6

TELECOMMUNICATION SERVICES IN RURAL AREAS

MINISTRY OF COMMUNICATIONS (DEPARTMENT OF TELECOMMUNICATIONS)

ESTIMATES COMMITTEE 2000-2001

THIRTEENTH LOK SABHA

SIXTH REPORT

ESTIMATES COMMITTEE (2000-2001)

(THIRTEENTH LOK SABHA)

MINISTRY OF COMMUNICATIONS (DEPARTMENT OF TELECOMMUNICATIONS)

Telecommunication Services in Rural Areas

Presented to Lok Sabha on 25.4.2001

LOK SABHA SECRETARIAT
NEW DELHI

April, 2001/Vaisakha, 1923 (S)

E.C. No. 1396

Price: Rs. 40.00

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Ninth Edition) and printed by the Manager, Photo Litho Unit, Govt. of India Press, Minto Road, New Delhi-110 002.

CORRIGENDA TO 6TH REPORT OF ESTIMATES COMMITTEE(2000-2001)

****

Page	Para	Line	For	Read
3	1.11	4	Country'	Country's
9	(a)	1	Telephone	Telephones
14	1.39	1	were	where
29	1.89	13	licencees	licensees
36	1.96	6	Telelink	Telecommunication
42	1.111	3	Telephone	Telephony
42	1.113	8	Telephone	Telephony
80	2.14	3	sytem	system

CONTENTS

COMPOSITION OF THE ESTIMATES COMMITTEE (2000-2001)

Prof. Ummareddy Venkateswarlu —*Chairman*

MEMBERS

2. Shri S. Bangarappa
3. Shri Lal Muni Chaubey
4. Shri Ajay Singh Chautala
5. Shri A.B.A. Ghani Khan Choudhury
6. Shrimati Sheela Gautam
7. Shri Anant Gangaram Geete
8. Shri Shankar Prasad Jaiswal
9. Shri Vinod Khanna
10. Shri N.N. Krishnadas
11. Dr. C. Krishnan
12. Dr. Ramkrishna Kusmaria
13. Shri P.R. Kyndiah
14. Shri Samik Lahiri
15. Shri Sanat Kumar Mandal
16. Shri Manjay Lal
17. Shri Shyam Bihari Mishra
18. Shri Nagmani
19. Shri Jitendra Prasada*
20. Prof. Rasa Singh Rawat
21. Shri G. Ganga Reddy
22. Shri Abdul Rasheed Shaheen
23. Shri Chandra Bhushan Singh
24. Kunwar Akhilesh Singh
25. Shri Maheshwar Singh
26. Shri Rampal Singh
27. Shri Kodikunnil Suresh
28. Shri Lal Bihari Tiwari
29. Shri Shankersinh Vaghela
30. Shri A.K.S. Vijayan

SECRETARIAT

1. Shri John Joseph — *Joint Secretary*
2. Shri K.L. Narang — *Director*
3. Shri Cyril John — *Under Secretary*

---

*Ceased to be the Member of the Committee consequent upon his death on 16.01.2001

INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the report on their behalf present this Sixth Report on the Ministry of Communications (Department of Telecommunications)—'Telecommunication Services in Rural Areas'.

2. The subject was selected for detailed examination by the Estimates Committee (1996-97). The Estimates Committee (1997-98, 1998-99 and 1999-2000) continued with examination of the subject. The Estimates Committee (1999-2000) considered the replies given by the Ministry of Communications (Department of Telecommunications) to a detailed questionnaire issued on the subject and other material sent by the Ministry in addition to the material received from various telecom circles during study tours. The Estimates Committee (2000-2001) took evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on 14th July, 2000. The Committee wish to express their thanks to the officers of the Ministry for placing before them the detailed written notes on the subject and for furnishing information desired in connection with the examination of the subject. The Committee also appreciate the frankness with which the officers shared their views, perceptions and constraints with the Committee.

3. The Committee would like to express their gratitude to the Estimates Committee (1996-97, 1997-98, 1998-99 and 1999-2000) for the able guidance and right direction provided by them in obtaining information and making indepth and comprehensive study on the subject.

4. The Report was considered and adopted by the Committee at their sitting held on 10th April, 2001.

5. The Report is divided into eight parts, devoted to specific aspects of the subject. The Committee have *inter alia* made the following important observations / recommendations:

(i) With about 75% of the population of India residing in more than six lakh villages, rural telephony in the country assumes much significance. It is a matter of great concern that despite all the focus being given to village telephones in the past more than 20 years, coverage of all villages in the country remains a distant dream for the Government. There is need to have a more pragmatic approach and to make determined efforts to achieve the target set up in NTP 1999 for telecom coverage of all villages in the country by March, 2002.

(ii) The rural DELs as compared to urban network still remains lopsided with a minimal 18.26% of DELs in 2000 as against 16.82% of DELs in 1995. The position with regard to provision of telephones in rural areas is thus quite alarming and calls for focussed attention and sustained efforts on the part of the Government. The Government should review the status with regard to provision of DELs and clearing of wait list in rural areas and take corrective measures on priority basis.

(iii) Although under the Village Public Telephone Scheme, universal accessibility to cover each of the 6,07,491 revenue villages in the country was enshrined in the NTP 1994, the number of VPTs installed as on 1st April, 2000 were 3,74,605 with only 61.66% coverage of villages in the country. Government should give utmost priority to Village Public Telephones Scheme and a time-bound action plan should be drawn up to provide telephone facility in all the villages in the country. Government should also continuously monitor the progress in the implementation of the scheme by the Telecom Circles and Private Fixed Service Providers.

(iv) The main objective of constituting Task Forces is for speedy implementation of rural telecommunications programme through proper planning and effective monitoring. Government should continuously monitor the progress in the implementation of the scheme by the Telecom Circles, Task Forces and Private Fixed Service Providers.

(v) More effective and time-bound measures should be taken to rectify faulty VPTs and provide efficient telephone services in the villages.

(vi) Government should pursue the process of connecting the remaining 7762 exchanges with reliable media to its logical conclusion latest by March, 2002 so that the country and its people may enjoy the benefit of fault-free telephone network.

(vii) According to the objectives set for the 9th Plan, all the exchanges were to be provided with STD/ISD facility by the year 2000. However, till July, 2000, only 84% of the exchanges had STD facility. Further, out of those rural exchanges which have been connected with STD facility only about 41% are provided with reliable media. Government should make all out efforts to ensure that STD/ISD facilities are provided to all rural exchanges latest by the end of the calender year 2001.

(viii) Field trials of WLL system supplied by ITI Ltd., HTL Ltd., Escorts Ltd., HFCL and Motorola were conducted and found successful. Keeping in view the bad experience with MARR system, Government should ensure the reliability of WLL system further so as to ensure that the episode is not repeated.

(ix) Depite the terms and conditions which have been modified to make things easier for Private Basic Telephone Service Operators, they have not fulfilled the license agreement to provide a minimum of 10% DELs as VPTs. Government should closely monitor compliance of the revised targets of DELs and VPTs by the private operators and invoke penalty provisions on them in case of any further slippage within a laid down timeframe. In case of any further failure by the private service providers, Government should take corrective measures so as to ensure that progress in the implementation of VPT scheme does not suffer.

(x) A new work culture should be developed among the employees in the Telecom Circles including the field staff in order to ensure that efficient telephone services are made available to the rural population.

(xi) Government should take steps to make the process of payment of telephone bills by the rural subscribers more easy by making available payment facility in village post offices and in nearby banks. Further, the facility for authorising payment of bills from one's bank account should be extended to rural areas also.

(xii) In many States registration fee of Rs. 3,000 for telephone is reduced to Rs. 1,000 at the time of festivals, etc. to generate more waiting list. As part of incentives for rural areas, the registration fee should be brought down uniformally from Rs. 3,000 to Rs. 1,000 or even less throughout the country.

(xiii) In all the Telecom Circles in which at least one-third or more area falls in the rural category, sufficiently senior level officer of the rank of DGM or equivalent should be given exclusive charge of planning, development, operations and maintenance of rural telephones so that sufficient attention is paid to rural areas coming under each circle.

6. For facility of reference, the observations/recommendations of the Committee have been printed in bold type in the body of the report and have also been reproduced in consolidated form in the Appendix.

NEW DELHI;
April 20, 2001

Chaitra 30, 1923 (S)

UMMAREDDY VENKATESWARLU,
Chairman,
Committee on Estimates.

CHAPTER—I

I-RURAL TELEPHONY

(a) Introductory

1.1 Telecommunication services in the form of voice telephony and telegraphy were initially introduced for the Government Administration. It was later on extended to trade and industry. However, until the country became Independent in August 1947, the telecom facilities were restricted mainly to the urban centres. After independence, the Government focused its attention on village economy. Agriculture based small industry started growing in rural India. The co-operatives in some States played important role in growth of village economy and awareness. With this the necessity for the telecommunication services for rural areas also was increasingly realised.

1.2 The rural telecom network is characterised by highly scattered demand, low teledensity, high initial and operating costs and low returns. The service, therefore, in most cases is commercially not viable. It has to be highly subsidised. However, the socio-economic benefits accruing to the rural community from efficient telecom infrastructure are far greater than the cost involved. Keeping this in view the Government took several policy initiatives to extend telecom infrastructure to rural areas.

1.3 About 75% population of India resides in more than 6 lakh villages of the country. The rural areas are the human settlements which do not conform to the definition to the urban areas. According to 1991 Census the area which meet one or more of the following criteria are classified as urban areas:—

(a) All places with a Municipality, Municipal Corporation, Cantonment, Board or Notified Town Area Committee, etc. and

(b) All other places which satisfy the following criteria,

(i) A minimum population of 5000,

(ii) At least 75% of male working population engaged in non-agricultural pursuits; and

(iii) A population density of at least 400 persons per sq. km.

Areas which do not satisfy the conditions under (a) and (b) above are classified as rural.

(b) Change in Policy

(i) *Task Force*

1.4 In late 70s a Task Force was constituted to study the overall requirement, development and impact of rural telecommunications. It

submitted its report in 1981. Its recommendations covered all aspects of rural telecommunications such as:—

— Policies and programmes
— Technology choice
— Methods of implementation
— Service standards, and
— Operation and Maintenance

(ii) *Hexagon Policy for Village Telecommunication* (1980—1991)

1.5 The whole country was divided into 48,828 Hexagons of 5 kms. side each. One Long Distance Public Telephone (LDPT) was to be provided in a central (prominent) village in each Hexagon.

By 31.3.1990 LDPTs could be provided in 37,753 Hexagons mainly on overhead lines terminated in the trunk boards or manual exchanges.

(iii) *Gram Panchayat Public Telephone Policy* (1990-94)

1.6 To further improve the accessibility it was decided in 1991 to provide one public telephone in every Gram Panchayat in the country. The requirement of public telephones increased fourfold from 48,828 to over 206,000 i.e. the number of Gram Panchayats in that country at that time. To achieve the objective, a new technology i.e. analog MARR available at that time was introduced. By 1994 131, 334 villages/village Panchayats were provided with telecom facilities.

(iv) National Telecom Policy 1994

1.7 Under National Telecom Policy 1994 the Government of India attached highest priroity to the telecommunications service both for urban and rural areas. Its salient features were as under:—

(a) Telecommunication for all and Telecommunication within the reach of all i.e. availability of telephone on demand as early as possible.

(b) Universal service coverage covering all villages as early as possible i.e., provision of access to all people for certain basic telecom services at affordable and reasonable prices.

(c) The quality of telecom service should be world standard. Removal of consumber complaints, dispute resolution and public interface will receive special attention. The objective is also to provide widest permissible range of services to meet the customer's demand at reasonable prices.

(d) India emerges as a major manufacturing base and major exporter of telecom equipment.

(e) The defence and security interest of the country will be protected.

(V) *Objectives of 8th Five Year Plan*

1.8 To achieve the objective of universal accessibility and availability of demand during the 8th Five Year Plan itself, the targets were revised as below:

(a) Telephone should be available on demamd by 1997.

(b) All villages should be covered by 1997.

(c) In the urban areas as PCO should be provided for every 500 persons by the year 1997.

(d) All Value Added Services available internationally should be introduced in India to raise the telecom service in India to international standards well within the 8th Plan period preferably by 1996.

(vi) Objectives of 9th Five Year Plan

1.9 To meet the growth of demand for the efficient telecom services, the 9th Plan Objectives are as under:—

(i) To provide telephone on demand by March 2002.

(ii) To provide Village Public Telephone in remaining villages by March 2002.

(iii) To replace all electro-mechanical telephone exchanges by electronic exchanges by December, 1999.

(iv) To provide STD facility in all the telephone exchanges by the year 2002.

(v) To proivde reliable transmission media to all telephone exchanges by March, 2002.

(vii) New Telecom Policy 1999

1.10 The Group of Telecommunications (GOT) was constituted on November 20, 1998 to make recommendations on the following:—

(i) Proposed New Telecom Policy.

(ii) Issues relating to the existing licensees of basic and cellular services and suggest appropriate remedial measures within the framework of the New Telecom Policy.

(iii) Issues relating to the TRAI.

1.11 The Objectives and targets of the New Telecom Policy 1999 are as under:—

Access to telecommunications is of utmost importance for achievement of the countrys' social and economic goals. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the telecom policy.

Strive to provide a balance between the provision of universal service to all uncovered areas, including the rural areas, and the provision of highlevel services capable of meeting the needs of the country's economy;

- Encourage development of telecommunication facilities in remote, hilly and tribal areas of the country;
- Create a modern and efficient telecommunication infrastructure taking into account the convergence of IT, media, telecom and consumer electronics and thereby propel India into becoming an IT superpower.
- Convert PCOs wherever justified, into Public Teleinfo centres having multimedia capability like ISDN services, remote database access, government and community information systems, etc.
- Transform in a time bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas providing equal opportunities and level playing field for all players.
- Strengthen research and development efforts in the country and provide an impetus to build world-class manufacturing capabilities.
- Achieve efficiency and transparency in spectrum management.
- Protect defence and security interests of the country.

Enable Indian Telecom Companies to become truly global players.

1.12 In line with the above objectives, the specific targets that the NTP 1999 seeks to achieve would be:

- Make available telephone on demand by the year 2002 and sustain it thereafter so as to achieve a teledensity of 7 by the year 2005 and 15 by the year 2010.
- Encourage development of telecom in rural areas making it more affordable by suitable tariff structure and making rural communication mandatory for all fixed service providers.
- Increase rural teledensity from the current level of 0.4 to 4 by the year 2010 and provide reliable transmission media in all rural areas.
- Achieve telecom coverage of all villages in the country and provide reliable media to all exchanges by the year 2002.
- Provide Internet access to all district head quarters by the year 2000.
- Provide high speed data and multimedia capability using technologies including ISDN to all towns with a population greater than 2 lakh by the year 2002.

1.13 Giving the justification the frequent policy changes within short span of time, the Ministry of Communications (Department of Telecommunications) informed the Committee in a written reply as follows:—

> "In addition to some of the objectives of NTP 1994 not being fulfilled, there have been far reaching developments in the recent past in the telecom, IT, consumer electronics and media industries

worldwide. Convergence of both markets and technologies is a reality that is forcing realignment of the industry. At one level telephone and broadcasting industries are entering each other's markets, while at another level, technology is blurring the difference between different conduit systems such as wire-line and wireless. As in the case of most countries, separate licenses have been issued in our country for basic, cellular, ISP, satellite and cable TV operators, each with separate industry structure, terms of entry and varying requirement to create infrastructure. However, this convergence now allows operators to use their facilities to deliver some services reserved for other operators, necessitating a relook into the existing policy framework. The new telecom policy framework is also required to facilitate India's vision of becoming an IT superpower and develop a world class telecom infrastructure in the country."

(c) Direct Exchange Lines (DELs)

1.14 The position with regard to Switching Capacity and Direct Exchange Lines (DELs) in the years 1995 to 2000 is given below:

Status As on	No. of rural Exchanges	Switching Capacity (lakh)		DELs (lakh)	
		Urban	Rural	Urban	Rural
1.4.95	NA	97.08	23.17	81.47	16.48
1.4.96	17724	119.61	26.66	100.37	19.41
1.4.97	17945	146.44	30.97	122.19	23.24
1.4.98	18360	174.54	38.05	148.12	29.90
1.4.99	19288	211.58	48.92	179.41	36.53
1.4.2000	21669	260.39	67.29	216.69	48.42

This means that out of 265.11 lakh DELs, 216.69 lakh lines are working in urban areas and 48.42 lakh lines in rural areas. Presently, the percentage of rural telephones work out to about 18% of DELs.

Circle-wise status of rural and urban DELs as on 31 March, 2000 is as follows:

Sl.No.	Circle / Metros Distt.	Urban	Rural	Status
1	2	3	4	5
1.	A & Nicobar	13353	11110	24463
2.	Andhra Pradesh	1694630	532857	2227487
3.	Assam	227453	45615	273068
4.	Bihar	501354	126046	627400
5.	Gujarat	1579520	342330	1921850
6.	Haryana	502418	139583	642001

1	2	3	4	5
7.	Himachal Pradesh	123351	161779	285130
8.	Jammu & Kashmir	122283	7738	130021
9.	Karnataka	1390383	439017	1829400
10.	Kerala	798142	906997	1705139
11.	Madhya Pradesh	868813	227139	1095952
12.	Maharasthra	1798719	533074	2331793
13.	North East	155382	40014	195396
14.	Orissa	312568	110741	423309
15.	Punjab	988447	303805	1292252
16.	Rajasthan	852606	256794	1109400
17.	Tamil Nadu	1748995	177972	1926967
18	Uttar Pradesh(E)	932718	173856	1106574
19.	Uttar Pradesh(W)	889711	104293	994004
20.	West Bengal	343605	197526	541131
21.	Mumbai	2209609	3779	2213388
22.	Calcutta	1029121	0	1029121
23.	Delhi	1818236	0	1818236
24.	Chennai	767863	0	767863
	All India	21669280	4842065	26511345

1.15 Enquired about the concrete measures being taken to fill the yawning gap between rural connections *vis-a-vis* urban connections, the Ministry of Communications (Department of Telecommunications) informed that growth of demand for telephone depends upon overall economic activity in an area. The demand for telephones so far has been much higher in urban areas. Government has decided to provide telephone on demand in rural areas also by the year 2002. The gap will reduce only with the increase in overall demand for telephones in the rural areas. This in turn will depend upon growth of rural economy.

(d) Wait List

1.16 Wait list for telephones in the urban and rural areas as on 31st March, 2000 is as follows:—

Sl.No.	Circle / Metros Distt.	Urban	Rural	Status
1	2	3	4	5
1.	A & Nicobar	784	1218	2002
2.	Andhra Pradesh	213237	163821	377058
3.	Assam	4071	1404	5475
4.	Bihar	61996	44200	106196
5.	Gujarat	178854	53770	232624
6.	Haryana	34769	38493	73262
7.	Himachal Pradesh	3280	21428	24708
8.	Jammu & Kashmir	26602	5280	31882
9.	Karnataka	170403	161786	332189
10.	Kerala	146655	500510	647165
11.	Madhya Pradesh	28515	12019	40534
12.	Maharasthra	116380	147054	263434
13.	North East	18999	6888	25887
14.	Orissa	18391	24136	42527
15.	Punjab	75717	101015	176732

1	2	3	4	5
16.	Rajasthan	35955	59217	95172
17.	Tamil Nadu	467540	130965	598505
18	Uttar Pradesh(E)	160994	40248	201242
19.	Uttar Pradesh(W)	97435	26371	123806
20.	West Bengal	42819	114742	157561
21.	Mumbai	23843	0	23843
22.	Calcutta	313	0	313
23.	Delhi	81871	0	81871
24.	Chennai	16591	0	16591
	All India	2026014	1654565	3680579

1.17 According to the Ministry the reasons for non-achievement of availability of telephone on demand by 1997 and also non-coverage of villages by the year 1997 are as below:

— Inadequate supply of equipment.
— MARR technology did not perform as expected.
— Delay in entry of Private Basic Telecom Service Providers.

As stated in New Telecom Policy 1999 the revised targets are:

— Provide telephone on demand by the year 2002.
— All villages should be covered with VPTs by the year 2002.

Both DTs (now BSNL) and Private Basic Telecom Service Providers will contribute to achieve these targets.

(e) Incentives for Rural Areas

1.18 It has been stated by the Ministry of Communications (Department of Telecommunications) that rural telephone network is commercially non-viable. The following are the main reasons for the rural telephone network being non-viable:

— Low economic activity
— Highly scattered network
— Non-availability of necessary infrastructure
— Difficult terrain

1.19 The following incentives are made available to the rural areas in comparison to the urban areas:

(i) Registration charges: are 75% lower.

(ii) Rental: is much lower.

(iii) Free Calls: are higher by 50 calls per months.

(iv) Call Charges: are lower at 0.60 for 100 calls per month above the free calls limit. This slab is particular to rural areas only. The call charges for up to 250 calls per month in rural areas are lower by 47%.

(v) Local Call Charges from VPTs: are at 50% discount than urban PCO.

1.20 On incentives given to rural areas, a representative of the Ministry of Communications (Department of Telecommunications) stated in evidence as follows:

> "The tariff we have fixed for the rural areas is lower than what was recommended by the TRAI. This has been done because we know the economic status of the villagers. We cannot expect them to pay as much as their counterparts in urban areas. I will just give an example. The TRAI recommended Rs. 70 to be charged as rental per month but we fixed it at Rs. 50 for rural areas. Similarly, for free call limit in urban areas it is 75 calls per month only whereas in rural areas it is 125 calls. We have regulated call charges in such a way that we give this concession to rural areas as compared to urban areas. Up to the call slab of 200 calls in urban areas we are charging 80 paise and in rural areas it is only 60 paise. So, that way it is concessional."

1.21. The Ministry of Communications (Department of Telecommunications) have stated that with a view to stimulating demand for telephones in rural areas, the following steps have been taken:

(i) Concessional tariff.

(ii) Provision of reliable transmission to all rural exchanges progressively by the year 2002 and STD to all rural exchanges progressively by the year 2000.

(iii) Installation of more small capacity telephone exchanges.

(iv) Introduction of new technologies such as C-DoT TDMA/PMP and Wireless in Local Loop progressively.

1.22 Conceding slow progress in provision of telephones in villages, the Secretary, Ministry of Communications (Department of Telecommunications) stated during evidence as follows:

> "Let me, at the outset, without sounding too defensive, state that we, in the Department, are very much concerned ourselves about the status of rural telephony. It is an area which has a number of challenges. It is a very difficult area which we have in our hand. There are a number of problems which need to be encountered. In the data which we have already submitted before you, you must have seen that in terms of figures, out of 6.07 lakh revenue villages in the country, only 3.75 lakh villages have, so far been provided with telecom facilities. This is a matter of great concern to us. It is because it leaves about 2,32,165 villages out of the reach of telephone facilities even as we are into the twenty-first century."

II-VILLAGE PUBLIC TELEPHONES

(a) Village Public Telephone Scheme

1.23 To improve the accessibility of telephones it was decided in 1991 to provide public telephones in all the 2,06,000 gram panchayats in the country. To achieve the objective new technology *i.e.*, analog MARR available at that time was introduced. The Gram Panchayat Public Telephone Policy was replaced by Village Public Telephone Policy (VPT) in 1993. By 1994 1,31,334 villages/village panchayats were provided with telecom facilities. Universal accessibility to cover each of the 6,07,491 revenue villages in the country was enshrined in the National Telecom Policy, 1994. The NTP 1994 also envisaged availability of telephone on demand. Thus, large number of rural telephone exchanges of small and medium capacity were introduced.

1.24 For the rural areas in the country VPT schemes were drawn and implemented for expansion of telecommunication facilities. Village Public Telephone programme envisaged provision of at least one public telephone in each of the 6,07,491 revenue villages in the country. These public telephones have been installed mostly in public places like Panchayat Bhawans and Post Offices. Public telephones have also been installed in grocery shops providing easy access to the users. Landlines and radio systems such as single channel VHF and analog MARR have been used for this purpose. By December, 1998, a total of 3,14,523 villages were provided with Village Public Telephones. This met the telecom need of about 52% of the villages in the country. The remaining villages are proposed to be covered progressively by the year 2002. The programme was received by the villages very well and boosted the awareness about the benefits of telecom facilities in the rural areas. There was, therefore, significant increase in the demand for efficient telecom facilities in the rural areas.

1.25 Explaining the Village Public Telephones Scheme, Ministry of Communications (Department of Telecommunications) stated in a written reply as follows:—

> "Telecom was declared as essential infrastructure and included in the core sector. To achieve the objective of universal access to basic telecom service, the scheme of public telephones was extended to each revenue village. There has been no change in the core concept of providing basic telecom within the easy reach of all. The scope of the scheme has only been enlarged from Hexagon (LDPT) to Panchayat Public Telephones and then to Village Public Telephones. Reliable and efficient connectivity to

rural exchanges is also being provided progressively. Government plans are to provide reliable transmission media to all the rural exchanges progressively by the year 2002."

(b) Procedure for VPT Installation

1.26 The selection of location and custodian of the Village Public Telephone is done with the recommendation of Village Panchayats, BDOs, Zila Parishads and District Magistrate, as the case may be. The guidelines/ procedure is described below:

(a) The Telecom authority will write to the Gram Panchayat regarding the proposal to put a VPT in the village. A copy of the letter would be sent to the BDO, the local MPs and MLAs. The request made by the SSA incharge of the Gram Panchayat will suggest that they should give a public notice and the Gram Panchayat should inform the local Telecom authority for location and custodian of the VPT in a particular village after passing such a resolution in the Gram Panchayat within 30 days. Gram Panchayat should endorse a copy of this resolution to the concerned BDO also.

(b) In case Gram Panchayat does not respond within 30 days, the Telecom authority will approach the BDO to suggest the location and custodian of the VPT and the BDO should inform the Telecom authority about the location and the custodian of the VPT within 30 days.

(c) In cases where there is no Gram Panchayat, the Telecom authority will directly write to the BDO with copy to MPs and MLAs. The BDO will forward his recommendations to the concerned Telecom authority within 30 days.

(d) In case no response is received from Gram Panchayat and/or BDO within the prescribed period, the location of VPT and the custodian will be decided by the Department of Telecom by an officer not below the rank of JAG. Such an officer will be designated by the Head of the Circle for different areas in the Circle.

1.27 The location and custodian of VPT is selected with the recommendation of Panchayat/BDO. In case Panchayat and BDO do not give their recommendations within specified time limits, the premises and the custodian is decided by the departmental authorities. However, disputes are referred to Zila Parishad/District Magistrate to resolve. However, the Ministry of Communications (Department of Telecommunications) expressed the view that empowering the departmental authorities in selection of premises will reduce delays in selection process.

(c) Status of VPTs

1.28 The targets and achievements in respect of VPTs from 1994-95 to 1999-2000 are as indicated below:

YEAR	TARGET	ACHIEVEMENT
1994-95	50,000	47,659
1995-96	1,05,000	31,497
1996-97	75,000	56,719
1997-98	83,000	42,855
1998-99	45,000	57,058
1999-2000	45,089	33,965

1.29 Circle-wise status of VPTs as on 30th September, 2000 is given below:

Sl. No.	Circles	Total No. of Villages	VPT Target for the year 2000-2001	Achievement Cumulative since 1.4.2000	Villages with VPTs as on 30.9.2000	Villages left uncovered as on 30.9.2000
1	2	3	4	5	6	7
1.	Andaman & Nicobar	282	8	8	282	0
2.	Andhra Pradesh	29460	0	4	23383	6077
3.	Assam	22224	5000	182	14363	7861
4.	Bihar	79208	24651	530	25453	53755
5.	Gujarat	18125	0	0	13923	4202
6.	Haryana	6850	4	4	6811	39
7.	Himachal Pradesh	16997	4000	729	11093	5904
8.	Jammu & Kashmir	6764	2000	61	3854	2910
9.	Karnataka	27066	1265	232	26033	1033
10.	Kerala	1530	0	0	1530	0
11.	Madhya Pradesh	71526	5860	403	46901	24625
12.	Maharashtra	42060	0	0	31170	10890
13.	Goa	407	0	0	371	36
14.	Arunachal Pradesh	3599		25	621	2978
15.	Manipur	2394		4	688	1706
16.	Meghalaya	5629		29	1215	4414
17.	Mizoram	770		2	621	149
18.	Nagaland	1192		42	637	555
19.	Tripura	862	5110	2	658	204
20.	Orissa	46989	14000	127	23055	23934

1	2	3	4	5	6	7
21.	Punjab	12687	0	564	12687	0
22.	Rajasthan	38634	0	55	23782	14852
23.	Tamil Nadu	17991	55	53	17898	93
24.	Uttar Pradesh(E)	75698	18000	1266	47758	27940
25.	Uttar Pradesh(W)	39551	9000	977	24508	15043
26.	West Bengal	37910	10900	219	19953	17957
27.	Sikkim	427	100	25	288	139
28.	Calcutta	468	47	0	421	47
29.	Delhi	191	0	0	191	0
	Total	607491	100000	5543	380148	227343

1.30 The status of Total VPTs installed as at the end of last six years from 1994-95 to 1999-2000 is as follows:—

Status as on	Total VPTs
1.4.1995	1,72,511
1.4.1996	2,04,008
1.4.1997	2,60,727
1.4.1998	3,03,582
1.4.1999	3,40,640
1.4.2000	3,74,605

1.31 The following were the reasons advanced by the Ministry for non-achievement of targets:—

(i) The annual targets are fixed keeping in view the overall plan targets, availability of funds and anticipated availability of equipment.

(ii) Inadequate production capacity is one of the main reasons. Further MARR equipments, the only technology available, did not perform well.

(iii) Procurement of MARR has been discontinued and new technologies have been identified. Procurement process has also been advanced. The results of these measures will, however, be felt in 2000-2001 and thereafter.

1.32 Against a target of providing VPTs in 3,38,000 villages during the 8th Plan (1992-97), the actual achievement was only 1,98,948 villages with a target satisfaction of only 59%. Explaining the phenomenon, the Ministry of Communications (Department of Telecommunications) stated as followed:—

"The targets of 3,38,000 VPTs was set to achieve the objective of universal accessibility by the end of 8th Plan as stated in the National

Telecom Policy (NTP) 1994 which was announced in May, 1994. Analog MARR, the only technology available at that time, was selected for providing VPTs. For mass production of MARR equipment indigenously, a wide vendor base had to be developed and production facilities were also created for accessories like 15M/40 M SS masts, Solar Photo Voltaic Panels and Sealed Maintenance Free Batteries. Not enough time was left in 8th Plan after the announcement of NTP 1994 in May 1994 for the development of these facilities, manufacture of MARR equipment and accessories in adequate quantities and to install/commission the systems to meet the plan target of 338,000 VPTs."

1.33 On being pointed out that the details furnished by the Ministry that in the Circles like Andaman & Nicobar, Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu, Calcutta and Delhi, the percentage of villages having telecom facility is 70 or more than 70, whereas in the circles like Assam, Bihar, Himachal Pradesh, J&K, North-East, Orissa, Uttar Pradesh and West Bengal, the percentage of villages having telecom facility as on 31.12.1998 is less than 50 and in some circles it is very low *i.e.*, less than 30%, the Ministry of Communications (Department of Telecommunications) put forward the following reasons:—

(a) Difficult terrain and unfavourable working conditions in J&K, Assam, North-East, Himachal Pradesh and large number of villages in West Bengal, Orrisa, Bihar and Uttar Pradesh are the main reasons for lower percentage of villages covered.

(b) Preference is being given to these states in allotment of equipment. It will result in faster development.

(c) New technology equipment is being allotted to these states on priority.

(d) Underground cables also have been allotted specifically for VPT programme to these circles.

1.34 Villages with VPTs as on 31.5.2000 are 3,75,326 while villages left uncovered as on 1.6.2000 is 2,32,165. All the remaining villages are planned to be covered by the end of the 9th Five Year Plan. VPT target for the year 2000-2001 has been fixed at 1,00,000 VPTs. The Committee wanted to know whether the target set for VPTs is realistic in view of the fact that it has been possible to cover only about 62% of the villages so far despite the special drive in the first three years of the Ninth Five Year Plan. The Ministry of Communications (Department of Telecommunications) stated in a written reply as follows:—

"With the induction of WLL technology in the rural areas, the time for providing a VPT will be reduced considerably as not much of physical work will be involved in installation of VPT. The only physical work at the custodian premises will be the installation of

solar panel system. With the reduction in labour and installation time, the target can be achieved."

1.35 Out of the target of 1,00,000 VPTs for the year 2000-2001 only 5,543 VPTs have been provided till 30th September, 2000.

1.36 The Secretary, Ministry of Communications (Department of Telecommunications) stated during evidence as follows:—

"Here, we have a two-fold objective. The first is to cover such of those villages where telephone facilities have not yet reached. The second one is to see that which are those villages out of 3.75 lakhs where the existing technology has not worked and where there is no chance of even repairs being carried out and the system that has been installed and perhaps that would need to be replaced. So, these two objectives have to be both simultaneously kept in view. By the end of the Ninth Five Year Plan we intend to cover all these villages through a very reliable system that would be more dependable than what it turned out to be in the past."

1.37 3,74,605 villages have been covered in the country as on 1.4.2000 out of total villages 6,07,491. Remaining 2,32,886 villages are proposed to be covered by the Department of Telecommunications by March 2002. These efforts are also to be supplemented by the Private Fixed Service Providers. The targets for next two years are given as under:—

Year	DT Targets	FSP Targets
2000-2001	1,00,000	55,848
2001-2002	77,038	
Total	1,77,038	55,848

1.38 All villages in A&N, Kerala, Punjab, Haryana and Tamil Nadu and all Block Head Quarters in the country are proposed to be covered by telecom facilities by 15th August, 2000. All villages in southern states are proposed to be covered by telecom facilities by 31st March, 2001.

1.39 Task Forces are being costituted in all the States were VPT coverage is very poor. The main role assigned to the Task Force is speedy implementation of the rural telecommunications programme by proper planning and monitoring the progress. Task Force has been constituted in Bihar, Madhya Pradesh, Orissa, Jammu and Kashmir, UP(East), UP(West) and West Bengal Circles. Task Forces are in the process of planning for induction of new technologies by identifying the sites and arranging infrastructure required at these sites. Rigorous monitoring is expected after the induction and installation of WLL systems in the Circles.

(d) Performance of VPTs

1.40 VPTs are presently working mainly on land lines, MARR and satellite media. The number of faulty VPTs as on 31.5.2000 was 52,921 *i.e.* 14.1% out of which 39,101 are MARR based VPTs and remaining 13,820 land lines based.

1.41 Given below is the status of performance of VPTs as on 31 May, 2000:—

Sl. No.	Name of Telecom Circle	VPTs Commissioned Total	VPTs Faulty Total	% of Faulty VPTs
1.	A&N	274	4	1.46
2.	A.P.	23379	294	1.26
3.	Assam	14222	3286	23.11
4.	Bihar	24987	7889	31.57
5.	Gujarat	13923	276	1.98
6.	Haryana	6807	784	11.52
7.	Himachal Pradesh	10403	673	6.47
8.	J&K	3799	656	17.27
9.	Karnataka	25862	510	1.97
10.	Kerala	1530	0	0.00
11.	M.P.	46481	10916	23.48
12.	Maharashtra	31541	885	2.81
13.	N.E.	4337	1258	29.01
14.	Orissa	22923	11064	48.27
15.	Punjab	12123	209	1.72
16.	Rajasthan	23738	3951	16.64
17.	T.N.	17845	1025	5.74
18.	U.P.(East)	46469	3790	8.16
19.	U.P.(West)	23795	2859	12.02
20.	W.B.	20018	2592	12.95
	Total	374456	52921	14.13

1.42 The following are the main reasons for high fault rate of VPTs.

(i) Limitations of the MARR Technology.

(ii) Inaccessibility to the locations where VPTs are provided.

(iii) Most of the VPTs are installed in Panchayat Bhawans which mostly remain closed and villagers are denied this facility.

(iv) In some pockets, insurgency is another factor for non-functioning of VPTs and VPTs are Kept in safe custody on the advice of local police administration.

(v) Unstable/unreliable power supply for prolonged periods causes poor performance of VPTs in rural/remote areas.

(vi) Adequate service support is not forthcoming from the supplier/ manufacturer of the equipment.

(vii) Misuse/mishandling of VPT equipments by the VPT custodians and poor maintenance of VPT equipments alongwith the associated batteries, etc. by the VPT holders.

(viii) Large variety of system in one division make maintenance activity more complex.

1.43 Each circle submits the performance of VPTs to Telecom Commission in prescribed proforma on weekly and monthly basis. Telecom Commission compiles the same for the country as a whole. On an average 8.2% VPTs are found to be faulty.

1.44 The following steps have been taken to bring down the fault rate and to provide satisfactory and efficient telephone service to the rural populace.

(i) Solar panels with maintenance free batteries installed on MARR based VPTs.

(ii) Monitoring of VPTs faults at SSA level and circle level is being done on daily basis and corrective action is initiated.

(iii) Annual Repair Contracts are entered into with the manufacturers.

(iv) DoT staffs are being trained to repair faulty VPTs.

(v) Repair Centres are being opened to strategic locations of Telecom Circles.

(vi) Some MARR systems within a 3-5 Km of the exchange are being replaced with land line where feasible.

(vii) Outmoded technology systems are being scrapped/replaced gradually.

(viii) Regular meetings by GMs/TDMs with villagers to sort out their grievances.

(ix) VPT holders are being educated regarding handling of equipment.

(x) Regular inspections by the officers of all levels.

(xi) Flying squads are under constitution for investigations of VPTs which are reported to be faulty for undue long duration.

(xii) For the villages far away from available telephone exchange the following modern technologies are being examined/introduced:—

(a) TDMA/PMP technology of C-DoT.

(b) Satellite based VPTs for the villages which are located in difficult terrain/inaccessible locations.

(c) Macro Cellular Wireless Local Loop (WLL).

(e) Non-payment of Bills

1.45 The custodian of VPTs is responsible to pay the bills. Generally the villagers and the custodians think that these telephones are free facility for the village/panchayat. The facility however is provided at reduced tariff to make it affordable to rural population. It is not a free service.

1.46 In October, 1998, 11825 VPTs were under disconnection for non-payment. The circle-wise data is furnished below:—

Circle	Total VPTs (as on 31.12.98)	VPTs disconnected due to non-payment as on October, 1998
1. A&N	204	0
2. AP	23138	583
3. AS	10704	0
4. BH	19196	140
5. GJ	13923	2090

Circle	Total VPTs (as on 31.12.98)	VPTs disconnected due to non-payment as on October, 1998
6. HY	6807	769
7. HP	6870	55
8. JK	2823	62
9. KT	21927	962
10. KL	1530	0
11. MP	39384	535
12. MH	29502	1754
13. NE	3852	0
14. OR	19593	234
15. PB	11938	1105
16. RJ	21753	864
17. TN	17698	358
18. UP(E)	32528	179
19. UP(W)	17351	137
20. WB	13190	0
21. Ca	421	
22. DL	191	
Total	314523	11825

1.47 The decision taken by Telecom Commission with regard to disconnection due to non-payment of outstanding dues and subsequent re-location of VPTs are as below:—

(i) The incoming call facility will be extended for one billing cycle after normal disconnection period.

(ii) After one billing cycle the telephone may be disconnected if the outstanding amount is not paid either in lumpsum or in instalments as per existing procedures.

(iii) Guidelines have been issued for relocation of VPTs disconnected due to payment of outstanding dues. VPTs should be shifted only after getting a firm assurance from the State Government that they will assist in recovery of arrears and prospective VPT holders will settle the bills regularly.

After intimation about the payment of outstanding dues, the line is restored.

III-RURAL NETWORK

(a) Telephone Exchanges

1.48 A new rural exchange at a place is planned if there is a registered demand for at least 10 telephones and the demand cannot be met techno-economically from an existing exchange within the SDCA.

1.49 With the increased awareness about the benefits of telecom facilities there has been significant growth in demand for basic telephones in the rural areas. To meet this demand small and medium capacity electronic exchanges were installed in large numbers in the rural areas throughout the country. The technology has been indigenously developed by C-DOT and other public sector units under the Ministry of Communications. The equipment has been specifically developed to suit the requirement of rural areas. The performance of these switches has been quite satisfactory even in difficult operation conditions in the rural areas.

1.50 It has been stated by the Ministry that all the electro-mechanical exchanges in the rural areas have been replaced by electronic exchanges. The number of telephone exchanges as on 31 March, 2000 is as under:—

Number of Telephone Exchanges as on 31.3.2000
As per MIS Reports (Monthly)

Sl. No.	Circle/Metros Distt.	Urban	Rural	Status
1	2	3	4	5
1.	A & Nicobar	4	34	38
2.	Andhra Pradesh	360	2042	2402
3.	Assam	119	296	415
4.	Bihar	224	766	990
5.	Gujarat	510	1663	2173
6.	Haryana	134	734	868
7.	Himachal Pradesh	69	641	710
8.	Jammu & Kashmir	136	149	285
9.	Karnataka	410	1944	2354
10.	Kerala	204	720	924
11.	Madhya Pradesh	424	2504	2928
12.	Maharashtra	530	2971	3501
13.	Northeast	81	257	338
14.	Orissa	154	708	862
15.	Punjab	222	962	1184
16.	Rajasthan	284	1674	1958

1	2	3	4	5
17.	Tamil Nadu	724	890	1614
18.	Uttar Pradesh (E)	526	1210	1736
19.	Uttar Pradesh (W)	328	722	1050
20.	West Bengal	150	782	932
21.	Mumbai	148	0	148
22.	Calcutta	192	0	192
23.	Delhi	192	0	192
24.	Chennai	115	0	115
	All India	6240	21669	27909

1.51 The targets in respect of new exchanges, DELs and Net Switching Capacity of the year 2000-2001 are as under:

New Exchanges	:	3431
New Switching Capacity	:	25.82 lakh lines
DELs	:	14.20 lakh lines

1.52 Target of DELs for the year 2001-2002 has been fixed at 19 lakh lines. Targets in respect of New Exchanges and New Switching Capacity will be fixed in due course.

1.53 Installation of a telephone exchange depends upon a number of factors i.e. availability of suitable building, availability of reliable power supply, switching equipment, transmission media, etc. So it may take any time from six months to 2/3 years to install the telephone exchange. According to the Ministry, regarding covering all the villages by March, 2002, sufficient advance planning has been done to achieve this target of NTP 99.

1.54 Asked about the steps taken to upgrade technology and replace the exchanges, the Ministry of Communications (Department of Telecommunications) stated in a note as follows:—

(a) All the telephone exchanges in the rural areas are already electronic exchanges.

(b) To meet the growing demand for telephone small capacity exchanges are being replaced by higher capacity exchanges wherever required.

(c) As a matter of policy all C-128 P exchanges will be upgraded to C-256 P by March, 2000.

(d) Stable transmission media is expected to be provided to all rural exchanges progressively by the year 2002.

(e) Analog MARR technology will not be used for providing VPTs beyond the current financial year. The equipment already available will only be installed. For the VPTs in the remaining villages new technologies i.e. Wireless in the Local Loop (WLL), Time Division Multiple Point (TDMA/

PMP) and satellite (for remote and inaccessible areas) will be deployed.

(b) Transmission Media

1.55 Stable transmission media such as UHF microwave, optical fibre and satellite are being introduced for rural exchanges. Keeping in view the volume of work and availability of resources/equipments, it has been decided to provide stable transmission media to all such exchanges which are presently connected by fault prone media like overhead lines carrier systems. The following technologies will be used in most cases:

(i) Optical Fibre Cable;

(ii) Digital Microwave; and

(iii) Satellite.

1.56 The DoT has planned reliable media connectivity for all the telephone exchanges in the country including those in the rural area by March, 2002 subject to availability of resources. In majority of areas, the connectivity is being planned on Optical Fibre. In other areas, Microwave media has been planned. Satellite media is used/planned for those locations where provision of terrestrial media is not feasible *viz.* islands, hilly and inaccessible areas.

1.57 Pending replacement of existing unreliable transmission media, the following measures have been taken for maintenance of telephone system:—

(i) Old batteries are being replaced by new maintenance free batteries.

(ii) Additional engine alternators/portable sets are being provided in places where prolonged power supply failure is occurring.

(iii) Grounding/earthing arrangement is being modified to reduce faults due to lightening, etc.

(iv) Old type of telephone instruments are being replaced.

(v) Repair centres have been provided for repair of faulty cards.

1.58 For the access network in the rural exchanges underground cables are provided at the rate of 8.5 conductor kms. per line. As the requirement of telephones in rural areas is spread out certain lengths of overhead lines will continue to remain in the network. It is not practicable to eliminate completely the overhead lines from the access network in rural areas.

1.59 As in April, 1999, 7762 exchanges were connected by unreliable transmission media. As stated in NTP 1999, Government plans are to provide reliable transmission media to all these exchanges progressively by the end of 9th Five Year Plan.

1.60 During evidence, the Secretary, Ministry of Communications (Department of Telecommunications) stated as under:

> "Sir, you mentioned about a reliable transmission media. This is also a very important aim in terms of modernisation and in being able to provide reliable transmission media. We are modernising the transmission network..... The Department is fully aware that a reliable and a fool proof system of transmission alone can satisfy the people."

(c) Provision of STD facility in rural areas

1.61 As per the 9th Plan objectives, all the exchanges were to be provided with STD/ISD facility by the year 2000. However, according to the information furnished by the Ministry of Communications (Department of Telecommunications in July, 2000 out of 21,669 rural exchanges, 18,164 exchanges were provided with STD facility which works out to 84%.

1.62 In a reply the Ministry conceded that there was imbalance in provision of telecom facilities in various areas of the country. This was because of the general backwardness of the area and due to lack of demand, the telecom facilities could not be provided earlier. Other reasons are scattered villages often remotely located which make the provision of STD facility difficult and expensive. In the hilly areas, accessibility of the villages is poor. Laying of optical fibre cables in hilly areas is difficult. Provision of radio systems is also difficult because of technical reasons such as lack of line of sight due to obstruction by high mountains. In J&K, the poor availability of STD in the rural exchanges is largely due to law and order problems, which have affected the state during the last ten years, besides the mountainous and inhospitable terrain and snow bound areas, which cut down the working period during the year to few months only.

1.63 However, action plan has now been drawn to accelerate the provision of telecom facilities in the rural areas so as to correct the imbalanee in this regard between various areas in the country. As per the 9th Plan objectives, DoT is committed to provide reliable transmission media for all the telephone exchanges in the country by March 2002 subject to availability of resources. During the current year, additional 5000 stations are expected to be covered by reliable media in the rural areas. Action has already been taken for procurement of transmission equipment and of cable to achieve the above target.

1.64 On being pointed out that only about 41% of rural exchanges with STD facilities were provided with reliable media, the Ministry stated in a written reply that all the rural exchanges would be provided with STD facility on reliable media by March 2002, subject to availability of resources. The media used for this purpose would be mainly optical fibre. However, based upon techno-economic feasibility, Microwave/UHF and satellite media would also be utilised to provide the STD facilities.

IV-TECHNOLOGY

(a) Technology for rural areas

1.65 Presently rural areas are being served by:

(a) Wired line

(b) MARR System

(c) Satellite based Systems

1.66 The inherent problems of poor performance of VPT in rural scenario can be mainly attributed to:—

(a) *Maintenance of Wired Line*

The villages are scattered from a central location. The wired line passes through trees, jungles and thick vegetation areas along the narrow approach roads of villages. The line gets snapped because of growth of vegetation, falling of branches of trees and vagaries of nature.

(b) *MARR System*

In MARR system Remote Station Unit is served by Solar Panel and back-up battery. In rural environment, the dust accumulates on the solar panel, thereby reducing the efficiency, finally leading to battery failures. It has also been noticed that misuse of battery by subscribers also lead to failure of VPT. The reliability of MARR equipment supplied by some of the vendors is also poor.

1.67 The Committee observed that most of telephone services in rural areas still remained only nominal connectivity. Agreeing with the view of the Committee, the Secretary, Ministry of Communications, (Department of Telecommunications) stated in evidence as follows:—

> "Sir you also have very rightly pointed out about the qualitative aspect of the existing services. While it is true that we are saying that 3.75 lakh villages are already covered by telephone facilities but the Department is fully aware that all these facilities are not of the desired standard. It leaves tremendous room for improvement and upgradation. The Committee are fully aware and as we can make out from the questionnaire that there has been a great problem of technology in the spread of rural telephone. We have relied very heavily on, what was called, the MARR system which had not, for various reasons, given us the kind of reliability and assurance of working which was expected from rural telephones."

(b) MARR Technology

1.68 Ministry of Communications (Department of Telecommunications) stated in a note that it is a fact that some of the analog MARR systems installed in the rural areas have not been functioning satisfactorily. The main reasons are highlighted below:—

(a) The Analog MARR technology has been found to be not very stable.

(b) The village public telephones on MARR are provided mostly at the public places like post offices panchayat offices. etc. There is general lack of attention by the custodian about the upkeep of the VPT equipment.

(c) In some cases equipment like solar panels and batteries have been diverted by the custodian for personal use.

1.69 Giving the background the Ministry stated in a note that the MARR technology was selected in early 1980s. This was the only technology available at that time. It was introduced after field trials. The new technologies now selected were not available at that time i.e. when MARR was selected. MARR systems were introduced on large scale from 1994-95 onwards. The difficulties experienced in commissioning and maintenance were noticed during 1995-96 onwards. An independent organisation National Productivity Council (NPC) was engaged in 1997-98 to study the problem and suggest solution. Its recommendations have been implemented. There is some improvement in the performance.

1.70 On an average about Rs. 1,00,000 is spent on an installation of a VPT on MARR. Most of the MARR equipment which was procured has been utilised. A small quantity which was still available was installed during 1999. MARR technology has been discarded for further procurement only because superior technologies are now commercially available.

1.71 Giving details of the survey being undertaken to identify MARR systems which are not working, the Secretary, Ministry of Communications (Department of Telecommunications) stated in evidence as follows:—

> "It is not as if that at every place the MARR system is not working. This requires a very quick and detailed survey which our department is going to carry out and within a grace of next month, it will become very clear as to which are those locations where the MARR system is capable of being suitably repaired or put to some use and which will be those places where it is not just possible to carry on any repair and replacement will be absolutely necessary. This exercise is being done in a time bound manner and it holds the key to setting right the telephone system in such of those villages which we are saying today are covered by our telephone network."

1.72 The witness further stated:—

> "Sir, only a survey will be able to tell us in a pucca manner because huge amounts of money had been spent in the past. We would need to explain fully our decision that this system is not going to work and it has to be totally substituted. So, a detailed survey has been ordered and within about a month or so, we will be in a position to know in a very definite manner the exact status position."

1.73 A representative of the Ministry of Communications (Department of Telecommunications) stated in evidence as under:—

> "It is a fact that our experience with MARR system has been quite painful. We spent so much of money, and put up so much of our efforts but somehow these systems failed to deliver the desired results. Therefore, we have been trying to find out a satisfactory solution to this problem".

1.74 In the post-evidence replies, the Ministry of Communications (Department of Telecommunications) furnished the following details of findings of the survey with regard to functioning of MARR system:—

Total number of VPTs on MARR system—	2,11,860
Number of MARR VPTs working—	1,49,458
Number of MARR VPTs not working—	62,402
Number of MARR VPTs repairable—	29,980
Number of MARR VPTs irreparable—	32,422

(c) New Technology Options

1.75 With the economic, social and educational developments in rural areas, large number of people in rural and remote areas are coming forward to subscribe for telephone in spite of available/planned VPTs/ PCOs. In order to cope up with the demand of both Direct Exchange Lines (DELs) and Village Public Telephones (VPTs), switching systems of varied capacity i.e. 256/512/1000/1400 lines integrated with under ground cables, WLL systems, medium capacity satellite systems and radio systems are planned. Stand alone single channel satellite terminals are also proposed for VPTs.

The Technologies proposed to be deployed are as under:—

(i) C-DOT TDMA/PMP

(ii) Wireless in Local Loop

(iii) Satellite medium for remote and isolated exchanges and VPTs

1.76 VPTs will continue to be provided on land lines from existing and new exchanges up to a distance of 5 kms.

C-DOT TDMA/PMP

1.77 This is a wireless-cum-wired technology. The system comprises of 1 Base Station Unit and maximum of 32 Remote Station Units. The maximum capacity of the system is 296 lines. This will be utilised to provide VPTs and to meet the scattered demand of telephones in rural areas.

1.78 25 systems have already been procured and are under various stages of installation. Case for procurement of 100 more systems is in the process.

Wireless in Local Loop (WLL)

1.79 This is a fully wireless technology for the access network in rural areas with a line of sight range of about 25 km. It is planned to provide one system in each SSA of the country in the next two years. The system will consist of one Base Station Controller in each SSA with multiple Base Stations located in different SDCAs. The capacity of the system can be upto 10,000 lines. The system will be used to provide VPTs and scattered demand of telephones in rural areas. Non-functional MARR based VPTs may also be replaced by such systems.

Satellite Based VPT

1.80 Villages in remote and isolated places which cannot be covered by any terrestrial means are proposed to be provided with telecom facility using satellite based VPTs. Department has ordered 400 INMARSAT Mini-M terminals for providing VPTs in a limited way and is in the process of identifying more such villages.

S&M Switching System

1.81 Most of the switches presently being inducted in the rural areas are based on C-DOT designed electronic switch. Range of C-DOT switches consist of 128P C-DOT, 256P C-DOT and SBM C-DOT switches from 500 to 1400 lines. C-DOT 128 switches are also being upgraded to 256 C-DOT switch with enhanced facilities. In a few rural area locations, RLU/RSUs of new technology switch or C-DOT large switches are also being introduced. Adequate transmission media is being planned to provide reliable connectivity to the exchanges working in rural areas and also for WLL systems.

1.82 Field units have already been authorised to place Pos for C-256 Switches against 35% reservation quota of ITI/HTL and to procure balance 65% through tenders. For SBM RAXs, APO for 35% reservation quota has been issued and the tender for remaining 65% quantity has been issued and the tender for remaining 65% quantity has been opened on 6.4.2000.

(d) Wireless in Local Loop

1.83 Regarding replacement of MARR technology the Secretary, Ministry of Communications (Department of Telecommunications) added during evidence:—

> "We have those MARR telephones which are irreparable and which should be condemned. We want to replace those telephones either through WLL or through satellite telephones or through the C-DOT's multi-point telephones."

1.84 The witness further pointed out as follows:—

> "Sir, the Department has looked into this whole question again and certainly some time has been taken in choosing the right technology that could substitute the MARR technology. We want to certainly avoid the pitfalls, the mistakes and the weaknesses that were responsible for the non-functioning of the earlier technology. We have, no doubt, taken a little more time than perhaps was initially thought upon. the recent review by the Hon'ble Minister of Communications has put us under great pressure. He has said that decisions have to be taken now on a much faster mode. We hope that by the end of this year we would be able to be ready with the type of preparatory work that is needed for procurement of the new material based on the new technology, that is the WLL technology. Once this process is complete, we would be able to spread the reach of rural telephones in a big way in the balance period that is available, that is, by the end of the Ninth Five Year Plan".

1.85 A representative of the Ministry of Communications (Department of Telecommunications) added during evidence as follows:—

> "Now, for replacing the MARR system in a big way, we have taken recourse to WLL system, that is, wireless in the local loop suitable for the rural areas. In fact, it is a very new technology. Our misfortune has been that there are a very few vendors. It is an imported technology. There are very few suppliers of this equipment till date. Only three companies are there who have come to offer this equipment and they came very late. This equipment is on field trial. We want to purchase in the first lot 20,000 lines, and some lines are on field trial in six places. Two places are in Bihar, two are in Uttar Pradesh and two are in Himachal Pradesh. Since this equipment was received very late, the field trial reports are awaited. We want to be very careful before we finalise anything on this equipment because we do not want to repeat the fate of the MARR system again.
>
> The second phase, after this equipment passes, would be to procure six lakh lines of this WLL system. Our problem is that

there are a very few vendors. If somebody's equipment fails or does not meet the specification, then we will be having the problem of only one or two vendors. That will mean that one or two persons will get a very big order. Then, they will dictate the prices because they know that we want to have the equipment and they are the only persons to supply the equipment. So, they would dictate terms. Concern has been expressed by the Hon'ble Members. They have raised the doubts whether we will be able to achieve our targets of providing the VPTs in all the villages by the year 2002. Perhaps, at the moment it may appear that this apprehension may be correct. But I see a ray of hope because as I told you, once the equipment has been field-tried, we want to purchase about six lakh lines of this equipment. In fact, I hope these six lakh lines may start flowing sometime in January or so. It would be very easy to install the equipment. For MARR equipment, we have to raise one tower in the areas around 10 to 12 Kms. from the central station. WLL equipment will require no tower, etc. It would be installed. You just give the equipment, it will start working."

The witness further stated:—

"In fact the result will be available by 23rd or 24th of July. We were to open the tender for the six lakh lines on 26th of July."

1.86 With regard to induction of WLL system, the Ministry stated in writing that:—

(i) The field trails of WLL system for the following vendors were conducted and found successful.
   (a) M/s. ITI Ltd.
   (b) M/s. HTL Ltd.
   (c) M/s. Escorts Ltd.
   (d) M/s. HFCL; and
   (e) M/s. Motorola

(ii) Final decision has been taken to induct WLL systems for provision of VPTs. Technical bids were opened on 17.8.2000. CET has submitted its evaluation report. Financial bids are likely to be opened shortly. WLL equipment is likely to be available during the last quarter of the current financial year.

(iii) Equipment is likely to be available during the last quarter of the current financial year. All the circles have been instructed to carry out detailed planning in advance and make all infrastructure ready so that equipment can be installed without delay.

V-PRIVATE SECTOR PARTICIPATION

(a) Policy Initiative

1.87 According to the National Telecom Policy 1994 even with the comparatively modest targets of the VIII Plan as originally fixed, there was a resource gap of Rs. 7,500 crores. The additional resources required to achieve the revised targets was well over Rs. 23,000 crores. Clearly this was beyond the capacity of Government funding and internal generation of resources. Need for private investment and association of the private sector was felt in a big way to bridge the resource gap. Private initiative was to be used to complement the Departmental efforts to raise additional resources both through increased internal generation and adopting innovative means like leasing, deferred payment, BOT, BLT, BTO etc.

1.88 Private sector participation was invited in a phased manner from the early nineties, initially for value added services such as paging services and Cellular Mobile Telephone Services (CMTS) and thereafter for Fixed Telephone Services (FTS). One of the objectives and targets of NTP 1999 was to transfer in a time bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas, providing equal opportunities and level playing field for all players. After a competitive bidding process, licenses were awarded to 8 CMTS operators in the four metros, 14 CMTS operators in 18 state circles, 6 BTS operators in 6 state circles and to paging operators in 27 cities and 18 state circles. VSAT services were liberalised for providing data services to closed user groups. Licences were issued to 14 operators in the private sector out of which only nine licencees are operational. The Government subsequently announced the policy of internet service provision (ISP) by private operators and has commenced licensing of the same. The Government also announced opening up of Global Mobile Personal Communications by Satellite (GMPCS).

(b) Commitment for Rural Telephones

1.89 The Ministry of Communications (Department of Telecommunications) stated in a written note that as per the terms and conditions of tender documents, licensee was required to ensure for providing a minimum of 10% of its commitment towards Direct Exchange Lines as village public telephones. Against this minimum requirement, the actual rate of VPT provision as percentage of DELs committed by the licensees, has been indicated in the license agreement and the licensee is required to maintain or exceed that rate till all villages are covered with VPTs in their respective service areas.

1.90 All the six private licensees of basic telephone service have started operations in their respective services areas. The details of DELs provided by them are given below:—

Sl. No.	Name of the Company	Service Area	Effective Date	Committed cumulative targets of DELs at the end of I year	II year	III year	Actual DELs provided so far as on 30.9.2000
1.	M/s Reliance Telecom (Pvt) Ltd.	Gujarat	30-9-97	48000	144000	288000	—
2.	M/s Bharti Telenet Ld.	Madhya Pradesh	30-9-97	50000	100000	150000	1,03,767
3.	M/s Tata Tele services Ltd.	Andhra Pradesh	30-9-97	50000	150000	300000	42,562
4.	M/s Hughes Telecom. (India) Ltd.	Maharashtra	30-9-97	10000	262000	607900	31,197
5.	M/s HFCL Infotel Ltd.	Punjab	30-9-97	125000	325000	525000	221
6.	M/s Shyam Telelink Ltd.	Rajasthan	04-3-98	29757	72273	146909	2,995
	Total			312757	1053273	2017809	1,80,742

1.91 The remaining 2,66,851 villages are to be covered by the end of 9th Five Year Plan. Out of this about 68,000 Village Public Telephones are to be provided by the Private Basic Telephone Service Operators (PBTSOs). The following was the Plan for providing VPTs w.e.f 1 April, 1998:—

Year	Targets		Total
	DOT	Pvt. Optrs.	
1998-99	45,000	16,755	61,755
1999-2000	45,136	23,119	68,255
2000-2001	79,695	14,944	94,639
2001-2002	66,260	13,000	79,260
Total	236,091	67,818	303,909

The revised target for providing VPTs for Private Basic Telephones Service Providers is 55,848 lines in 2000-2001.

1.92 It has been stated by the Ministry of Communications (Department of Telecommunications) in a written reply that all the six private licensees of basic telephone services have started operations in their respective service areas. The details of VPTs provided by them as on 31st October, 2000 are given below:—

PROVISION OF VILLAGE PUBLIC TELEPHONES (VPTs) BY PRIVATE LICENSEES [As on 31-10-2000]

Sl. No.	License and Licensed Circle	Effective Date of Licence	Committed targets* for VPTs in First Three years (as per obligations under Licence Agreement)			Total No. of committed VPTs in 1st 3 years	No. of VPTs actually provided till date
			I year	II Year	III Year		
1.	M/s Tata Tele serivces (Andhra Pradesh)	30-9-97	9635 (by 30-9-98)	(all villages were to be covered in first year i.e. by 30-9-1998)		9635	Nil
2.	M/s Reliance Telecom (Gujarat)	30-9-97	8635 (by 30-9-98)	(all villages were to be covered in first year i.e. by 30-9-1998)		8635	Nil
3.	M/s HFCL Infotel Ltd. (Punjab)	30-9-97	5442 (by 30-9-98)	(all villages were to be covered in first year i.e. by 30.9.1998)		5442	Nil
4.	M/s Hughes Telecom (India) Limited. (Maharashtra)	30-9-97	4000 (by 30-9-98)	21760 (by 30-9-99)	No village was to be left Uncovered by 30-9-99	25760	Nil
5.	M/s Bharti Telenet (Madhya Pradesh)	30-9-97	5500 (by 30-9-98)	5500 (by 30-9-99)	5500 (by 30-9-2000)	16500	315
6.	M/s Shyam Telelink (Rajasthan)	04-3-98	7439 (by 04-3-99)	10629 (by 4-3-2000)	13766 (by 4-3-2001)	31834 [36727]**	51
	Total		40651	37889	19266	97806	366

*Translated into absolute terms based on bid/tender documents keeping in view the commited targets for Direct Exchange Lines (DELs) and the figure for number of uncovered villages indicated in the tender.

**The total number of uncovered villages in Rajasthan Service area is only 31834 as against the licensee's commitment of 36727.

1.93 It has been further stated by the Ministry of Communications (Department of Telecommunications) stated that all the six private licensees have been insisted upon to either fulfill their committed VPT obligations on their own or through alternative arrangements with other service providers or confirm their acceptance immediately for the special type of contributory work offer made by DTS (now BSNL) to provide VPTs against their commitments subject to compensation by them to DTS (BSNL) for the total cost of installation and annual cost of maintenance on an average basis for a period of ten years from the date of installation.

1.94 These licensees have also been asked to fulfill their VPT obligations by utilizing the network resources of either the Cellular operators or the DTS (BSNL), by having an access arrangement, which will be a matter of mutual agreement between the two service providers without any obligation on the licensor or any linkage with the Universal Service Obligation Fund envisaged in NTP 99.

(c) Penalty Provisions

1.95 The Department as per a written note furnished to the Committee has stated that as per the provisions contained in the initial agreement signed by the licensees, in case of failure of the licensee to deliver the service or any part thereof within the period prescribed for the delivery, licensor is entitled to recover for each service area, liquidated damages as per extracts of relevant provisions given below:—

Condition 11: Requirement to furnish information to the Licensor/ Telecom Authority

(11.1): Subject to Condition 11.2, the Licensee shall furnish to the Telecom Authority, in such manner and at such times as the Authority may reasonably request, such documents, accounts, estimates, return or other information and procure and furnish to Authority such reports as it may reasonably require for the purpose of exercising the functions assigned or transferred to it.

(11.2): The Licensee may not be required to procure or furnish a report which would not normally be available to it unless the Telecom Authority consider the particular report essential to enable it to exercise its functions.

(11.3): Engineering Details

(a) The Licensee shall furnish complete technical details with all calculations for engineering, planning and dimensionising of the systems/ network, concerned relevant literature, drawings, installation materials regarding the equipments for commissioning of service.

(b) The detailed calculations about link engineering and in case of usage of Wireless in Local Loop systems, the field strength, signal

penetration inside the buildings including basement, etc. should be provided by the Licensee.

(c) List of performance tests to be furnished by the Licensee 6 months prior to the date of commissioning for approval of Licensor.

(d) Licensee shall supply all tools, test instruments and other accessories to the testing party of Licensor for conducting tests.

(e) Network Plan for the Service Area giving route engineering, network architecture, interconnecting transmission media and investment costs.

The above details are to be provided within 2 months of the signing of the License Agreement.

Condition No. 12: Liquidated Damages

(12.1): The date of commissioning of the service, as stipulated in this License Agreement, shall be deemed to be the essence of the license and the service must be brought into commission not later than that date. Extension will not ordinarily be given. Should, however, the service be brought into commission after the expiry of the stipulated date of commissioning, without prior concurrence of the Licensor and be accepted by it, such commissioning will not deprive the Licensor of its right to recover liquidated damages under this clause. When, however, the commissioning of the services is effected within 15 days from the stipulated date of commissioning, Licensor may accept the service and in such cases the provision of the Clause 12.2 will not apply.

(12.2): If the Licensee fails to bring the service or any part thereof into commission within the period prescribed for the commissioning, Licensor shall be entitled to recover for each Service Area liquidated damages as follows:—

Category of Service Area	Liquidated Damages per seven days of delay or part thereof	Maximum Liquidated Damages
A	Rs. 25 lakh	Rs. 6.5 crore
B	Rs. 15 Lakh	Rs. 4 crore
C	Rs. 5 lakh	Rs. 1.5 crore

For delays of more than 180 days the license will be terminated as per Condition 14 of this Schedule B Part II "Terms & Conditions".

(12.3): The liquidated damage charges shall be calculated from the last date of commissioning without grace period of 15 days as per Clause 12.1 above. For computation of period, the day of Effective Date shall be excluded.

(12.4): If the Licensee fails to deliver the Service or any part thereof within the period prescribed for the delivery, Licensor shall be entitled to recover for each Service Area, liquidated damages as follows subject to the maximum amount shown in above table.

(i) For DELs:

Liquidated Damages= Rs. 11 × No. of days × No. of DELs not delivered.

(ii) For VPTs:

Liquidated Damages=Rs. 66 × No. of days of delay × No. of VPTs not delivered.

For delays, in delivery of Service, of more than 180 days, the license will be terminated as per condition 14 of this Schedule B, Part-II "Terms & Conditions."

(iii) For failure of meet the commitment for use of indigenously manufactured equipment at the end of 3 years:

Liquidated Damages

(a) For 100% failure:

6% of the NPV calculated by discounting the levy of the bidder at a rate of 16% per annum, with reference to the payment schedule as indicated in Annexure-III of the Schedule.

(b) For less than 100% failure:

Percentage of NPV mentioned above reduced pro-rata.

The liquidated damages stipulated in Clause 12.2 relate to delays pertaining to the commissioning of Service whereas the liquidated damages stipulated in Clause 12.4 relate to delays pertaining to delivery of Service which shall continue right upto the termination of License. During commissioning of Service, Clause 12.4 is not applicable.

Condition 13: Issue and Extention of License:

(13.1): This license is issued by the Licensor for the Service Area on a non exclusive basis under Section 4 of Indian Telegraph Act, 1885. Licensee shall not transfer this license to a third Party directly or indirectly. any changes in the composition of the Licensee shall be with the prior approval of Licensor. The Licensor while approving such changes (in the equity structure) shall ensure that no one company/legal person has controlling interest in more than one Indian Companies which have been licensed to provide the Service. Any change in the equity structure of the Licensee shall be duly intimated to the Licensor.

(d) Recovery

1.96 The amount of liquidated damages recovered from each of the basic service operator for their failure to deliver the service within the prescribed period is furnished below:—

Name of licensee	Name of the Circle	Amount of LD Charges (Rs. in crores)
Bharti Telenet Ltd.	Madhya Pradesh	4.00
Tata Telenet Ltd.	Andhra Pradesh	13.00
Huges Tele. Com. (India) Ltd. (Earlier Hughes Ispat Ltd.)	Maharashtra	7.75
Reliance Telecom Ltd.	Gujarat	13.00
Shyam Telelink Ltd.	Rajasthan	7.30
ECL Telelink Ltd. (Earlier Essar Commvision Ltd.)	Punjab	8.00
Total		53.05

1.97 Commenting on this, a representative of the Ministry of Communications (Department of Telecommunications) stated in evidence as follows:—

> "When they did not give required number of telephones, we recovered the maximum amount from them. We recovered Rs. 55 crore from them when they put forth the problems faced by them, we modified the terms and conditions for the licences and made things easier for them from 1st August, 1999. Now, we are quite strict with them. As I have just now stated, the honourable Minister of Communications has taken many meetings. Now, the period would expire on 16th of October."

1.98 On the follow-up action taken by the Ministry of Communications (Department of Telecommunications) with regard to non-compliance of license agreement, the Ministry stated in written reply as follows:—

> "As per the original license agreement, the licensees are required to provide their committed number of VPTs for the first 3 years within the said 3 years period license....It already stands explained and clarified to them time and again that fulfillment of committed performance obligations by existing licensees cannot be linked to the USO (Universal Service Obligation) scheme envisaged for future licensees in the NTP 99. Neither the migration package nor the NTP 99 envisaged applicability of USO or dilution of committed performacne obligations for the existing licensees of the basic telephone service. The issue of termination notices of 180 days to them in line with the provisions in the terms and conditions of the licence agreement is under consideration."

1.99 Enquired about any time-frame fixed for providing of telephones by private operators, the Secretary, Ministry of Communications (Department of Telecommunications) stated:—

> "This matter is now being deliberated upon. Some solution is required. We would not like to deprive the villagers of the telephone. I will pass on the concern expressed by this august Committee to the hon'ble Minister and get this decision taken within the time-limit."

1.100 According to Press Reports a meeting between the Ministry of Communications (Department of Telecommunications) and the six basic service providers in March, 2001 expressed discontentment at the slow progress made by basic service operators in providing VPTs.

VI-CUSTOMER SERVICE

(a) Maintenance

1.101 According to the Ministry of Communications (Department of Telecommunications) the following measures have been taken for maintenance of efficient and quality service in rural areas:—

(i) All manual and electro-mechnical exchanges have been replaced by modern electronic exchanges.

(ii) Overhead lines are being replaced gradually by underground cables/optical fibres cables/UHF transmission media, etc.

(iii) Replacement of old worn out drop wire, house wiring, telephone instrument, etc.

(iv) Replacement of old batteries of exchanges.

(v) Arranging engine alternators/portable sets for areas where power supply is not reliable.

(vi) Training of staff to operate modern equipments.

(vii) Providing proper tools and testing/measuring instruments for better services.

(b) Complaints

1.102 Asked about the existing arrangement for attendance of complaints and the average time taken for rectification of faults, the Ministry of Communications (Department of Telecommunications) stated in a written reply that a log book/register is maintained in all the rural exchanges. The subscriber can register their complaints on phone also. Day-to-day faults are attended to by the staff posted in the exchanges and in case of technical faults, the staff from controlling station is deputed. The department has set the following standards regarding rectification of faults:—

(i) Percentage of faults cleared within 24 hours — 85%

(ii) Percentage of faults cleared within 48 hours — 95%

(iii) Percentage of faults cleared within 72 hours — 98%

(iv) Percentage of faults cleared within one week — 100%

1.103 The above standards are generally adhered to, but in rural areas sometimes it may take more time for rectification of faults because of connection being provided on long overhead lines, shortage of staff, faults in underground cables, inaccessibility of certain areas, etc. The faults occurring repeatedly are being analysed and necessary action is taken to ensure remedial action in such cases. The rectification of faults is being monitored by exchange Incharge and other supervisory officers. The time taken for repair of fault depend on the type of system, place, availability of staff, mobility, accessibility and spare stock, etc. The average time varies between 24 hours to 40 hours.

1.104 Number of complaints received year-wise in the years 1995-96 to 1997-98 in rural areas (Data of exchanges up to 1000 lines capacity is given below:—

Circle	Year 1995-96		1996-97		1997-98	
	No. of complaints	Complaints per 100 lines	No. of complaints	Complaints per 100 lines	No. of complaints	Complaints per 100 lines
1 2	3	4	5	6	7	8
1. A&N	3771	20.0	5143	19.9	5732	17.7
2. AP	180237	8.2	202278	8.5	234639	8.4
3. AS	67613	17.2	59180	13.6	67197	13.4
4. BH	109086	12.9	109738	12.6	144384	13.7
5. GJ	329106	17.5	347935	17.4	405521	18.2
6. HY	75004	11.1	86289	11.0	88994	10.4
7. HP	72130	12.9	96878	12.1	153424	16.1
8. JK	45098	19.8	32731	12.6	43956	14.3
9. KT	247584	12.0	242702	10.2	291174	10.2
10. KL	279569	13.3	310297	13.1	347180	14.7
11. MP	187968	8.3	225376	9.3	268507	10.3
12. MH	299034	10.0	411551	13.1	373148	10.0
13. NE	30088	9.2	33213	9.0	45334	10.8
14. OR	61559	9.4	80519	10.8	104914	11.8
15. PB	122989	13.2	130370	11.9	179139	13.0
16. RJ	175585	13.4	208690	13.7	253480	13.6
17. TN	138804	7.1	167710	7.3	202129	8.2
18. UP (E)	91433	10.6	141103	13.0	214115	13.9
19. UP (W)	115892	15.3	125770	14.7	171161	16.0
20. WB	97753	14.6	128864	15.6	154711	14.0
Total	2730303	11.5	3146337	11.8	3748839	12.1

1.105 According to the Ministry about 80% of faults are being rectified within 48 hours. In rural areas sometimes, it may take more time for rectification of faults because of connection being provided on long overhead lines and shortage of staff to maintain the same, faults in underground cables and inaccesibility of certain areas.

1.106 To improve the telecom services in rural areas and to reduce delays in redressal of service complaints, following steps have been taken:—

(i) Setting up of the repair centres.

(ii) Continuous training of the staff.

(iii) Upgradation of technology.

(iv) Stocking of spares and replacement parts.

(v) Maintenance of faults records for effective monitoring/ supervision of the progress of repairs.

(vi) Provision of vehicles for a group of telephone exchanges.

(c) Monitoring Mechanism

1.107 Asked about the mechanism available for monitoring and evaluating the performance of telecommunication services in rural areas, the Ministry of Communications (Department of Telecommunications) informed the Committee in a written note that the performance of the telephone exchanges is being monitored at circle level. Head of Circles have also been asked to send consolidated progress report to the Headquarter. The present mechanism for monitoring and evaluating the performance of rural telecom network comprises of the following information:—

(a) No. of Complaints booked

(b) No. of faults found on testing

(c) Total time taken for removal of faults

(d) Average duration of fault

(e) No. of repeated faults

(f) No. of billing complaints

1.108 These parameters are monitored both for urban and rural exchanges in the Circles. Corrective steps are taken when the actual performance is below the target fixed. The existing mechanism is quite adequate and satisfactory.

The following procedure is adopted for Village Public Telephone:—

(a) Monthly monitoring for VPT performance and percentage of VPT faults.

(b) Testing of VPTs is being carried out daily by dialing from the base station. Any VPT not responding on two consecutive days are treated as faulty.

(c) Meter reading is checked regularly and low reading is taken as indicator of system not performing properly.

The present system of monitoring is adequate. The monitoring of performance of VPTs has been strengthened and revise guidelines have been issued.

1.109 On being enquired about Telephone Advisory Committees set up for rural areas, the Ministry of Communications (Department of Telecommunications) stated in a reply as follows:—

"Telephone advisory committees have been set up for each telecom district in the Circle and also for the circles. Members are nominated to such commitees from different disciplines of society like doctors, lawyers, social workers, Members of Parliament and Legislative Assemblies, eminent persons etc. These members represent the interest of rural areas also. However, no TACs have been formed exclusively for rural areas."

1.110 The following are the existing arrangements for regular periodic interaction with village panchayats/subscribers to have feed back on the quality of telecom services in rural areas:—

(i) System exists for the periodic interaction with the respresentatives of the local bodies and the departmental officials. In fact, subscribers also have their own user associations in many areas to represent their needs/ grievances.

(ii) Complaint boxes are kept in rural exchanges.

(iii) Inspecting officers visit villages/panchayats and ascertain the quality of service provided.

(iv) Feedback received in the meetings with Hon'ble MPs, MLAs and PAC members is being utilised to improve the quality of telecom services in rural areas.

(v) On the recommendations of National Productivity Council (NPC), revised formats have been introduced for monitoring the performance of VPTs which would provide valuable feedback on the quality of telecom services in rural areas.

1.111 In a subsequent brief furnished by the Ministry, the following initiatives have also been taken by the Government for improving rural telephone:

(i) All villages in Tamil Nadu, Haryana, Punjab, Kerala & Andaman & Nicobar are planned to be provided with telephones before 15th August, 2000.

(ii) The entire telecom system has been geared up to meet the target of providing telephone facility in all the villages of the country by 2002.

(iii) Faulty Village Public Telephones (VPTs)in the country working on MARR system are planned to be replaced by new technology VPTs in a phased manner in the years 2000-2001 and 2001-2002.

(iv) A task force is being constituted in all the states, where VPT coverage is very poor, for speedy implementation and close monitoring of the Action Plan and progress made.

(v) All villages in Southern States are planned to be provided telephones by the year 2001.

(vi) Block Headquarters which do not have telephone facility are planned to be provided with the same by 15th August, 2000.

(vii) Internet facility is proposed to be provided at each Block Headquarter in the country in the current financial year, 2000-2001.

(viii) Reliable transmission media is being provided to connect all telephone exchanges in the country progressively by March, 2002.

1.112 For periodic interaction with the subscribers the department does hold Telephone Adalats. These Adalats are organised on quarterly basis by various Telecom Circles and its SSAs. The main function of Adalat is to settle disputes in PG cases which include complaints relating to excess billing, fault repairs, shifting, provision of new telephone, etc. There is no direct participation of Panchayats.

1.113 Conceding that work culture needs to be developed among the employers to ensure that complaints are attended to promptly, the secretary, Ministry of Communications (Department of Telecommunications) stated in evidence as under:

" A new kind of urgency and awareness should grow in the rural areas for attending to these complaints. Each officer of the Circle, the Chief General Manager are being made fully responsible to see that the problems of rural telephone get attended to on a priority basis. It would be one of the important areas of their concern and only when that concern from the top will be shown then only results at the down level would be visible."

(d) Computerisation

1.114 With regard to extension of information technology to rural areas as part of the Ninth Plan, following areas were identified:

(i) Commercial functions i.e. registration of new telephones and closing, shifting, etc.

(ii) Telephone Revenue Billing.

(iii) Provision of detail billing information to the rural subscribers.

Apart from the above Internet facility also will be expanded.

1.115 However, on the position about computerisation of various services in the rural areas of the country, the Ministry of Communications (Department of Telecommunications) stated in a written reply as follows:

"Rural areas are being served mostly by small capacity and in some cases by medium capacity telephone exchanges. The basic functions of fault repairing, directory enquiry are being managed manually. Computerisation for these services in respect of very small exchanges is not necessary. These services are maintained more efficiently manually."

"Telephone billing in respect of rural exchanges is computerised centrally wherever computerised Telephone Revenue (TR) billing has been introduced. In the remaining exchanges computerised billing will be introduced progressively by the year 2002. An integrated software package 'DOT-SOFT' which provides directory service, commercial services and TR billing has been developed. This will be implemented for rural areas also."

1.116 The status of computerisation of fault repair services and directory enquiry for the last three years is as under:

Status as on	No. of FRS Computerised	No. of DQ Computerised
31.3.1998	254	264
31.3.1999	1212	280
31.3.2000	2969	291

(e) Payment of Bills

1.117 In reply to Unstarred Question No. 1659 dated 6th March, 2000, it was stated that payment of telephone bills in cash is accepted in the departmental post offices in rural areas. Cheques for payment of telephone bills are also accepted.

1.118 With regard to arrangements for payment of bills, a representative of the Ministry of Communications (Department of Telecommunications) stated in evidence as follows:

> "You will be glad to hear that we have already issued instructions that our Chief General Managers anywhere in India can operate through any nationalised bank of their choice. They can negotiate and pay proper commission to the bankers and authorise the bankers to collect payment from subscribers through cheque. That is the order that we have already issued."

1.119 When pointed out that arrangement should be made with the bank for making payment of the bill from the subscriber's bank account, the witness stated:

> "That facility is already available in urban areas and not in rural areas. We will try to extend it to the rural areas also as and when the infrastructure is available for that. In fact we would like to make it as easy for the customers as possible."

1.120 When pointed out that only branch post offices are authorised to collect payment of telephone bills and not the village post offices, the witness stated as follows:

> "We also wish that customers are not put to difficulty. The collecting centres should be as near to them as possible. I will talk to the postal authorities. We are in favour of that."

(f) Registration Fee

1.121 The Committee note that in many States the amount of initial deposit at the time of registration of telephone is being reduced from Rs. 3,000 to Rs. 1,000 as result of which number of wait-list is mounting up.

1.122 According to the Ministry, CGMs have been delegated powers to have flexibility in packaging of tariff to stimulate demand for telephone connection in areas where telephones are available on demand. As such, CGMs have been reducing the registration amount on special occasions such as festivals, etc. The registration fee was reduced in North-Eastern Circle also during the period 21.4.2000 to 7.5.2000.

1.123 The Committee wanted to know whether it would not be desirable to take a uniform decision to reduce the registration fee for rural areas to Rs. 1,000/-. Responding to the query a representative of the Ministry of Communications (Department of telecommunications) stated as follows:

> "The idea was that the Chief General Managers are in the best position to assess the demand and then depending upon local assessment, give that incentive to the subscriber in their respective areas. So, basically it was intended to be a local matter and we thought that an all-India decision was not called for at this stage. The results that we have witnessed also indicate that it is not something which has to be done on an all-India basis and it is better left to the judgement and decision of the Chief General Managers of the local areas."

VII-HUMAN RESOURCES

(a) Organisational Set up

1.124 The following organisation set up is available at the Ministry and telecom circle level for dealing with telecommunication services in rural areas:

(i) Headquarter Level:

(a) Planning functions. A separate unit under the charge of DDG level officer.

(b) Monitoring of operational function : a unit under the charge of Advisor (Operations) which monitors the operational performance of urban as well as rural telecom network.

(ii) Field Level:

(a) Group C and D staff is available for operation and maintenance of rural telephone exchanges. At the higher level of SDO, DET, DGMs and GMs exclusive staff for rural network is not posted. The officers are responsible for operation and maintenance of urban as well as rural network under their jurisdiction.

(b) For planning and development functions also common staff only is available.

1.125 At the circle level no separate organisation has been created exclusively for rural telecom. The planning, development, operation and maintenance functions are performed by the staff in their jurisdiction for rural as well as urban network. The arrangement is working satisfactorily.

1.126 For the convenience of operation and maintenance the duties and responsibilities are assigned on funtional as well as geographical basis. The urban and/or rural areas are contiguous. Exclusive staff for rural network is not required.

(b) Staff Telephone Ratio

1.127 Since January, 1984 recruitment to the cadres of group C and D except JTOs has been stopped. Requirement of maintenance staff is being met by upgrading the skills of the existing lower category staff and promoting them to the created posts. In respect of JTOs the recruitment is done partly from the departmental staff and partly from outside through examination. Recruitment is done for each circle separately depending upon the vacancies there.

1.128 The staff telephone ratio as on 1.4.1990 was 96 employees per 1000 DELs. The figure was committed to be reduced to 47 employees per

1000 DELs by 1995 subsequently to 25 by the year 2000. Detail of staff telephone ratio is given below:

STAFF TELEPHONE RATIO AS ON 01.04.2000
(in No. of Staff/1000 DELs)

Sl.No.	Unit	Staff Strength (including Casual Labour)		DELs	Staff Telephone Ratio based on	
		Sanction	Working		Sanction	Working
1.	MTNL Mumbai	38263	31854	2212515	17.3	14.4
2.	CAL Distt	17899	15851	855794	20.9	18.5
3.	MTNL Delhi	34456	29106	1818236	19.0	16.0
4.	Chennai Distt.	11936	10733	767863	15.5	14.0
5.	Andaman Nicobar	473	248	24463	19.3	10.1
6.	Andhra Pradesh	40025	35208	2227487	18.0	15.8
7.	Assam	7373	6596	273068	27.0	24.2
8.	Bihar	13578	13345	627400	21.6	21.3
9.	Gujarat	32569	28713	1917530	17.0	15.0
10.	Haryana	7053	5455	642001	11.0	10.1
11.	Himachal Pradesh	4538	4112	285130	15.9	14.4
12.	Jammu & Kashmir	2948	3135	130021	22.7	24.1
13.	Karnataka	29461	26143	1829400	16.1	14.3
14.	Kerala	24952	23199	1705139	14.6	13.6
15.	Madhya Pradesh	19084	17133	1095952	17.4	15.6
16.	Maharashtra	40493	33670	2331783	17.4	14.4
17	North East	6249	4596	195396	32.0	23.5
18.	Orissa	7650	6824	423299	18.1	16.1
19.	Punjab	18164	11869	1292252	14.1	9.2
20.	Rajasthan	19050	15047	1109512	17.2	13.6
21.	Tamil Nadu	33733	30609	1926967	17.5	15.9
22.	U.P.(East)	19302	18036	1121317	17.2	16.1
23.	U.P. (West)	12582	12248	994004	12.7	12.3
24.	West Bengal	10964	9664	541151	20.3	17.9
25.	Non Functional Circles	32886	23256			
	Total All India	485681	417650	26347680	18.4	15.9

1.129 Some of the steps taken to meet the shortage of staff include:

(a) Limited recruitment was permitted in the cadre of TTAs and Drivers in 1999 and RMs in 2000 to meet the immediate requirement of Telecom Circles. Permission for limited recruitment in the cadre of TTAs and Drivers was also given to J&K, Kerala and Gujarat Circle on in the year 2000.

(b) Casual Labour Regularisation: The order for regularisation of all the casual labourers working in the Department has been issued on 29th September, 2000.

(c) Regularisation of part time Casual Labour: The order for conversion of part time casual labour working for less than 4 hours per day into full time casual labour has been issued on 25th August, 2000.

(d) Recruitment of JTOs: The process for direct recruitment of about 4000 JTOs has been started.

(c) Deployment in Rural Areas

1.130 The Committee pointed out that deployment of manpower especially in the North East in quite inadequate. Officers who are old and on the verge of retirement are generally sent to the North-East causing inefficiency and poor services. In this connection, the Ministry of Communications (Department of Telecommunications) stated in a written reply as follows:

> "Special efforts have been made in recent past to recruit candidates for various group C and D cadres for North East region among the local population. As far as group A and B is concerned normally old and retiring officers are not sent to North East, instead young and energetic officers, those returning from foreign assignment are sent to these areas so as to give better efficiency. While issuing transfer orders, it is ensured that vacancies in North East region are filled up on priority."

1.131 Enquired about incentives provided to field staff deployed in rural areas, the Ministry of Communications (Department of Telecommunications) stated as under:

> "Due to scattered demand small capacity rural exchanges are opened in large numbers mostly in rented buildings. Maintenance/ Operation staff is provided for a group of exchanges. Many exchanges are not even manned round the clock. This is not required also. The staff posted is from nearby areas. Normal benefits available to other Government servants only are extended to the staff in rural areas."

1.132 However, some nominal incentives given to staff posted in rural areas include:

(i) Regular/mazdoors/casual labourers covered under temporary status scheme and all the restructured cadres should work in rural

areas for at least 2 years in each grade. The first posting in restructured cadres or in RMs cadres should preferably be in rural areas.

(ii) CGMs may give preference in posting after completing of rural tenure out of 3 choices preferred by the official subject to administrative convenience within the concerned SSAs.

(iii) Priority should be accorded for sanction of HBA/Scooter/other advances.

(iv) Necessary priority may also be accorded in settling the personal claims of staff posted in rural areas.

(d) Training

1.133 The Committee wanted to know about the training facilities for updating skill of staff deployed for maintenance and repair of telecom services in rural areas. The Ministry of Communications (Department of Telecommunications) stated in a written reply as follows:—

> "The department has 44 telecom training centres for training of its personnel. These comprise of 2 apex level training centres for training of mainly officers, 15 regional telecom and district training centres for training of lower staff. These training centres conduct courses in various telecom technologies in use in the department. These training centres conduct courses which cover topics on small capacity telephone exchanges such as C-DOT RAX, C-DOT SBM, MARR systems, small capacity transmission systems, Lines and Cables, etc. used in rural areas. This is to enable updating skill of the staff deployed in maintenance and repair of telecom services in rural areas.
>
> Specific requirement of training is met with the help of suppliers at the manufacturing units and also in the DOTs training centres. Each procurement process incorporates training clause also."

1.134 Since recruitment is done on the basis of educational qualification, the recruited personnel possess required technical qualification. As per the specific training requirement of DOT, they are trained at the time of induction and their skills are continuously upgraded with the help of in-service training programmes including training of new technologies.

VIII-GENERAL

(a) Financial Allocation

1.135 Year-wise plan outlay earmarked and actual expenditure incurred for covering villages with telephone facilities during 8th and 9th Plans are given in the following table:—

(Rs. in crore)

Year	Plan	Outlay Earmarked	Actual Expenditure
1992-93		479.21	205.19
1993-94		525.31	280.77
1994-95		668.41	324.83
1995-96		1042.50	515.51
1996-97		1583.58	714.58
1997-98		1544.72	1060.04
1998-99		1485.00	1009.40
1999-2000		245.72	145.98
2000-2001		350*	

*likely to be revised.

1.136 The following are the reasons for shortfall in expenditure:—

(i) The rural telephone network comprises of the following main components:—

(a) Rural telephone exchanges and telephones,

(b) Transmission media for rural telephone exchanges including carrier systems, UHF, M/W, Cables, etc.

(c) Village Public Telephones.

(ii) There has been shortfall in physical targets of VPTs due to delays in supply of equipment and problems encountered with MARR, the only technology which was available for VPTs during those years. There has also been declining trend in the cost of equipment, which resulted in savings.

1.137 The Committee enquired about the reasons for expenditure on rural schemes being less than 50% of the RE during the years 1992-93 to 1996-97. In this connection, the Ministry of Communications (Department of Telecommunications) stated in a note that the budget provisions are made for the equipment according to the target. No telecom projects were abandoned for which budgetary provisions were made. However, the supplies of the equipments were not received in time. This has caused shortfall in achievement and also underutilisation of funds.

1.138 Enquired whether there was any diversion of funds earmarked for rural telephones, the Ministry of Communications (Department of Telecommunications) stated in a written reply as follows:—

> "Due to delay in supply of equipment the funds allotted for Village Public Telephones (VPTs) could not be utilised fully. The unutilised funds were used partly for rural telephone exchanges and partly for development of the overall telecom network."

(b) References from MPs

1.139 It has been stated that on an average about 300 references are received about VPTs from MPs annually. All the references are replied and Members of Parliament informed about Government plans in each case.

1.140 The Committee noted that Members of Parliament send requests regarding new telephone exchanges, upgrading the facility and also recommended new telephone connections from their quota. The requests are not always given due weightage and confirmation regarding new telephone connections or requests are not received in some cases. In response to a question whether the Ministry would issue instructions to the Telecom Circles and MTNL that MPs should be sent prompt reply and confirmation of new telephone connections within 30 days, the Ministry of Communications (Department of Telecommunications) stated in a written reply as follows:—

> "It has been circulated that OOT telephones recommended by Hon'ble MPs from their quota should be installed within 30 days. It has also been decided that OOT sanction letters for telephones recommended by the Hon'ble MPs from their quota should be issued within 10 days (from the date of receipt of letter) and the Hon'ble MPs should invariably be communicated about the same."

(c) PCOs

1.141 According to the Ministry allotment of PCO's is a continuous process. Presently PCOs are allotted on first come first serve basis as per registration subject to fulfillment of eligibility and other conditions by the applicants. The application for allotment of STD/ISD/PCOs are pending for the following reasons:—

(i) Non-availability of STD facility in the exchange.
(ii) Non-availability of spare capacity in the exchange.
(iii) Non-availability of reliable media.
(iv) Inaccessible areas.
(v) Pendency due to court cases.

1.142 In order to reduce the number of applications pending for allotment of PCO's steps are taken from time to time which include increase in the capacity of the exchanges, providing STD facility to the exchanges, etc.

1.143 Details of PCOs provided and persons waits-listed circle-wise as in April, 1999 are as follows:—

Name of the Circle	No. of PCOs provided in rural areas	Demand for PCO/No. for persons wait listed for PCOs
A&N	6	55
A.P.	31396	8599
Assam	529	1004
Bihar	1907	2799
Gujarat	6446	3314
J&K	513	725
Kerala	7052	6255
Karnataka	21706	3137
M.P.	39245	NA
Maharashtra	4736	2652
Orissa	20651	642
Haryana	7354	1591
H.P.	646	546
Punjab	1880	1609
Rajasthan	1656	3513
N.E.	277	346
Tamil Nadu	22279	6706
U.P(E)	2694	22
U.P.(W)	3958	433
West Bengal	93	5229

1.144 The demand is pending because of various reasons such as:—

1. Technical Non-Feasibility;
2. Non-availability of Exchange capacity;
3. Due to court cases;
4. Inaccessible areas.

1.145 Enquired about the reasons for demand satisfaction being only 30% approximately with regard to provision of PCOs during the years 1994-95 to 1998-99, the Ministry of Communications (Department of Telecommunications) stated as under:—

"It is not practicable to satisfy 100% demand for PCOs. The reasons for about 30% demand satisfaction are as under:—

(i) The rural areas are characterised by spread out network with large number of small capacity exchanges. Not all rural exchanges have reliable transmission media and adequate number of junctions to support largest number of PCOs.

(ii) The requirement of PCO in a village is met to some extent by the VPT also."

(d) Coordination

1.146 On inter-departmental coordination being maintained for digging of roads for laying of cables, the Ministry of Communications (Department of Telecommunications) stated in a note as follows:—

(i) All the Chief Ministers/Lt. Governors were requested by the then MOC to issue suitable instructions and arrange for important cities having population of one lakh and above with representatives of DoT, Electricity Board, Municipal Corporations, Water and Sewage Development, Public Works Department etc. for coordination and cooperation between the various utility organisations so that their respective operations are carried out in a planned and coordinated manner in consultation with all others to avoid damage to each other's assets and also to ensure that there is minimum inconvenience to the public *vide* D.O. No. 410-15/82TPS(C) dated 15.07.1985. Copy of this letter was sent to all the GMs Telecom to get in touch with the State Government and arrange for constitution of Public Utility Coordination Boards in each city and for ensuring that these meet regularly and coordinate their activities.

(ii) Again all the GMs Telephones/all the GMs Telecom were requested *vide* letter No. 410-15/82-TPS(C) dated 28.10.1985 by the then DDG(S) to pursue with the State Government for issue of orders forming Public Utilities Coordination Boards.

(iii) Letter dated 410-17/99-TPS(C) dated 13.12.1993 and 15.2.1994 were issued regarding formation of Standing Committees for

"Coordination with local authorities for digging works to lay cables, etc."

(iv) Letter No. 410-499-TPS(C) dated 16.2.99 from Director(E) addressed to all Telecom Circles/Districts were issued requesting to have constant supervision over cutting of roads/footpaths for laying of telecom cables and reinstatement of roads by local bodies to avoid inconvenience to the public.

1.147 The Committee pointed out that it has come to their notice that the Department pays large amounts to the local government departments like P.W.D. for laying cable and for rehabilitation and repair of the roads. But rates paid are not uniform and consistent. Commenting on this the Ministry stated that for cable laying works, Department of Telecom seeks permission for cutting the roads/footpaths etc. from the concerned Departments like Municipal Committee, Public Works Department etc. responsible for maintenance of roads. The Department of Telecom also pays the reinstatement charges of the roads/footpaths etc. at the rates prescribed by these Departments. It is the prime responsibility of these Departments to repair the roads/footpaths etc. after the cable is laid and backfilling of the trenches is done by the Department of Telecom. The payments are made as per the prescribed rates of P.W.D. etc. It may not be possible to bring uniformity in the rates due to different labour rates in different Circles, the type of road to be repaired and difference in rate of raw material in different states required to repair the roads.

1.148 On being asked as to how is it ensured that payments made are actually used for the repair and restoration of roads, the Ministry of Communications (Department of Telecommunications) stated in post-evidence reply as follows:—

"Constant supervision is required by DoT staff as well as P.W.D. etc. for reinstatement of roads. Instructions have already been issued to all the CGMs Telecom/Telephones to do some sample inspection to ensure that the repair work is done by the concerned departments."

CHAPTER — II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

1. Telecommunications play a pivotal role in the economic and social development of the country. With about 75% of the population of India residing in more than six lakh villages, rural telephony in the country assumes greater significance. This is what motivated Government to give thrust to rural telecommunications from late 1970s despite rural telecommunication service not being commercially viable. With a shift from Hexagon Policy in 1980—91 to Gram Panchayat Public Telephone Policy in 1990—94, the requirement of public telephones in rural areas increased from 48,828 to over 2,06,000 in 1991. The main focus of National Telecom Policy 1994 was telecommunications for all and within the reach of all, i.e. ensuring the availability of telephone on demand as early as possible. With a view to achieving this, targets were revised as part of the Eighth Plan and it was envisaged that all villages should be covered and telephone should be available on demand by 1997. The targets were further revised and fixed for Ninth Plan with the objective of covering all villages and providing telephone on demand by March, 2002. New Telephone Policy 1999 (NTP 1999) has also identified the need to provide a balance between the provision of universal service to all uncovered areas including rural areas and provision of high quality services as thrust areas.

2. The swift pace of changes in policy as well as the resultant growth rate in rural telephony are both far from being satisfactory. It is quite disquieting to find that policies are drawn up and targets are set without taking into consideration ground realities about availability of technology and equipments and making concerted efforts leading to frequent changes in policies and revision of targets. It is disheartening to find that despite all the focus being given to village telephones in the past more than 20 years, coverage of all villages in the country remains a distant dream for the Government. The Committee, while expressing their displeasure at the tardy progress in coverage of villages with telephone facility, would like to stress that Government needs to have more pragmatic approach and make determined efforts to provide universal coverage of telephones to all uncovered areas. They emphasise that no effort should be spared to achieve the target set in NTP 1999 for telecom coverage of all villages in the country by March, 2002.

3. The position with regard to Direct Exchange Lines (DELs) increased from 81.47 lakh in 1995 to 216.69 lakh in 2000 in urban areas and from 16.48 lakh in 1995 to 48.42 lakh in 2000 in rural areas. Nonetheless, the rural scenario as compared to urban network still remains lopsided with a

minimal 18.26% of DELs in 2000 as against 16.82% of DELs in 1995. The urban rural ratio is still more non-symmetrical in States like J&K, and Tamil Nadu and North-East. The Government's plea that the imbalance in urban rural ratio of DELs is on account of shortage of demand for telephones in rural areas fell through on a closer scrutiny. Out of the total wait list of 36,80,579 as on 31 March, 2000, wait-listed applications in rural areas was 16,54,565 which works out to 44.95% of the total demand. This is a clear indication that demand in rural areas is proportionately quite high as compared to DELs already provided. It is distressing to find that lame excuses are put forwarded to justify non-fulfillment of targets by Government. The position with regard to provision of telephone in rural areas is quite alarming and calls for focussed attention and sustained efforts on the part of the Government. The Committee recommend that Government should review the status with regard to provision of DELs and clearing of wait list in rural areas and take corrective measures on priority basis. The Committee would like to be apprised of the action taken and definite progress achieved in this regard within six months from the date presentation of the Report.

4. According to the Ministry, rural telephone network is commercially non-viable on account of low economic activity, highly scattered demand, low teledensity, high initial and operating costs and low returns. The Committee, however, are not in agreement with the contention of the Government. This may be true when revenue per rural telephone is taken into account. On the other hand, one cannot ignore the fact that a very high percentage of the revenue earned in urban areas is on account of long distance calls made by migrant work force in the cities to their native places in the rural areas. For example, it is estimated that from Delhi about 30 lakh migrant workers belonging mostly to Bihar, East Uttar Pradesh, Rajasthan, Orissa, Madhya Pradesh and Andhra Pradesh make long distance calls to their native villages generally atleast once in a fortnight accounting for annual revenue of more than Rs. 7,000 crores per annum to MTNL. The family members of these migrant workers travel a distance of about 5 to 10 kms. in rural areas to receive telephone call from urban areas. The Committee are of the view that if every village in these States are provided with telephone facilities the revenue of DOT will increase manifold. Above all, covering all villages in the country with telecommunication services is a social obligation on the part of Government.

5. It was with the noble objective of achieving universal service covering all villages in the country that Hexagon Policy was further enlarged into Village Public Telephone Scheme in 1991. Although the scheme envisaged providing of public telephones in all the 2,06,000 gram panchayats, only 1,31,334 villages could be covered by 1994. Universal accessibility to cover each of the 6,07,491 revenue villages in the country was enshrined in the National Policy 1994. Using land lines, radio systems such as single channel VHF and analog MARR, public telephones were installed in public places

like Panchayat Bhawans, Post Offices, grocery shops, etc. However, by December, 1998 only 3,14,523 villages were provided with VPTs which was only 52% of the telecom need of the villages. As on 1 April, 2000 the number of VPTs installed were 3,74,605 with only 61.66% coverage of villages in the country. The Committee are dismayed at the snail's pace progress of one of the most ambitious and widely publicised schemes of the Telecom Department even after a decade of its existence. The slow progress speaks volumes of the lack of determination on the part of the Government and lacunae in planning and implementation of the scheme. The Committee stress that utmost priority should be accorded to Village Public Telephone Scheme and a time-bound action plan should be drawn up to provide telephone facility in all the villages in the country.

6. One of the major constraints in the VPT Scheme has been the non-achievement of targets in installation of VPTs over the years. Out of the statistics for the years from 1994-95 to 1999-2000 furnished to the Committee, it is distressing to find that achievement of VPT targets in those years varied from 95% to 30%. Against a target of providing 3,38,000 VPTs during the 8th plan (1992—97) the actual achievement was only 1,98,948 villages with a target satisfaction of only 59%. Out of the target of 1,00,000 VPTs for the year 2000-2001 only 5,543 telephones were provided till 30 September, 2000. The rate of achievement of the target by some of the States like Assam, Bihar, Tripura, Orissa and West Bengal has been dismal. The Committee express their serious concern about the dismal performance in provision of VPTs. One of the reasons stated to be responsible for the tardy progress in the implementation of VPT Scheme is the failure of MARR system. Government held out an assurance that with the induction of WLL technology in the rural areas, the entire process of installation of VPT would be expedited and the target of universal accessibility would be achieved by March, 2002. However, the claim of the Government is not borne out by any tangible progress so far. The Committee, therefore, have serious reasons to be sceptical whether, with the present pace of progress, the target set for VPTs could ever be achieved. The Committe, therefore, desire that Government should gird up their loins to take up seriously the challenge of meeting the target of VPTs within the time-frame.

7. The Committee note that with the non-functioning of a good number of VPTs installed with MARR technology, Government should work on a two-pronged strategy of covering such of those villages which have not yet been reached and replacing existing equipments where the system is non-functional. Out of the remaining villages, 1,77,038 connections are to be provided by the Telecom Department and the remaining 55,848 by Private Fixed Service Providers. Task Forces have been constituted in Bihar, Madhya Pradesh, Orissa, J&K, UP (East), UP (West) and West Bengal Circles where the VPT coverage has been very poor. The main objective of constituting Task Forces is for speedy implementation of rural

telecommunications programme through proper planning and effective monitoring. Providing VPTs in all unreached villages and replacing the faulty ones within the time-frame of March, 2002 is, no doubt, a herculean task. What is important is that Government should continuously monitor the progress in the implementation of the scheme by the Telecom Circles, Task Forces and Private Fixed Service Providers. The Committee would like to be apprised of the progress in this regard in the next six months.

8. At present the VPTs are functioning mainly on land lines, MARR technology and satellite media. The number of faulty VPTs as on 31st May, 2000 was 52,921 which works out to 14.1% of total VPTs installed. Out of the faulty VPTs 39,101 are based on MARR technology and the remaining 13,820 are based on land lines. It is found that in Orissa the percentage of faulty VPTs is as high as 48.27, in Bihar 31.57, in North East 29.01, in Madhya Pradesh 23.48 and in Assam 23.11. In some States the number of VPTs remaining disconnected on account of non-payment of bills is also much on the higher side. It has also been observed that in times of prolonged fault/ disorder of VPTs, the rental charges are not being waived as per guidelines, which is a serious lapse. The Committee suggest that more effective and time-bound measures should be taken to rectify faulty VPTs and provide efficient telephone services in the villages. They also recommend that the problem of non-payment of VPT bills by the custodians should be followed up more earnestly so as to ensure that the telephones are restored or relocated within a fixed time-frame of maximum two months from the date of disconnection.

9. As on 31st March, 2000, there were 21,669 telephone exchanges situated in rural areas. All electro-mechanical exchanges in the rural areas have been replaced by electronic exchanges. As of now 3,431 new exchanges are to be set up in the year 2000-2001. Installation of a new exchange depends on a number of factors like availability of suitable building, availability of reliable power supply, timely availability of switching equipment, transmission media, etc. Since setting up an exchange takes time from six months to two or three years, Government informed the Committee that advance planning has already been done to meet the annual and NTP 99 targets. In view of the fact that achieving of targets like universal accessibility and telephone on demand by March, 2002 are all dependent on installation of new telephone exchnages replacement/upgradation of small capacity exchanges and provision of stable transmission media, the Committee urge that work relating to installation, upgradation and replacement of telephone exchanges should be accorded due priority.

10. One of the major factors responsible for slow progress in achieving the targets set for providing rural telecommunications is inordinate delay in supply of equipments, cable, etc. There is a need to

review the entire system of invitation and finalisation of tenders, placing of orders and ensuring timely receipt of equipments. Apparently there is lack of coordination among different wings within the Department causing avoidable delay in implementation of projects. The Committee are deeply concerned about it. They strongly recommend that an integrated approach should be evolved with a view to ensuring timely supply of equipments so that projects are completed within the targeted time frame.

11. One of the objectives of NTP 99 is to provide reliable media to all exchanges by the year 2002. This attains significance in the context that as in April, 1999 there were as many as 7762 exchanges which were connected with unreliable transmission media. The technologies being used to provide stable transmission media to exchanges which are presently connected to fault prone media are Optical Fibre Cable, Digital Microwave and Satellite. Pending replacement, measures like replacing of batteries and telephone instruments and providing of additional engine alternators are being taken for maintenance of the existing telephone system. The Secretary, Ministry of Communications (Department of Telecommunications) was candid in admitting that "a reliable and foolproof system of transmission alone can satisfy the people". The Committee expect the Government to pursue the process of modernisation of transmission network to its logical conclusion latest by March, 2002 so that the country and its people may enjoy the benefit of a fault-free telephone network.

12. The Committee note that according to the objectives set for the 9th plan, all the exchanges were to be provided with STD/ISD facility by the year 2002. However, till July, 2000 out of 21,669 exchanges, only 18,164 exchanges were provided with STD facility which worked out to 84%. What causes even more concern is that out of those rural exchanges which have been connected with STD facility only about 41% are provided with reliable media. The Ministry conceded that there has been imbalance in provision of telecom facilities and reliable transmission media in various areas of the country. Whereas some of the factors responsible for this are out of Government's control, the fact remains that there has been considerable lapse on the part of the Department in adhering to the time schedule for providing of STD/ISD facility to all the exchanges by the year 2000. The Committee desire that Government should make all out efforts to ensure that STD/ISD facilities are provided to all rural exchanges latest by the end of the calendar year 2001.

13. The Achilles heel of rural telephony has been the inherent problems in the technology which were chosen in the yesteryears. Unreliability of wired line, satellite based systems and MARR equipments especially in remote and inaccessible areas has been responsible for turning telephone services in rural areas into nominal connectivity. Even the statistics of rural telephones belie the reality about the telephone services in rural areas. With a view to improving rural coverage, MARR technology was introduced in a big way from 1994-95, being the only available technology of that time. Difficulties

were experienced in its commissioning and maintenance right from 1995-96. In 1997-98 National Productivity Council was engaged to study the problem. Certain suggestions made by NPC were implemented resulting in some improvement in the performance of the system. MARR equipments continued to be installed till 1999 before discarding it for further procurement. The Department carried out a survey to assess the number of MARR equipments which were capable of being suitably repaired and other ones where replacement was absolutely necessary. According to the findings of the survey, out of a total of 2,11,860 VPTs on MARR system, 62,402 VPTs were not in working condition. Out of this 32,422 VPTs were irrepairable. The Committee are greatly concerned about the retardation of the process of providing telephone facilities to the villages on account of unsatisfactory performance of the technology which was chosen by Government for rural areas. It goes without saying that reliability of the equipment should have been verified beyond doubt before induction of MARR system in such large numbers. Moreover, difficulties in the system came to the notice of the Department as early as in 1995-96. NPC was also engaged to study the problem. The Committee hold the firm view that steps should have been taken by Government much earlier to identify a suitable technology to substitute MARR system especially in view of the target fixed in NTP 1994 for covering all villages by 1997. The Committee fail to comprehend as to why no corrective measures were taken by Government for more than five years after the system was found to be defective. It shows utter callousness and inaction on the part of the Government and a lack of commitment to meet targets after those are set. They expect Government to be more responsible and accountable in future.

14. The new technologies proposed to be deployed are C-DOT TDMA/ PMP, Wireless in Local Loop, satellite based VPTs and S&S Switching System. Whereas WLL technology is all set to be inducted in a massive scale, orders have also been placed for TDMA/PMP systems, INMARSAT Mini-M terminals and C-256 switches. It is expected that with the induction of new technology functioning of rural telephone network will improve qualitatively. Field trails of WLL system supplied by ITI Ltd., HTL Ltd., Escorts Ltd., HFCL and Motorola were conducted and found successful. After prolonged evaluation and trials, finally decision has been taken to induct WLL system for provision of VPTs. Keeping in view the bad experience with MARR System, the Committee desire that Government should ensure reliability of WLL System further so as to ensure that the episode is not repeated. CET had submitted its evaluation report and financial bids were to be finalised by Government. The equipment was expected to be available from the last quarter of 2000-2001. All circles were reportedly instructed to carry out detailed planning in advance and make all infrastructure ready so that the equipment could be installed without any loss of time. Although at the time of evidence there were only three vendors, the Committee note that subsequently there were five companies which have

qualified after the field trials. The situation definitely affords the Government with room for bargain and with options to go in for superior quality. The Committee trust that orders must have been placed for the first lot of 20,000 lines and second phase of six lakh lines as indicated by the representatives of the Ministry during evidence. By now that the equipment must have started arriving in the circles for installation. With things progressing as planned, the Committee are hopeful that the target of providing VPTs in all villages by March, 2002 could still be achieved. Having chosen the technology, the formidable challenge before the Government is timely action for acquisition and replacement/installation of the WLL system within the prescribed time-frame. It calls for well orchestrated efforts on the part of the Government. The Committee desire that they be apprised of the progress made in induction of WLL system.

15. It was mainly on account of resources constraint that Government opened up the telecom sector to the private sector. Private sector participation was allowed in a phased manner from the early nineties, initially for value added services and then for Fixed Telephone Services. One of the objectives of NTP 1999 was to transform, in a time bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas providing equal opportunities and level playing field for all players. Government issued licenses to six Private Basic Telephone Services Operators in six State circles. As per terms and conditions of tender documents, licensee was required to provide a minimum of 10% DELs as VPTs. Against this minimum requirement, the DELs committed by the licensees has been indicated in the license agreement and the licensee is required to maintain or exceed the rate till all villages are covered with VPTs. All the six private licensees have started operations in their respective service areas.

16. The Committee note as per the license agreement, the BTS providers were expected to provide 67,818 VPTs during the period from 1998-99 to 2001-2002. M/s Tata Teleservices, Andhra Pradesh which was to provide 9,635 VPTs latest by 30 September, 1998, i.e. in the first year of its operations, has not provided even a single VPT as yet. In fact, the company commenced its operations only in May, 2000. M/s Reliance Telecom in Gujarat and M/s HFCL Infotel Ltd. in Punjab were to provide 8.635 and 5,442 VPTs respectively by the target date of 30 September, 1998 but have not provided even a single VPT so far. M/s Hughes Telecom (India) Ltd., Maharashtra which was to provide 25,760 VPTs by 30 September, 1999 also has not provided any connection so far. M/s Bharti Telenet, Madhya Pradesh has provided 315 VPTs against a target of 16,500 and M/s Shyam Telelink, Rajasthan has provided 51 VPTs against a target of 31,834. According to the Ministry it has been insisted upon that the private licensees fulfill their committed VPT obligations on their own or through alternative arrangements with other service providers or confirm their acceptance for the special type of contributory work offer made by BSNL. The Committee

are chagrined at the way the BTS providers and the Government have been dragging their feet for long in the matter of provision of DELs and VPTs. The inordinate delay on the part of the licensees to provide village telephones has placed the VPT scheme in jeopardy. At this stage the Committee can only express their strong displeasure at the casual manner in which Government has been monitoring the operations of the BTS operators. The Committee urge that Government should closely monitor compliance of the revised targets of DELs and VPTs by the private operators and invoke penalty provision on them in case of any further slippages within a laid down timeframe.

17. According to the Department as per provisions of agreement signed by the licensees, in case of failure of the licensee to deliver the service or any part thereof within the prescribed period, licensor was entitled to recover liquidated damages for each service area. For VPTs liquidated damages payable was @ Rs. 66 per day of delay per VPT not delivered. Accordingly Government recovered Rs. 53.05 crores as liquidated damages from the basic service operators. The terms and conditions of the licenses were also modified to make things easier for the licensees. Despite all these, the situation does not seem to have improved much till recently, as per press reports. The Committee cannot but express their displeasure at the way Government has been dilly-dallying follow-up action on non-compliance of commitment by the private license providers. The Committee are greatly concerned about villages not being provided with telecommunication facilities. The situation warrants decisive action on the part of the Government to ensure compliance of commitment by the licensees within a given time frame. In case of any further failure by the private service providers, Government should take corrective measures so as to ensure that progress in the implementation of VPT scheme does not suffer.

18. Maintenance and timely rectification of complaints are two major areas which need to be paid attention for improving the functioning of telephones in rural area. Although a number of measures have been taken for maintenance, registration and rectification of faults, the claim of the Ministry that average time taken for rectification of faults in rural areas is between 24 to 40 hours does not seem to be close to the reality. More often the delay is not on account of technical failures, but negligence and lack of commitment on the part of the field staff. A number of measures have already been taken for monitoring performance of rural DELs and VPTs. Nonetheless, the Committee are not in agreement with the Government's claim that the present system of monitoring is adequate. Besides providing of reliable transmission media in the rural areas, the only arrangement by which efficient performance could be ensured was through a rigorous monitoring machanism which also makes middle level officers and exchange-in-charges personally responsible for timely rectification of complaints. There should be periodic interaction with local representatives of the people, and users associations, and meeting of Telephone Advisory Committees on a

regular basis for obtaining regular feed back on the quality of telecom services in rural areas. The procedure for constitution and functioning and the powers of TAC should be clearly defined in order to make it more effective. Telephone Adalats on quarterly basis should be made a regular feature in all Telecom Circles and SSAs to settle disputes relating to excess billing and attending to complaints regarding fault repairs, etc. The Committee recommend that the date of holding such Telephone Adalats should be given wide publicity so that the forum could be made use of by all the needy subscribers in rural areas. As the Secretary, Ministry of Communications (Department of Telecommunications) has rightly pointed out a new work culture has to be developed among the employees in the Telecom Circles including the field staff in order to ensure that efficient telephone services are made available to rural populace.

19. Computerisation of commercial functions like registration of new telephones, telephone revenue billing, provision of detail billing information, etc. are some of the methods by which efficient and fault-fee services to the rural subscribers could be ensured. The Committee trust that with the introduction of the integrated software package 'DOT-SOFT' which provides directory service, commercial services and TR billing in the rural areas, the services will improve and become more efficient. Efforts should also be made to make sure that the process of payment of telephone bills by the rural subscribers is made more easy by making available payment facility in village post offices and in nearby banks. The Committee suggest that the facility for authorising payment of bills from one's bank account should be extended to rural areas also. It has been brought to the notice of the Committee that in some places proper record of payment of bills is not maintained resulting in disconnection of lines. The onus of proving payment of bills falls on the subscribers. The Committee, therefore, desire that wherever computerisation has been done, the receipt of payment of bills should also be computerised.

20. The Committee note that in many States the registration fee of Rs. 3,000 for telephone is reduced to Rs. 1,000 at the time of festivals etc. to generate more waiting list. It has been stated that powers have been delegated to CGMs to have flexibility in packaging of tariff to stimulate demand in areas where telephones are available on demand. The Committee strongly recommend that as part of incentives for rural areas, the registration fee should be brought down uniformally from Rs. 3,000 to Rs. 1,000 or even less throughout the country.

21. The Committee have been informed that at the circle level no separate organisational set up has been created exclusively for rural telecom. Planning, development, operation and maintenance functions are carried out by the staff in their jurisdiction for rural as well as urban network. In view of the fact that rural telephone network is lagging behind as compared to urban network, the Committee are of the firm view that in all the Telecom Circles in which at least one third or more areas falls in the rural

category, a sufficiently senior level officer of the rank of DGM or equivalent should be given exclusive charge of planning development, operations and maintenance of rural telephones so that sufficient attention is paid to rural areas coming under each circle. They would like to be informed of the circle-wise status of implementation of this recommendation within six months.

22. The Committee note that sincere efforts were made to bring down the staff telephone ratio in most of the telecom circles. They suggest that training should be imparted to departmental employees so that their skills could be upgraded to meet the shortage of staff at group 'C' and JTO levels. In order to improve telecommuncation services in rural areas, young and dynamic officers should be posted in rural areas and in circles like North East. The Committee also suggest that the criteria for posting of staff and deployment of casual labourers should not be the number of DELs, but should be the topography and the geographical location of the area.

23. The Committtee express their displeasure at the way Plan outlay was earmarked and spent for rural telephones in the past several years. There was steep decline in Plan outlay in the years 1999-2000 and 2000-2001 with only Rs. 245.72 crores and Rs. 350 crores earmarked for rural telephones as against Rs. 1485 crores earmarked in 1998-99. Much more distressing is the fact that actual expenditure in all the years from 1992-93 has been much less than the Plan outlay. The reason advanced by Government for the actual expenditure being less than 50% in some years that it was on account of non-receipt of equipment or problems connected with MARR System is not convincing to the Committee as MARR System was abandoned only in 1999-2000. The Committee are unable to comprehend as to why such situations could not be foreseen so that the Plan outlay could be fixed more realistically. They deplore the tendency to set aside inflated funds as Plan outlay as also diversion of funds earmarked for rural telephones for other purposes. The Committee trust that corrective steps will be taken by Government in this regard.

24. Although the Department has issued instructions that sanction letter in respect of OOT telephones recommended by MPs from their quota should be issued within 10 days and the telephone should be installed within 30 days, it is seen that there has been considerable delay in some cases in confirmation of connection and providing of telephones. It is also noted that other requests for new telephone exchanges and expansion/upgradation, etc. are also not given due weightage. The Committee expect the Department and the Telecom Circles to give priority to references received from people's representatives, take follow-up action and send confirmation to them at the earliest. It is also noticed that on several occasions the non-compliance of MPs' requests is attributed to non-feasibility on technical grounds. This appears to be a lame excuse since the very acceptance of registration deposit is a confirmation of technical feasibility. Hence, having accepted the registration fee, when the case is recommended by an MP, it should be

ensured that the request is honoured.

25. Just like, VPTs, PCOs also facilitate telecommunication facility to be made accessible to common man. The Committee are surprised to find that there are large number of applications for PCOs being wait-listed. In some States like Andaman & Nicobar, Assam, Bihar, J&K, Rajasthan, North East and West Bengal the number of wait-list in rural areas is more than PCOs actually been provided. It needs no mention that in order to reach telecom facilities to the common man, more PCOs and especially those with STD/ISD facility should be provided in rural areas. The Committee expect the Government to do the needful in the matter.

26. Lastly, inter-departmental and intra-departmental coordination is something that the Committee would like to stress upon. For speedy implementation of works/projects and avoiding of wasteful expenditure and inconvenience to the people, it is of paramount importance that there should be coordination among different wings of the Department of Telecommunications and other agencies like Electricity Boards, Municipal Corporations, Water & Sewage Department, Public Works Department, Ministry of Environment and Forests etc. The proposal for constitution of Public Utilities Coordination Boards should be followed up with all sincerity. The Committee also expect the Telecom Circles to follow-up with agencies like Municipal Committees and PWD for timely reinstatement of roads for which payment is made by the Department. Instances of lack of coordination between different wings of the Department like the projects division and the telecom circles have been brought to the notice of the Committee. Drums, cables, equipments, etc. are not disposed off for years for want of proper instructions. It raises doubts as to whether there is a need for a separate Project Division at all.

The Commitee strongly recommend that the extent of coordination among different wings of the Department should be improved further for ensuring its efficient functioning.

NEW DELHI;
April 20, 2001

Chaitra 30, 1923*(S)*

UMMAREDDY VENKATESHWARLU,
Chairman,
Committee on Estimates.

APPENDIX I

MINUTES OF SITTING OF THE ESTIMATES COMMITTEE (1999-2000)

SECOND SITTING

The Committee sat on Thursday, the 27th January, 2000 from 15.00 to 15.45 hours.

PRESENT

Prof. Ummareddy Venkateswarlu — *Chairman*

MEMBERS

2. Shri S. Bangarappa
3. Shri Girdhari Lal Bhargava
4. Shri Lal Muni Chaubey
5. Shri Ram Tahal Chaudhary
6. Shri Ajay Singh Chautala
7. Shrimati Sheela Gautam
8. Shri Anant G. Geete
9. Shri Shankar Prasad Jaiswal
10. Shri Vinod Khanna
11. Shri P.R. Kyndiah
12. Shri Samik Lahiri
13. Shri Sanat Kumar Mandal
14. Shri Manjay Lal
15. Shri Shyam Bihari Mishra
16. Shri Jitendra Prasad
17. Prof. Rasa Singh Rawat
18. Shri Abdul Rashid Shaheen
19. Shri Maheshwar Singh
20. Shri Rampal Singh
21. Shri Shanker Sinh Vaghela
22. Dr. S. Venugopalachari
23. Shri A.K.S. Vijayan

SECRETARIAT

1. Shri John Joseph — *Joint Secretary*
2. Shri K.L. Narang — *Director*
3. Shri Cyril John — *Under Secretary*
4. Shri N.C. Gupta — *Assistant Director*

2. The Committee considered the Preliminary Material and Replies to the List of Points for Official Evidence on 'Telecommunication Services in Rural Areas'. The Chairman invited the Members to give their views and suggestions on the subject in the light of Preliminary Material and Replies

to the List of Points furnished by the Ministry of Communications (Department of Telecommunications). Thereafter, the Members expressed their views about the problems in the area of telecommunications being experienced in different parts of the country. The Members suggested that official evidence of the Ministry of Communications (Department of Telecommunications) may be held after studying the subject in more detail during the tour of Estimates Committee in February-2000. The Chairman observed that the suggestions made by the Members might be incorporated in the List of Points for Official Evidence of representatives of the Ministry.

The Committee then adjourned.

APPENDIX II

MINUTES OF SITTING OF THE ESTIMATES COMMITTEE (2000-2001)

SECOND SITTING

The Committee sat on Friday, the 14th July, 2000 from 15.00 to 18.20 hours.

PRESENT

Prof. Ummareddy Venkateswarlu — *Chairman*

MEMBERS

2. Smt. Sheela Gautam
3. Shri Shankar Prasad Jaiswal
4. Shri Vinod Khanna
5. Shri N.N. Krishnadas
6. Dr. C. Krishnan
7. Dr. Ram Krishna Kusmaria
8. Shri P.R. Kyndiah
9. Shri Samik Lahiri
10. Shri Sanat Kumar Mandal
11. Shri Manjay Lal
12. Shri Shyam Bihari Mishra
13. Shri Nagmani
14. Prof. Rasa Singh Rawat
15. Kunwar Akhilesh Singh
16. Shri Maheshwar Singh
17. Shri Rampal Singh
18. Shri Lal Bihari Tiwari
19. Shri Shankersinh Vaghela
20. Shri A.K.S. Vijayan

SECRETARIAT

1. Shri K.L. Narang — *Director*
2. Shri Cyril John — *Under Secretary*

WITNESSES

Ministry of Communications (Deptt. of Telecommunication Services)

1. Shri Vinod Vaish — Secretary
2. Shri A. Prasad — Member(F)
3. Shri R.N. Goyal — Member(P)
4. Shri N.R. Mokhariwale — Member(S)

2. The Committee took evidence of the representatives of the Ministry of Communications (Department of Telecommunication Services) on the subject, Telecommunication Services in Rural Areas'. The evidence was concluded.

(The witnesses then withdrew).

3. A verbatim record of the proceedings was kept.

4. *** *** ***

The Committee then adjourned.

APPENDIX III

MINUTES OF SITTING OF THE ESTIMATES COMMITTEE (2000-2001)

ELEVENTH SITTING

The Committee sat on Tuesday, the 10th April, 2001 from 11.00 to 13.20 hours.

PRESENT

Prof. Ummareddy Venkateswarlu — *Chairman*

MEMBERS

2. Shri S. Bangarappa
3. Shri Lal Muni Chaubey
4. Shri Ajay Singh Chautala
5. Shrimati Sheela Gautam
6. Shri Shankar Prasad Jaiswal
7. Shri P.R. Kyndiah
8. Shri Sanat Kumar Mandal
9. Shri Manjay Lal
10. Shri Shyam Bihari Mishra
11. Shri Nagmani
12. Prof. Rasa Singh Rawat
13. Shri Abdul Rashid Shaheen
14. Shri Maheshwar Singh
15. Shri Rampal Singh
16. Shri Kodikunnil Suresh
17. Shri Shankersinh Vaghela
18. Shri A.K.S. Vijayan

SECRETARIAT

1. Shri K.L. Narang — *Director*
2. Shri Cyril John — *Under Secretary*
3. Shri N.C. Gupta — *Assistant Director*

2. The Committee considered the draft report on Ministry of Communications (Department of Telecommunications) — 'Telecommunication Services in rural areas' and adopted the same with modifications as indicated in the Annexure.

3. The Committee authorised the Chairman to finalise the Report in the light of modifications as also to make verbal and consequential changes, if any, arising out of factual verification by the Ministry and present the same to Lok Sabha.

The Committee then adjourned.

ANNEXURE

Modifications made by the Estimates Committee in the draft Report on Ministry of Communications (Department of Telecommunications)— 'Telecommunication services in rural areas'

Recommendation Sl.No.	Sentence	Amendments/Modifications
1	2	for "much" Substitute "greater"
3	5	For "Wait list" Substitute 'demand'
3	End of last Sentence	*Add* "within six months from the date of presentation of the report."
6	After fifth	Add "The Committee express their serious concern about the dismal performance in provision of VPTs."
8	After fifth	*Add* "It has also been observed that in times of prolonged fault/disorder of VPTs, the rental charges are not being waived as per guidelines, which is a serious lapse."
9	Fourth	*After* "Power supply" *Insert* "timely availability of"
10	After sixth (sl.no.9)	Insert "10. One of the major factors responsible for slow progress in achieving the targets set for providing rural telecommunications is the inordinate delay in supply of equipments, cable, etc. There is a need to review the entire system of invitation and finalisation of tenders, placing of orders and ensuring timely receipt of equipments. Apparently there is lack of coordination among different wings within the Department causing avoidable delay in implementation of projects. The Committee are deeply concerned about it. They strongly recommend that an integrated approach should be evolved with a view to ensuring timely supply of equipments so that projects are completed within the targeted time frame."

Recommendation Sl.No.	Sentence	Amendments/Modifications
14	After fifth	Insert "Keeping in view the bad experience with MARR System, the Committee desire that Government should ensure reliability of WLL System further so as to ensure that the episode is not repeated."
18	After seventh	Insert "The procedure for constitution and functioning and the powers of TAC should be clearly defined in order to make it more effective."
19	After fourth	*Add* "It has been brought to the notice of the Committee that in some places proper record of payment of bills is not maintained resulting in disconnection of lines. The onus of proving payment of bills falls on the subscriber. The Committee, therefore, desire that wherever computerisation has been done, the receipt of payment of bills should also be computerised."
20	Last sentence	*For* "from Rs. 3,000 to Rs. 1,000 *Substitute* "uniformally from Rs. 3,000 to Rs. 1,000 or even less throughout the country."
22	After third	*Add* "The Committee also suggest that the criteria for posting of staff and deployment of casual labourers should not be the number of DELs, but should be the topography and the geographical location of the area."
24	After third	*Add* "It is also noticed that on several occasions the non-compliance of MPs' requests is attributed to non-feasibility on technical grounds. This appears to be a lame excuse since the very acceptance of registration deposit is confirmation of technical feasibility. Hence, having accepted the registration fee, when the case is recommended by an MP, it should be ensured that the request is honoured."
26	After fourth	Add "Instances of lack of coordination between different wings of the Department like the projects division and the telecom circles have been brought to the notice of the Committee. Drums, cables, equipments, etc. are not disposed off for years for

Recommendation Sl.No.	Sentence	Amendments/Modifications
		want of proper instructions. It raises doubts as to whether there is a need for a separate Project Division at all. The Committee strongly recommend that the extent of coordination among different wings of the Department should be improved further for ensuring its efficient functioning."

APPENDIX IV

STATEMENT OF OBSERVATIONS/RECOMMENDATIONS

Sl. No.	Para No.	Observations/Recommendations
1	2	3
1.	2.1	Telecommunications play a pivotal role in the economic and social development of the country. With about 75% of the population of India residing in more than six lakh villages, rural telephony in the country assumes greater significance. This is what motivated Government to give thrust to rural telecommunications from late 1970s despite rural telecommunication service not being commercially viable. With a shift from Hexagon Policy in 1980—91 to Gram Panchayat Public Telephone Policy in 1990—94, the requirement of public telephones in rural areas increased from 48,828 to over 2,06,000 in 1991. The main focus of National Telecom Policy 1994 was telecommunication for all and within the reach of all, i.e. ensuring the availability of telephone on demand as early as possible. With a view to achieving this, targets were revised as part of the Eighth Plan and it was envisaged that all villages should be covered and telephone should be available on demand by 1997. The targets were further revised and fixed for Ninth Plan with the objective of covering all villages and providing telephone on demand by March, 2002. New Telephone Policy 1999 (NTP 1999) has also identified the need to provide a balance between the provision of universal service to all uncovered areas including rural areas and provision of high quality services as thrust areas.
2.	2.2	The swift pace of changes in policy as well as the resultant growth rate in rural telephony are both far from being satisfactory. It is quite disquieting to find that policies are drawn up and targets are set without taking into consideration ground realities about availability of technology and equipments and making concerted efforts leading to frequent changes in policies and revision of targets. It is disheartening to find that despite all the focus being given to village telephones in the past more than 20 years, coverage of all villages in the country remains a distant dream for the Government. The Committee, while expressing their displeasure at the tardy progress in coverage of villages with telephone facility, would like to stress that Government needs to have a more pragmatic

1	2	3
		approach and make determined efforts to provide universal coverage of telephones to all uncovered areas. They emphasise that no effort should be spared to achieve the target set in NTP 1999 for telecom coverage of all villages in the country by March, 2002.
3.	2.3	The position with regard to Direct Exchange Lines (DELs) increased from 81.47 lakh in 1995 to 216.69 lakh in 2000 in urban areas and from 16.48 lakh in 1995 to 48.42 lakh in 2000 in rural areas. Nonetheless, the rural scenario as compared to urban network still remains lopsided with a minimal 18.26% of DELs in 2000 as against 16.82% of DELs in 1995. The urban rural ratio is still more non-symmetrical in states like J&K, and Tamil Nadu and North-East. The Government's plea that the imbalance in urban rural ratio of DELs is on account of shortage of demand for telephones in rural areas fell through on a closer scrutiny. Out of the total wait list of 36,80,579 as on 31 March, 2000, wait listed applications in rural areas was 16,54,565 which works out to 44.95% of the total demand. This is a clear indication that demand in rural areas is proportionately quite high as compared to DELs already provided. It is distressing to find that lame excuses are put forwarded to justify non-fulfilment of targets by Government. The position with regard to provision of telephones in rural areas is quite alarming and calls for focussed attention and sustained efforts on the part of the Government. The Committee recommended that Government should review the status with regard to provision of DELs and clearing of wait list in rural areas and taken corrective measures on priority basis. The Committee would like to be apprised of the action taken and definite progress achieved in this regard within six months from the date presentation of the Report.
4.	2.4	According to the Ministry, rural telephone network is commercially non-viable on account of the low economic activity, highly scattered demand, low teledensity, high initial and operating costs and low returns. The Committee, however, are not in agreement with the contention of the Government. This may be true when revenue per rural telephone is taken into account. On the other hand, one cannot ignore the fact that a very high percentage of the revenue earned in urban areas is on account of long distance calls made by migrant work force

1	2	3
		in the cities to their native places in the rural areas. For example, it is estimated that from Delhi about 30 lakh migrant workers belonging mostly to Bihar, East Uttar Pradesh, Rajasthan, Orissa, Madhya Pradesh and Andhra Pradesh make long distance calls to their native villages generally atleast once in a fortnight accounting for annual revenue of more than Rs. 7,000 crores per annum to MTNL. The family members of these migrant workers travel a distance of about 5 to 10 kms. in rural areas to receive telephone call from urban areas. The Committee are of the view that if every village in these States are provided with telephone facilities the revenue of DOT will increase manifold. Above all, covering all villages in the country with telecommunication services is a social obligation on the part of Government.
5	2.5	It was with the noble objective of achieving universal service covering all village in the country that Hexagon Policy was further enlarged into Village Public Telephone Scheme in 1991. Although the scheme envisaged providing of public telephones in all the 2,06,000 gram panchayats, only 1,31,334 villages could be covered by 1994. Universal 1,31,334 villages could be covered by 1994. Universal accessibility to cover each of the 6,07,491 revenue villages in the country was enshrined in the National Telecom Policy 1994. Using land lines, radio systems such as single channel VHF and analog MARR, public telephone were installed in public places like Panchayat Bhawans, Post Offices, grocery shops, etc. However, by December, 1998 only 3,14,523 villages were provided with VPTs which was only 52% of the telecom need of the villages. As on 1 April, 2000 the number of VPTs installed were 3,74,605 with only 61.66% coverage of villages in the country. The Committee are dismayed at the snail's pace progress of one of the most ambitious and widely publicised schemes of the Telecom Department even after a decade of its existence. The slow progress speaks volumes of the lack of determination on the part of the Government and lacunae in planning and implementation of the scheme. The Committee stress that utmost priority should be accorded to Village Public Telephones Scheme and a time-bound action plan should be drawn up to provide telephone facility in all the villages in the country.

1	2	3
6	2.6	One of the major constraints in the VPT Scheme has been the non-achievement of targets in installation of VPTs over the years. Out of the statistics for the year from 1994-95 to 1999-2000 furnished to the Committee, it is distressing to find that achievement of VPT targets in those years varied from 95% to 30%. Against a target of providing 3,38,000 VPTs during the 8th Plan (1992—97) the actual achievement was only 1,98,948 villages with a target satisfaction of only 59%. Out of the target of 1,00,000 VPTs for the year 2000-2001 only 5,543 telephones were provided till 30 September, 2000. The rate of achievement of the target by some of the States like Assam, Bihar, Tripura, Orissa and West Bengal has been dismal. The Committee express their serious concern abut the dismal performance in provision of VPTs. One of the reasons stated to be responsible for the tardy progress in the implementation of VPT Scheme is the failure of MARR system. Government held out an assurance that with the induction of WLL technology in the rural areas, the entire process of installation of VPT would be expedited and the target of universal accessibility would be achieved by March, 2002. However, the claim of the Government is not borne out by any tangible progress so far. The Committee, therefore, have serious reasons to be sceptical whether, with the present pace of progress, the target set for VPTs could ever be achieved. The Committee, therefore, desire that Governement should gird up their loins to take up seriously the challenge of meeting the target of VPTs within the time-frame.
7	2.7	The Committee note that with the non-functioning of a good number of VPTS installed with MARR technology, Government should work on a two-pronged starategy of covering such of those villages which have not yet been reached and replacing existing equipments where the system is non-functional. Out of the remaining villages, 1,77,038 connections are to be provided by the Telecom Department and the remaining 55,848 by Private Fixed Service Providers. Task Forces have been constituted in Bihar, Madhya Pradesh, Orissa, J&K, UP (East), UP (West) and West Bengal Circles where the VPT coverage has been very poor. The main objective of constituting Task Forces is for speedy implementation of rural telecommunications programme through proper planning and effective

1	2	3
		monitoring. Providing VPTs in all unreached villages and replacing the faulty ones within the time-frame of March, 2002 is, no doubt, a herculean task. What is important is that Government should continuously monitor the progress in the implementation of the scheme by the Telecom Circles, Task Forces and Private Fixed Service Providers. The Committee would like to be apprised of the progress in this regard in the next six months.
8	2.8	At present the VPTs are functioning mainly on land lines, MARR technology and satellite media. The number of faulty VPTs as on 31st May, 2000 was 52,921 which works out to 14.1% of total VPTs installed. Out of the faulty VPTs 39,101 are based on MARR technology and the remaining 13,820 are based on land lines. It is found that in Orissa the percentage of faulty VPTs is as high as 48.27, in Bihar 31.57, in North East 29.01, in Madhya Pradesh 23.48 and in Assam 23.11. In some States the number of VPTs remaining disconnected on account of non-payment of bills is also much on the higher side. It has also been observed that in times of prolonged fault/ disorder of VPTs, the rental charges are not being waived as per guidelines, which is a serious lapse. The Committee suggest that more effective and time-bound measures should be taken to rectify faulty VPTs and provide efficient telephone services in the villages. They also recommend that the problem of non-payment of VPT bills by the custodians should be followed up more earnestly so as to ensure that the telephones are restored or relocated within a fixed time-frame of maximum two months from the date of disconnection.
9	2.9	As on 31st March, 2000, there were 21,669 telephone exchanges situated in rural areas. All electro-mechanical exchanges in the rural areas have been replaced by electronic exchanges. As of now 3,431 new exchanges are to be set up in the year 2000-2001. Installation of a new exchange depends on a number of factors like availability of suitable building, availability of reliable power supply, timely availability of switching equipment, transmission media, etc. Since setting up an exchange takes time from six months to two or three years, Government informed the Committee that advance planning has already been done to meet the annual and NTP 99 targets. In view of the fact that achieving of targets like universal accessibility

1	2	3
		and telephone on demand by March, 2002 are all dependent on installation of new telephone exchanges, replacement/upgradation of small capacity exchanges and provision of stable transmission media, the Committee urge that work relating to installation, upgradation and replacement of telephone exchanges should be accorded due priority.
10	2.10	One of the major factors responsible for slow progress in achieving the targets set for providing rural telecommunications is inordinate delay in supply of equipments, cable, etc. There is a need to review the entire system of invitation and finalisation of tenders, placing of orders and ensuring timely receipt of equipments. Apparently there is lack of coordination among different wings within the Department causing avoidable delay in implementation of projects. The Committee are deeply concerned about it. They strongly recommend that an integrated approach should be evolved with a view to ensuring timely supply of equipments so that projects are completed within the targeted time-frame.
11	2.11	One of the objectives in NTP 99 is to provide reliable media to all exchanges by the year 2002. This attains significance in the context that as in April, 1999 there were as many as 7762 exchanges which were connected with unreliable transmission media. The technologies being used to provide stable transmission media to exchanges which are presently connected to fault prone media are optical Fibre Cable, Digital Microwave and Satellite. Pending replacement, measures like replacing of batteries and telephone instruments and providing of additional engine alternators are being taken for maintenance of the existing telephone system. The Secretary, Ministry of Communications (Department of Telecommunications) was candid in admitting that "a reliable and foolproof system of transmission alone can satisfy the people". The Committee expect the Government to pursue the process of modernisation of transmission network to its logical conclusion latest by March, 2002 so that the country and its people may enjoy the benefit of a fault-free telephone network.
12	2.12	The Committee note that according to the objectives set for the 9th Plan, all the exchanges were to be provided

1	2	3
		with STD/ISD facility by the year 2002. However, till July, 2000 out of 21,669 exchanges, only 18,164 exchanges were provided with STD facility which worked out to 84%. What causes even more concern is that out of those rural exchanges which have been connected with STD facility only about 41% are provided with reliable media. The Ministry conceded that there has been imbalance in provision of telecom facilities and reliable transmission media in various areas of the country. Whereas some of the factors responsible for this are out of Government's control, the fact remains that there has been considerable lapse on the part of the Department in adhering to the time schedule for providing of STD/ISD facility to all the exchanges by the year 2000. The Committee desire that Government should make all out efforts to ensure that STD/ISD facilities are provided to all rural exchanges latest by the end of the calendar year 2001.
13	2.13	The Achilles heel of rural telephony has been the inherent problems in the technology which were chosen in the yesteryears. Unreliability of wired line, satellite based systems and MARR equipments especially in remote and inaccessible areas has been responsible for turning telephone services in rural areas into nominal connectivity. Even the statistics of rural telephones belie the reality about the telephone services in rural areas. With a view to improving rural coverage, MARR technology was introduced in a big way from 1994-95, being the only available technology of that time. Difficulties were experienced in its commissioning and maintenance right from 1995-96. In 1997-98 National Productivity Council was engaged to study the problem. Certain suggestions made by NPC were implemented resulting in some improvement in the performance of the system. MARR equipments continued to be installed till 1999 before discarding it for further procurement. The Department carried out a survey to assess the number of MARR equipments which were capable of being suitably repaired and other ones where replacement was absolutely necessary. According to the findings of the survey, out of a total of 2,11,860 VPTs on MARR system, 62,402 VPTs were not in working condition. Out of this 32,422 VPTs were irreparable. The Committee are greatly concerned about the retardation of the process of providing telephone

1	2	3
		facilities to the villages on account of unsatisfactory performance of the technology which was chosen by Government for rural areas. It goes without saying that reliability of the equipment should have been verified beyond doubt before induction of MARR system in such large numbers. Moreover, difficulties in the system came to the notice of the Department as early as in 1995-96. NPC was also engaged to study the problem. The Committee hold the firm view that steps should have been taken by Government much earlier to identify a suitable technology to substitute MARR system especially in view of the target fixed in NTP 1994 for covering all villages by 1997. The Committee fail to comprehend as to why no corrective measures were taken by Government for more than five years after the system was found to be defective. It shows utter callousness and inaction on the part of the Government and a lack of commitment to meet targets after those are set. They expect Government to be more responsible and accountable in future.
14	2.14	The new technologies proposd to be deployed are C-DOT TDMA/PMP, Wireless in Local Loop, satellite based VPTs and S&S Switching Sytem. Whereas WLL technology is all set to be inducted on a massive scale, orders have also been placed for TDMA/PMP systems, INMARSAT Mini-M terminals and C-256 switches. It is expected that with the induction of new technology functioning of rural telephone network will improve qualitatively. Field trails of WLL system supplied by ITI Ltd., HTL Ltd., Escorts Ltd., HFCL and Motorola were conducted and found successful. After prolonged evaluation and trials, finally decision has been taken to induct WLL system for provision of VPTs. Keeping in view the bad experience with MARR System, the Committee desire that Government should ensure reliability of WLL system further so as to ensure that the episode is not repeated. CET had submitted its evaluation report and financial bids were to be finalised by Government. The equipment was expected to be available from the last quarter of 2000-2001. All circles were reportedly instructed to carry out detailed planning in advance and make all infrastructure ready so that the equipment could be installed without any loss of time. Although at the time of evidence there were only three

1	2	3
		vendors, the Committee note that subsequently there were five companies which have qualified after the field trials. The situation definitely affords the Government with room for bargain and with options to go in for superior quality. The Committee trust that orders must have been placed for the first lot of 20,000 lines and second phase of six lakh lines as indicated by the representatives of the Ministry during avidence. By now that the equipment must have started arriving in the circles for installation. With things progressing as planned, the Committee are hopeful that the target of providing VPTs in all villages by March, 2002 could still be achieved. Having chosen the technology, the formidable challenge before the Government is timely action for acquisition and replacement/installation of the WLL system within the prescribed time-frame. It calls for well orchestracted efforts on the part of the Government. The Committee desire that they be apprised of the progress made in induction of WLL system.
15	2.15	It was mainly on account of resources constraint that Government opened up the telecom sector to the private sector. Private sector participation was allowed in a phased manner from the early nineties, initially for value added services and then for Fixed Telehphone Services. One of the objectives of NTP 1999 was to transform, in a time bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas providing equal opportunities and level playing field for all players. Government issued licenses to six Private Basic Telephone Services Operators in six State circles. As per terms and conditions of tender documents, licensee was required to provide a minimum of 10% DELs as VPTs. Against this minimum requirement, the DELs committed by the licensees has been indicated in the license agreement and the licensee is required to maintain or exceed the rate till all villages are covered with VPTs. All the six private licensees have started operations in their respective service areas.
16	2.16	The Committee note as per the license agreement, the BTS providers were expected to provide 67,818 VPTs during the period from 1998-99 to 2001-2002. M/s Tata Teleservices, Andhra Pradesh which was to provide 9,635 VPTs latest by 30 September, 1998, i.e. in the first year of

1	2	3
		its operations, has not provided even a single VPT as yet. In fact, the company commenced its operations only in May, 2000. M/s Reliance Telecom in Gujarat and M/s HFCL Infotel Ltd. in Punjab were to provide 8,635 and 5,442 VPTs respectively by the target date of 30 September, 1998, but have not provided even a single VPT so far. M/s Hughes Telecom (India) Ltd., Maharashtra which was to provide 25,760 VPTs by 30 September, 1999 also has not provided any connection so far, M/s Bharti Telenet, Madhya Pradesh has provided 315 VPTs against a target of 16,500 and M/s Shyam Telelink, Rajasthan has provided 51 VPTs against a target of 31,834. According to the Ministry it has been insisted upon that the private licensees fulfil their committed VPT obligations on their own or through alternative arrangements with other service providers or confirm their acceptance for the special type of contributory work offer made by BSNL. The Committee are chagrined at the way the BTS providers and the Government have been dragging their feet for long in the matter of provision of DELs and VPTs. The inordinate delay on the part of the licensees to provide village telephones has placed the VPT scheme in jeopardy. At this stage the Committee can only express their strong displeasure at the casual manner in which Government has been monitoring the operations of the BTS operators. The Committee urge that Government should closely monitor compliance of the revised targets of DELs and VPTs by the private operators and invoke penalty provisions on them in case of any further slippages within a laid down time-frame.
17	2.17	According to the Department as per provisions of agreement signed by the licensees, in the case of failure of the licensee to deliver the service or any part thereof with in the prescribed period, licensor was entitled to revcover liquidated damages for each service area. For VPTs liquidated damages payable was @ Rs. 66 per day of delay per VPT not deliverd. Accordingly Government recovered Rs. 53.05 crores as liquidated damages from the basic service operators. The terms and conditions of the licenses were also modified to make things easier for the licensees. Despite all these, the situation does not seem to have improved much till recently, as per press reports. The Committee cannot but express their displeasure at the way

1	2	3
		Government has been dilly-dallying follow-up action on non-compliance of commitment by the private license providers. The Committee are greatly concerned about villages not being provided with telecommuication facilites. The situation warrants decisive action on the part of the Government to ensure compliance of commitment by the licensees within a given time frame. In case of any further failure by the private license providers, Government should take corrective measures so as to ensure that progress in the implementation of VPT scheme does not suffer.
18	2.18	Maintenance and timely rectification of complaints are two major areas which need to be paid attention for improving the functioning of telephones in rural areas. Although a number of measures have been taken for maintenance, registration and rectification of faults, the claim of the Ministry that average time taken for rectification of faults in rural areas is between 24 to 40 hours does not seem to be close to the reality. More often the delay is not on account of technical failures, but negligence and lack of commitment on the part of the field staff. A number of measures have already been taken for monitoring performance of rural DELs and VPTs. Nonetheless, the Committee are not in agreement with the Government's claim that the present system of monitoring is adequate. Besides providing of reliable transmission media in the rural areas, the only arrangement by which efficient performance could be ensured was through a rigrous monitoring mechanism which also makes middle level officers and exchange-in-charges personally responsible for timely rectification of complaints. There should be periodic interaction with local representatives of the people, and users associations, and meeting of Telephone Advisory Committees on a regular basis for obtaining regular feed back on the quality of telecom services in rural areas. The procedure for constitution and functioning and the powers of TAC should be clearly defined in order to make it more effective. Telephone Adalats on quarterly basis should be made a regular feature in all telecom Circles and SSAs to settle disputes relating to excess billing and attending to complaints regarding fault repair, etc. The committee recommend that the date of holding such Telephone Adalats should be

1	2	3
		given wide publicity so that the forum could be made use of by all the needy subscribers in rural areas. As the Secretary, Ministry of Communications (Department of Telecommunications) has rightly pointed out a new work culture has to be developed among the employees in the Telecom Circles including the field staff in order to ensure that efficient telephone services are made available to rural populace.
19	2.19	Computerisation of commercial functions like registration of new telephones, telephone revenue billing, provision of detail billing information, etc. are some of the methods by which efficient and fault-free services to the rural subscribers could be ensured. The Committee trust that with the introduction of the integrated software package 'DOT-SOFT' which provides directory service, commercial services and TR billing in the rural areas, the services will improve and become more efficient. Efforts should also be made to make sure that the process of payment of telephone bills by the rural subscribers is made more easy by making available payment facility in village post offices and in nearby banks. The Committee suggest that the facility for authorising payment of bills from one's bank account should be extended to rural areas also. It has been brought to the notice of the Committee that in some places proper record of payment of bills is not maintained resulting in disconnection of lines. The onus of proving payment of bills falls on the subscriber. The Committee, therefore, desire that wherever computerisation has been done, the receipt of payment of bills should also be computerised.
20	2.20	The Committee note that in many States the registgration fee of Rs. 3,000 for telephone is reduced to Rs. 1,000 at the time of festivals, etc. to generate more waiting list. It has been stated that powers have been delegated to CGMs to have flexibility in packaging of tariff to stimulate demand in areas where telephones are available on demand. The Committee strongly recommend that as part of incentives for rural areas, the registration fee should be brought down uniformally from Rs. 3,000 to Rs. 1,000 or even less throughout the country.
21	2.21	The Committee have been informed that at the circle level no separate organisational set up has been created

1	2	3
		exclusively for rural telecom. Planning, development, operation and maintenance functions are carried out by the staff in their jurisdiction for rural as well as urban network. In view of the fact that rural telephone network is lagging behind as compared to urban network, the Committee are of the firm view that in all the Telecom Circles in which at least one third or more area falls in the rural category, a sufficiently senior level officer of the rank of DGM or equivalent should be given exclusive charge of planning development, operations and maintenance or rural telephones so that sufficient attention is paid to rural areas coming under each circle. They would like to be informed of the circle-wise status of implementation of this recommendation within six months.
22	2.22	The Committee note that sincere efforts were made to bring down the staff telephone ratio in most of the telecom circles. They suggest that training should be imparted to departmental employees so that their skills could be upgraded to meet the shortage of staff at group 'C' and JTO levels. In order to improve telecommunication services in rural areas, young and dynamic officers should be posted in rural areas and in circles like North East. The Committee also sugest that the criteria for posting of staff and deployment of casual labourers should not be the number of DELS, but should be the topography and the geographical location of the area.
23	2.23	The Committee cannot but express their displeasure at the way Plan outlay was earmarked and spent for rural telephones in the past several years. There was steep decline in Plan outlay in the years 1999-2000 and 2000-2001 with only Rs. 245.72 crores and Rs. 350 crores earmarked for rural telephones as against Rs. 1485 crores earmarked in 1998-99. Much more distressing is the fact that actual expenditure in all the year from 1992-93 has been much less than the Plan outlay. The reason advanced by Government for the actural expenditure being less than 50% in some years that it was on account on non-receipt of equipment or problems connected with MARR System is not convincing to the Committee as MARR System was abandoned only in 1999-2000. The Committee are unable to comprehend as to why such situations could not be foreseen so that the Plan outlay could be fixed more realistically. They deplore the tendency to set aside

1	2	3
		inflated funds as Plan outlay as also diversion of funds earmarked for rural telephones for other purposes. The Committee trust that corrective steps will be taken by Government in this regard.
24.	2.24	Although the Department has issued instructions that sanction letter in respect of OOT telephones recommended by MPs from their quota should be issued within 10 days and the telephone should be installed within 30 days, it is seen that there has been considerable delay in some cases in confirmation of connection and providing of telephone. It is also noted that other requests for new telephone exchanges and expansion/upgradation, etc. are also not given due weightage. The Committee expect the Department and the Telecom Circles to give priority to references received from people's representatives, take follow-up action and send confirmation to them at the earliest. It is also noticed that on several occasions the non-compliance of MP's requests is attributed to non-feasibility on technical grounds. This appears to be a lame excuse since the very acceptance of registration deposit is a confirmation of technical feasibility. Hence, having accepted the registration fee, when the case is recommended by an MP, it should be ensured that the request is honoured.
25.	2.25	Just like VPTs, PCOs also facilitate telecommunication facility to be made accessible to common man. The Committee are surprised to find that there are large number of applications for PCOs being wait-listed. In some States like Andaman & Nicobar, Assam, Bihar, J&K, Rajasthan, North East and West Bengal the number of wait-list in rural areas is more than PCOs actually been provided. It needs no mention that in order to reach telecom facilities to the common man, more PCOs and especially those with STD/ISD facility should be provided in rural areas. The Committee expect the Government to do the needful in the matter.
26.	2.26	Lastly, inter-departmental and intra-departmental coordination is something that the Committee would like to stress upon. For speedy implementation of works/ projects and avoiding of wasteful expenditure and inconvenience to the people, it is of paramount importance that there should be coordination among different wings of the Department of Telecommunications and other agencies

1	2	3
		like Electricity Boards, Municipal Corporations, Water & Sewage Department, Public Works Department, Ministry of Environment and Forests, etc. The proposal for constitution of Public Utilities Coordination Boards should be followed up with all sincerity. The Committee also expect the Telecom Circles to follow-up with agencies like Municipal Committees and PWD for timely reinstatement of roads for which payment is made by the Department. Instances of lack of coordination between different wings of the Department like the projects division and the telecom circles have been brought to the notice of the Committee. Drums, cables, equipments etc. are not disposed off for years for want of proper instructions. It raises doubts as to whether there is a need for a separate Project Division at all. The Committee strongly recommend that the extent of coordination among different wings of the Department should be improved further for ensuring its efficient functioning.