe that against an internal revenue generation target of Rs. 153.17 crore during the Tenth Plan Period, C-DOT was able to generate Rs. 124.19 crore only. The shortfall in this regard is witnessed during each year of the Tenth Plan excepting 2003-2004, when the actual amount raised exceeded the targets. Such shortfalls on the part of C-DOT in internal revenue generation, despite its expertise and excellence in the Telecom Sector, do not convey a sound financial health of the Centre. The Committee, therefore, urge

upon C-DOT to take all effective measures to cater to the need of the fast developing telecom market so that it is able to internally generate Rs. 337.47 crore as earmarked for the Eleventh Plan Period.

XV. Bharat Sanchar Nigam Limited (BSNL)

(i) Financial Target and Achievement

28. The Committee are concerned to note that against a Tenth Plan financial target of Rs. 64,889 crore, BSNL was able to achieve Rs. 38,715 crore, with each year excepting the first year of the Plan Period, witnessing huge shortfalls. Not only that, during the first year of the Eleventh Plan Period, the BE outlay of Rs. 22,881 crore was reduced to Rs. 14,065 crore at the RE stage and the anticipated expenditure by the Company as on 31 March, 2008 is Rs. 6500 crore only. Such gross under utilisation of funds during the entire Tenth Plan Period and the first year of the Eleventh Plan Period has been attributed to ambitious and optimistic planning, delay in the procurement of equipment and material, reduction in prices, forward bidding in tenders, late placement of orders, sabotage of BSNL network by miscreants etc. In their earlier Reports, the Committee have repeatedly been emphasizing that procedural flaws as mentioned above should be dealt with by advanced planning and timely action in order to avoid sizeable shortfalls in expenditure. But it appears that the DoT/BSNL have paid least heed to the Committee's earlier recommendations for which the same bottlenecks still persist resulting in a dismal 59.66 per cent utilisation of the Tenth Plan outlay by BSNL. The Committee would once again like to impress upon both DoT and BSNL to ensure that such procedural flaws are removed to the maximum extent possible so that the outlay of Rs. 76,192 crore proposed in the Eleventh Plan in general and that of Rs. 18,591 were for the year 2008-2009 in particular are utilised to the optimum. The measures already taken by DoT/BSNL in this regard like changes in the procurement policy to avoid delay in receipt of equipment and periodical monitoring of the implementation of projects/schemes are steps in the right direction and should be persisted with for maximum utilisation of Plan outlays in view of the high stakes involved.

(ii) Physical Targets and Achievement

29. The Committee note that as on 31 December, 2007 the achievement of physical targets earmarked during 2007-2008 has been

poor on the part of BSNL in almost all the Schemes, except Optical Fibre Cable (OFC). For example, against the target of 99.75 lakh Direct Exchange Lines (DELs), the achievement has been 37.93 lakh DELs only. Similar shortfalls have also been observed in Broadband connections, Internet Connections and Trunk Automatic Exchanges (TAX) where the achievement percentage has been 45.43, 18.45 and 20.57 respectively. Surrender/disconnection of wired line telephone connections, delay in the supply of Fixed Wireless Terminals, delay in placement of orders due to court cases, shortage of equipped capacity of broadband in the network and delay in TAX project tender have been cited as reasons for shortfalls in the achievement of physical targets. The measures proposed for achievement of targets during the year 2008-2009 which *inter-alia* include quick financial concurrence and approval, faster tendering process and timely placement of orders should have been resorted to much earlier for optimum result. In the intense competitive environment in the Telecom Sector, the Committee feel that it is high time BSNL achieved the annual physical targets in the earmarked schemes/projects.

(iii) North-East Region and Tribal Sub-Plan (TSP) Areas

30. The Committee note that except in Arunachal Pradesh in NE-II Circle and Sikkim, the teledensity in all other States/Circles in the North East Region was in single digit and the overall teledensity of the North-East Region was 5.04 as on 31 December, 2007. Specific mention may be made of Assam, Tripura and Manipur where teledensity as on the same date was 3.79, 5.04 and 5.56 per 100 people respectively. As the North-East Region has consistently remained a neglected area in the provision of adequate telecom facilities, the Committee desire that nearly 7 lakh connections, proposed by BSNL in the North-East Region during the year 2008-2009, are provided without fail to give an impetus to teledensity there.

31. The Committee observe from the Annual Report of the Department of Telecommunications that a total number of 30,689 VPTs have been provided in the North-East Region as on 31 December, 2007. But from another statement furnished in the same Annual Report, it is observed that during the year 2007-2008 BSNL has been able to provide 30,721 VPTs in just nine months. When pointed out by the Committee that whether BSNL has actually been able to provide more VPTs in less than one year than what it has done in a number of years, the Department later on corrected themselves that the achievement of VPTs in the North-East Region

during 2007-2008 (upto 31 December, 2007) is actually minus 2178 VPTs. The Committee feel that when important documents like the Annual Report of the Ministry/Department are placed before the Parliament, utmost care should be taken to ensure that incorrect/misleading figures do not appear in them. However, as recommended elsewhere by the Committee, the Department/BSNL should take measures for provision of the required number of VPTs in the North-East Region in the coming years. The Committee also recommend that the targeted broadband and internet connections in the North-East Region should be achieved by taking suitable measures to overcome the problems like delay in delivery of equipment and non availability of infrastructure.

32. The Committee observe that the target for Switching capacity in the TSP areas during 2007-2008 was 10 lakh lines whereas the achievement as on 31 December, 2007 has been 5,87,558 lines. Similarly out of a target of 6 lakh Direct Exchange Lines, the achievement during the corresponding period has been 4,24,331 lines. However, the Committee draw consolation from the Department's assurance that the targets in both the above said Schemes would be achieved by the end of 2007-2008 fiscal and believe that there would be no shortfalls in this regard in the coming years also. The Committee desire that constraints like poor availability of electric supply and transport facilities, as experienced in the TSP areas, should appropriately be taken up with the respective State Governments to facilitate smooth provision of telecom facilities there.

(iv) Recovery of Outstanding Arrears

33. The Committee note that the outstanding arrears of telephone bills of basic service as on 31 December, 2007, stood at a whopping Rs. 3634.81 crore. The outstanding arrears of the cellular subscribers are Rs. 625.39 crore as on 31 January, 2008. These arrears as reported in the Forty-fourth Report of the Committee on DFG, 2007-08 were to the tune of Rs. 3652.10 crore and Rs. 531.00 crore respectively on 31 January, 2007. Apart from the outstanding arrears, the Committee note that an amount of Rs. 159.94 crore has been written off by the Company. As compared to this, the write off figure during last year upto January, 2007 was Rs. 36.34 crore. The Company has reportedly initiated several measures to improve its recovery position but the fact remains that out of the basic services arrears of Rs. 4542.78 crore (as on 31.3.07) a sum of Rs. 1048.16 crore only could be recovered upto 31 December, 2007, the percentage reduction for outstanding being 2.3%. In case of cellular services a

sum of Rs. 96.91 crore could be recovered upto 31.12.2007 out of the total outstanding of Rs. 620.52 crore (as on 21.3.2007), the percentage reduction for outstanding being approximately 16%.

34. The Committee find the outstanding arrears position of the Company is downright alarming. A mere 23% reduction in the outstandings in respect of basic services arrears and a still abysmally poor 16% (approximately) reduction in the case of cellular services is indicative of the fact that all measures being flaunted by the Company as very effective are highly doubtful. In real term also there is no reduction in basic service arrears compared to the last year and the arrears of cellular services have gone up steeply from Rs. 531.00 crore last year to Rs. 625.39 crore. Combined with this the almost four and a half time increase in the write off amount clearly proves the failure of the Company in protecting its commercial interests. The Committee have a strong feeling that if the Company is serious about recovery of outstanding dues it will have to come up with fresh and more effective initiatives on a priority basis. An outstanding of Rs. 4260.00 crore alongwith a write off of Rs. 160.00 crore is a huge liability which if not liquidated quickly can have very serious ramifications for a service provider like BSNL. It may not be out of place to mention that with the prevailing uncertainties about Access Deficit Charges which have portends of affecting BSNL financially, the liquidation of outstanding dues assumes added significance.

(v) Surrender of BSNL Telephones

35. The Committee are highly perturbed to note that the large surrender/disconnection of BSNL telephones is still unabated. In less than two years the Company has lost more than 85 lakh wired line customers, about 70 lakh mobile customers and about 12.7 lakh WLL customers totalling about 1.68 crore customers for various reasons. Incidentally in the first eleven months of 2007-08, 41,45,959 wired line connections were surrendered. During the same period 41,55,237 mobile connections were also surrendered. Preference of the customers for mobile phones, one of the reasons as advanced by the Department for surrender of landline phones, is not sustainable because in the first 11 months of 2007-08, the number of mobile connections surrendered/disconnected is more than those of wired lines. The Committee feel that there is something more to it than this frequent alibi extended by the Company year after year. The Committee have reasons to believe that the International Data Corporation (IDC) study conducted in 2003-04, though a bit outdated

now, had very correctly pinpointed two main reasons behind this negative phenomenon as 21% of respondents being dissatisfied with services of BSNL and 25% respondents perceiving the monthly rental being high. The Committee would like the Company to focus their energies on how to overcome these two major shortcomings than harping merely on migration from fixed lines to mobile segment. In the opinion of the Committee if these two aspects are taken care of there is no reason that the Company will not be able to control the problem of surrender of telephone effectively. The Committee would like to be apprised of the strategies devised by the Company in this regard at the soonest.

(vi) Quality of Service

36. The Committee find that the BSNL have taken several measures to improve the quality of service in all segments of its activities to retain the existing customer base and allure new ones. These include technical and technological improvements, value added services like high speed internet and SMS, expansion of GSM network to overcome congestion. On the marketing front BSNL has taken several steps to communicate effectively with the users through various means like electronic, process digital, out of home, door to door campaigns, road shows, customers meets, etc. Apart from these measures, enhancing sensitivity of employees through training, delegation of business development powers to Circles, aggressive marketing, ample budgetary allocation are some of the other steps taken by the company to enhance its market share. From their own experiences as BSNL users and also the feedback received during the study visits undertaken to various Circles, the Committee feel that the Company has still a long way to go in-so-far as quality of services is concerned. The very high number of surrender of telephones discussed previously is another stark pointer towards deficiencies in services of the Company. The Committee have a lurking doubt that the series of well meaning measures taken by the Company are not being implemented properly. They, therefore, desire that BSNL should very sincerely and earnestly ensure that the benefits of the measures initiated by it to improve quality of services are effectively transferred to the customers.

XVI. MTNL

(i) Financial Projection and Utilisation

37. The Committee are distressed to note that despite their recommendation in the Forty-fourth Report on Demands for Grants

(2007-2008) for MTNL to learn from its underperformance during the entire Tenth Plan period, it seems that no effort has been made by the Company to improve its performance. It is evident from the performance of MTNL in the very first year of the Eleventh Plan when a sum of Rs. 649.59 crore has been spent by the Company till December, 2007, which is 32% of the 2007-2008 RE amount of Rs. 2042.00 crore. The position would not improve as there is no possibility of the remaining funds being fully utilised in the last quarter of 2007-08. The Committee are really dismayed by this lacklustre performance of MTNL and desire that it should put its house in order without wasting any further time so as to ensure that precious funds meant for the development of the crucial telecom sector are optimally and judiciously utilised during the remaining four years of the Eleventh Plan.

(ii) Physical Targets and Achievements

38. A review of the physical achievements of the Company in the Tenth Plan paints an equally dismal picture as achievements are very low in all areas of activity. There is about 56% achievement in regard to net new connections; 37.50% in TAX/Tandem Capacity creation; 34.48% in DLCs; 56% in OFC and 50% in PCUT Cable replacement sectors which is deplorable. During the course of the examination of the Demands for Grants 2007-08 the Committee while taking note of the poor physical achievements of MTNL had asked it to ensure that there is no repeat of such a dismal performance in the Eleventh Plan. Sadly, this has not happened. The achievements of MTNL in 2008-09 are a repeat of its performance in the Tenth Plan. The targets for Net Switching Capacity including Capacity for WLL (CDMA) and GSM were drastically reduced from the BE stage projection of 20 lakh to 9.5 lakh at the RE stage. The achievements (86000) as on 29 February, 2008 i.e. at the end of eleventh month are not even 1% of even the RE stage target. Net new connections pegged at 11.6 lakh at BE stage were reduced at the RE stage to 7.00 lakh and the actual achievement is 4.24 lakh. The BE target for DLCs/DSLAM/FTTN and Metro Ethernet Ports was 12.50 lakh. It was brought down to 5.00 lakh and the achievement is 5.67 lakh. In view of the ever evolving dynamics of telecom technologies, fierce competition and emerging options, the Committee feel that unless MTNL gears up professionally, it will not be able to face the challenges that are looming upon the telecom industry universally. The Committee, therefore, desire that the MTNL management should work out a blue print in both short term and long term perspective on a priority basis so that the Company gets down to the business

of achieving its targets in right earnest to avoid the time and cost overruns. The Committee would like to be apprised of the concrete measures taken by MTNL in this regard at the earliest.

(iii) Obligations for Placement of Orders

39. The Committee would, however, like to point out to DoT an important issue which is having a major bearing on the performance of both the BSNL and MTNL. The two PSUs are under obligation to order 30 percent of their requirements to ITI which is another PSU. The Committee find that delays in supply/incomplete-supply of orders by ITI do affect the performance of these two PSUs adversely to a substantial extent. In the very competitive and cutthroat telecom sector this even leads to the two Companies losing irretrievably its customer base as also goodwill which is not acceptable. The Committee would, therefore, like DoT to find out via media so that the commercial interest of BSNL and MTNL are not affected any further and the interest of ITI is also not compromised.

(iv) Outstanding Arrears

40. The Committee note that MTNL has like previous years again failed to tackle the problem of outstanding arrears of defaulting customers. Against the 31 March, 2007 figures of Rs. 1218.43 crore the arrears as on 29 February, 2008 stand slightly less at 1203.98 crore, the break up being Rs. 935.51 crore for basic services, Rs. 90.72 crore for CDMA and Rs. 177.74 crore for GSM. Impliedly, the measures being taken by MTNL which include strong monitoring at corporate level, implementation of a revenue assurance programme, automated telephonic reminders to defaulters, recourse to legal measures, have proved grossly insufficient. At the time of the examination of Demands for Grants (2007-08), the Committee on being informed that a Convergent Billing System that could control realisation of outstanding was being introduced, had asked MTNL to do so urgently so that this problem was taken care of without any delay. The Committee find that the proposed Billing System is still at the proposal stage even after a year. Taking a serious note of this delay the Committee desire that the Convergent Billing System be introduced without wasting any further time and realisation of the outstanding arrears be expedited.

(v) Surrender of Telephones

41. The Committee note that MTNL has not been able to contain the negative growth trend of the fixed line telephones during the

last three years despite of all efforts being made by it. 3.65 lakh fixed line connections comprising of about 1.44 lakh connections in Delhi and 2.21 lakh in Mumbai have been surrendered during the years 2005-06, 2006-07, and 2007-08 (upto 31.1.2008) Several measures like competitive tariff, increase in penetration of broadband, bring Delhi and Mumbai under local call facility, etc. taken by MTNL have not been able to stem the tide. The Committee hope that with the introduction of such add on services like broadband, IPTV, VoIP, etc. MTNL will be able to arrest this decline at least in 2008-09.

(vi) Quality of Service

42. The Committee note that several measures have been put in place by MTNL to ensure high quality service to its customers. Improvement in network systems, digitalisation of exchanges, installation of additional BTSs, providing value added services, offering competitive tariff structure and combo packs, offering per services as add ons, creative media campaigns are to quote a few of them. The Committee are, however, constrained to state that the quality of services of MTNL in both Mumbai and Delhi leaves a lot to be desired, particularly in cellular segment. The recent massive breakdown of cellular services are glaring examples of the service deficiencies of MTNL. The Committee feel that in the present scenario of fierce competition MTNL can ill afford such laxity and deficiency in services and expect that henceforth the Company will devote all its energy to overcome them in right earnest.

XVII. ITI

43. The Committee note that in the Annual Plan 2007-08 a token provision of Rs. 1.00 crore was made for ITI. However, at the RE stage an amount of Rs. 377 crore has been written off towards loans to ITI. In the BE 2008-09 barring a provision of Rs. 6.50 crore as 'Compensation to ITI' no funds have been earmarked for ITI for either Plan or Non-plan purposes. The Committee also note that a Revival Plan for ITI is under the consideration of DoT. The Committee are constrained to state that the Revival Plan of ITI has been inordinately delayed and is having a highly detrimental effect on ITI as well as organizations having commercial interactions with it. They, therefore, desire that the Plan should be worked out without any further delay and implemented on priority.

44. The Committee note that in order to enable its ways and means to some extent, DoT have stipulated that a reservation quota of 30% procurement of BSNL/MTNL be earmarked from ITI. Though

the Department have stated that ITI has been generally complying with the terms and conditions of supply orders of these PSUs, the Committee on the basis of feedback received during their Study Visits to field offices of BSNL and MTNL are constrained to state that there are several deficiencies in this regard. The Committee would, therefore, like the Department to work out via media so that BSNL and MTNL do not suffer commercially in an arrangement which is meant to help out a sister PSU. The Committee also desire that ITI should continue its efforts to diversify and upgrade its product range to not only cater to the need for a fast changing telecom market but also to subserve its own interests.

NEW DELHI;
10 April, 2008
21 Chaitra, 1930 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

ACRONYMS

AGR	Adjusted Gross Revenue
ADSL	Asymmetrical Digital Subscriber Line
BSNL	Bharat Sanchar Nigam Ltd.
CCA	Controller of Communication Accounts
CDMA	Code Division Multiple Access
C-DOT	Centre for Development of Telematics
DEL	Direct Exchange Line
DLC	Digital Loop Carrier
DS	Defense Service
DSPT	Digital Satellite Phone Terminals
GBS	Gross Budgetary Support
GSM	Global System of Mobile
IAC	Interface Approved Certificate
IEBR	Internal Extra Budgetary Resource
ILD	International Long Distance
IPTV	Internet Protocol Television
ITDC	Indian Tourism Development Corporation
LD	Liquidated Damages
MARR	Multi Access Radio Relay
MIL	Millennium Telecom Ltd.
MLLN	Mahanagar Leased Line Network
MTML	Mahanagar Telephone Mauritius Ltd.
MTNL	Mahanagar Telephone Nigam Ltd.
NGN	Next Generation Network
NLD	National Long Distance
NRSMMS	National Radio Spectrum Management & Monitoring
NTP	New Telecom Policy
NVPL	Nepal Venture Pvt. Ltd.
OFC	Optical Fibre Cable
PCO	Public Call Office

PIU	Project Implementation Unit
POI	Point of Interconnection
PPP	Public Private Partnership
PSTN	Public Switching Telecom Network
PSU	Public Sector Undertaking
RCP	Rural Community Phone
RDEL	Rural Direct Exchange Line
SDCA	Short Distance Changing Area
SDH	Synchronous Digital Hierarchy
STPI	Software Technology Parks of India
SWAN	State Wide Area Network
TAC	Type Approval Certificate
TCIL	Telecommunication Consultant India Ltd.
TDSAT	Telecom Dispute Settlement and Appellate Tribunal
TEC	Telecom Enginery Centre
TETC	Telecom Testing and Security Certificate Centre
TRAI	Telecom Regualtory Authority of India
TSP	Tribal Sub Plan
UM A&N	Undersea Cabling between Mainland and Andaman & Nicobar Island
USL	Universal Service Levy
USOF	Universal Service Obligation Fund
USP	Universal Service Provider
USSP	Universal Service Support Policy
UASL	Unified Access Services Licence
VOIP	Voice Over Internet Protocol
VPT	Village Public Telephone
UTL	United Telecom Ltd.
WLL	Wireless in Local Loop
WMO	Wireless Monitory Organisation
WPC	Wireless Planning & Coordination

ANNEXURE I

MINUTES OF THE NINETEENTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2007-2008)

The Committee sat on Thursday, the 27th March, 2008 from 1100 hours to 1320 hours in Committee Room G-074, Parliament Library Building, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Tufani Saroj
5. Shri Tathagat Satpathy
6. Shri K.V. Thangka Balu
7. Shri P.C. Thomas

Rajya Sabha

8. Shri Praveen Rashtrapal
9. Shri Eknath K. Thakur
10. Shri Gireesh Kumar Sanghi

SECRETARIAT

- | | | |
|-----------------------|---|-------------------------|
| 1. Shri P. Sreedharan | — | <i>Joint Secretary</i> |
| 2. Smt. Sudesh Luthra | — | <i>Director</i> |
| 3. Shri P.C. Koul | — | <i>Deputy Secretary</i> |
| 4. Shri D.R. Mohanty | — | <i>Under Secretary</i> |

WITNESSES

Representatives of the Department of Telecommunications

1. Shri Siddarth Behura — Chairman, Telecom Commission
2. Shri K. Sridhara — Member (T)
3. Shri G.S. Grover — Member (S)
4. Ms. S.A. Tirmizi — Member/Advisor (F)
5. Shri Ajay Bhattacharya — Administrator, USO Fund
6. Shri A.K. Nikhade — Advisor (Eco.)
7. Shri R.N. Padukone — Sr. DDG (TEC)
8. Shri P.K. Garg — Wireless Advisor
9. Shri A.S. Bhola — DDG (FEB)
10. Shri G.P. Srivastava — DDG (CS)
11. Shri S.S. Singh — DDG (PG)
12. Shri A.K. Srivastava — DDG (AS-I)
13. Shri P.K. Sinha — DDG (TPF)
14. Shri N.K. Yadav — DDG (SU)
15. Smt. Archana G. Gulati — Jt. Admn. USO Fund
16. Shri Kirthi Kumar — DDG (C&A)
17. Shri Kuldeep Goyal — CMD (BSNL)
18. Shri S.D. Saxena — Director (F), BSNL
19. Shri R.S.P. Sinha — CMD, MTNL
20. Ms. Anita Soni — Director (F), MTNL
21. Shri S.K. Chatterjee — CMD, (ITI)
22. Shri B.P. Gupta — Director (F), ITI
23. Shri Vijay Madan — Executive Director, C-DoT
24. Smt. Vinod Kotwal — Director (B&P)

2. At the outset, the Chairman welcomed the members of the Committee and the representatives of the Department of Telecommunications to the sitting of the Committee.

3. Thereafter, the representatives of the Department of Telecommunications highlighted the salient features of the Demands for Grants (2008-2009) with the help of an audio-visual presentation.

4. The members sought certain clarifications on the issues, relating to the Demands for Grants (2008-2009) of the Department and the representatives of the Department responded to the same.

5. The Chairman thanked the representatives of the Department of Telecommunications for appearing before the Committee as well as for furnishing valuable information that the Committee desired in connection with the examination of the Demands for Grants (2008-2009).

A verbatim record of the proceedings has been kept.

The witnesses, then withdrew.

The Committee, then, adjourned.

ANNEXURE II

MINUTES OF THE TWENTY-THIRD SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2007-08)

The Committee sat on Thursday, the 10th April, 2008 from 1100 hours to 1210 hours in Committee Room G-074, Parliament Library Building, New Delhi.

PRESENT

Shri K.V. Thangka Balu — *In the Chair*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Shri Narhari Mahato
6. Shri Bhubneshwar Prasad Mehta
7. Shri P.C. Thomas

Rajya Sabha

8. Shri Praveen Rastrapal
9. Shri Ravi Shankar Prasad
10. Shri N.R. Govindraj
11. Shri Rajeev Chandrasekhar
12. Shri Gireesh Kumar Sanghi

SECRETARIAT

1. Shri P. Shreedharan — *Joint Secretary*
2. Shri P.C. Koul — *Deputy Secretary*
3. Shri D.R. Mohanty — *Under Secretary*

2. As the Chairman was not present, the Committee under Rule 258(3) chose Shri K.V. Thangka Balu, M.P. and a Member of the Committee to preside over the meeting.

3. The Committee, then took up the following Draft Reports for consideration and adopted the same:

- | | | | | |
|-------|--|-----|-----|-----|
| (i) | *** | *** | *** | *** |
| (ii) | Draft Report on Demands for Grants (2008-09) relating to the Department of Telecommunications. | | | |
| (iii) | *** | *** | *** | *** |
| (iv) | *** | *** | *** | *** |
| (v) | *** | *** | *** | *** |

4. The Committee, then, authorised the Chairman to finalise the above Draft Reports in the light of the factual verifications made by the concerned Ministry/Departments and present the same to the House on a date convenient to him.

The Committee, then, adjourned.

FIFTY-SEVENTH REPORT
STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2007-2008)

(FOURTEENTH LOK SABHA)

MINISTRY OF COMMUNICATIONS AND
INFORMATION TECHNOLOGY
(DEPARTMENT OF TELECOMMUNICATIONS)

DEMANDS FOR GRANTS
(2008-2009)

Presented to Lok Sabha on 16 April, 2008
Laid on the Table of Rajya Sabha on 15 April, 2008



LOK SABHA SECRETARIAT
NEW DELHI

April, 2008/Chaitra, 1930 (Saka)

C.I.T. No. 179

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COMPOSITION OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2007-2008)

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Ramesh Dube
4. Shri Nikhil Kumar Choudhary
5. Shri Sanjay Shamrao Dhotre
6. Smt. Jayaprada
7. Shri Narahari Mahato
8. Shri Bhubaneshwar Prasad Mehta
9. Shri Harish Nagpal
10. Shri G. Nizamuddin
11. Shri Sohan Potai
12. Shri Lalmani Prasad
- *13. Vacant
14. Shri Badiga Ramakrishna
- @15. Vacant
16. Shri Tufani Saroj
17. Shri Tathagata Satpathy
18. Smt. Rubab Sayeda
19. Shri K.V. Thangka Balu
20. Shri P.C. Thomas
21. Shri Kinjarapu Yerrannaidu

*Vice Kunwar Jitin Prasad ceased to be a member on being inducted to the Union Council of Ministers on 7 April, 2008.

@Vice Shri Prem Kumar Dhumal ceased to be a member on resignation from Lok Sabha on 7 January, 2008. (Shri Prem Kumar Dhumal was nominated to the Committee on 5 October, 2007 *vice* Shri Vishnu Deo Sai ceased to be member of the Committee *w.e.f.* 30 August, 2007)

Rajya Sabha

22. Shri Praveen Rashtrapal
23. Shri Ravi Shankar Prasad
24. Shri Dara Singh
25. Shri A. Vijayaraghavan
26. Shri N.R. Govindraj
- \$27. Vacant
- %28. Vacant
29. Shri Shyam Benegal
30. Shri Rajeev Chandrasekhar
31. Shri Gireesh Kumar Sanghi

SECRETARIAT

- | | | |
|-----------------------------|---|-------------------------|
| 1. Shri M. Rajagopalan Nair | — | <i>Secretary</i> |
| 2. Shri P. Sreedharan | — | <i>Joint Secretary</i> |
| 3. Smt. Sudesh Luthra | — | <i>Director</i> |
| 4. Shri P.C. Koul | — | <i>Deputy Secretary</i> |
| 5. Shri D.R. Mohanty | — | <i>Under Secretary</i> |

\$ Vice Shri Motiur Rahman passed away on 18 December, 2007.

% Vice Shri Eknath K. Thakur ceased to be a member on expiry of his term in Rajya Sabha on 2 April, 2008.

INTRODUCTION

I, the Chairman Standing Committee on Information Technology (2007-08) having been authorised by the Committee to submit the Report on their behalf, present this Fifty-seventh Report on Demands for Grants (2008-2009) relating to the Ministry of Communications and Information Technology (Department of Telecommunications).

2. The Standing Committee on Information Technology (2007-2008) was constituted on 5 August, 2007. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider Demands for Grants of the concerned Ministry/Department and make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Telecommunications) for the current year *i.e.* 2008-2009, which were laid on the Table of the House on 17 March, 2008. The Committee took evidence of the representatives of the Department of Telecommunications on 27 March, 2008.

4. The Report was considered and adopted by the Committee at their sitting held on 10 April, 2008.

5. The Committee wish to express their thanks to the officers of the Department of Telecommunications for appearing before the Committee and furnishing the information, that the Committee desired in connection with the examination of the Demands for Grants.

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

NEW DELHI;
10 April, 2008
21 Chaitra, 1930 (*Saka*)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2007-2008)**

FOURTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS
AND INFORMATION TECHNOLOGY
(DEPARTMENT OF TELECOMMUNICATIONS)**

**DEMANDS FOR GRANTS
(2008-2009)**

FIFTY-SEVENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2008/Chaitra, 1930 (Saka)