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**STANDING COMMITTEE ON  
INFORMATION TECHNOLOGY  
(2010-11)**

**FIFTEENTH LOK SABHA**

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

[Action Taken by the Government on the Recommendations/Observations of the  
Committee contained in their Eighth Report (Fifteenth Lok Sabha) on  
Demands for Grants (2010-11)]

**TWENTIETH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*February, 2011/ Phalguna, 1932 (Saka)*

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***Presented to Lok Sabha on 08/03/2011  
Laid in Rajya Sabha on 08/03/2011***



**LOK SABHA SECRETARIAT  
NEW DELHI**

*February, 2011/ Phalguna, 1932 (Saka)*

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**COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION  
TECHNOLOGY (2010-2011)**

**Shri Rao Inderjit Singh - Chairman**

*MEMBERS*

**Lok Sabha**

2. Shri Rajendra Agrawal
3. Shri Nikhil Kumar Choudhary
4. Shri Milind Deora
5. Dr. Charles Dias
6. Shri Rajen Gohain
7. Smt. Darshana Vikram Jardosh
8. Shri Mithilesh Kumar
9. Shri Sadashivrao Dadoba Mandlik
10. Shri Inder Singh Namdhari
11. Shri Adhalrao Shivaji Patil
12. Shri Abdul Rahman
13. Shri Prem Das Rai
14. Shri Tufani Saroj
15. Shri Tathagata Satpathy
16. Smt. M. Vijaya Shanti
17. Dr. Bhola Singh
18. Shri Dhananjay Singh
19. Shri Sushil Kumar Singh
20. Shri C. Sivasami
21. Shri Dharmendra Yadav

**Rajya Sabha**

22. Shri M.P. Achuthan
- \*23. Shri Mohammed Adeeb
24. Shri Salim Ansari
- \*25. Shri Rajeev Chandrasekhar
- \*26. Shri Rajkumar Dhoot
27. Shri Prabhat Jha
28. Prof. Alka Balram Kshatriya
29. Shri Ravi Shankar Prasad
30. Shri P. Rajeeve
31. Shri Jesudasu Seelam

**SECRETARIAT**

1. Shri T.K. Mukherjee - Joint Secretary
  2. Smt. Sudesh Luthra - Director
  3. Dr. Yumnarn Arun Kumar - Under Secretary
- 

\* **Nominated to the Committee w.e.f. 21<sup>st</sup> September, 2010.**

(ii)

## **INTRODUCTION**

I, the Chairman, Standing Committee on Information Technology (2010-11) having been authorized by the Committee to submit the Report on their behalf, present this Twentieth Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in their Eighth Report (Fifteenth Lok Sabha) relating to Demands for Grants (2010-11) of the Ministry of Communications and Information Technology (Department of Telecommunications).

2. The Eighth Report was presented to Lok Sabha on 21 April, 2010 and laid on the Table of Rajya Sabha on 22 April, 2010. The Ministry of Communications and Information Technology furnished their Action Taken Notes on 21 July, 2010.

3. The Report was considered and adopted by the Committee at their sitting held on 17 February, 2011.

4. For facility of reference and convenience, Recommendations/Observations of the Committee have been printed in bold in Chapter-I of the Report.

5. An analysis of Action Taken by the Government on the Recommendations/Observations contained in the Eighth Report (Fifteenth Lok Sabha) of the Committee is given at Appendix-II.

**New Delhi**  
**24 February, 2011**  
**05 Phalguna, 1932 (Saka)**

**RAO INDERJIT SINGH**  
**Chairman**  
**Standing Committee on**  
**Information Technology**

## CHAPTER I

### REPORT

This Report of the Standing Committee on Information Technology deals with the action taken by the Government on the Recommendations/Observations of the Committee contained in their Eighth Report (Fifteenth Lok Sabha) relating to Demands for Grants (2010-11) of the Department of Telecommunications.

2. The Eighth Report was presented to Lok Sabha on 21 April, 2010 and laid on the Table of Rajya Sabha on 22 April, 2010. It contained 37 Recommendations/Observations.

3. Action Taken Notes in respect of all the Recommendations/Observations contained in the Report have been received and categorized as under:-

(i)	Recommendations/Observations which have been accepted by the Government Para Nos.:- 2, 4, 5, 6, 12, 13, 15, 18, 19, 23, 24, 25, 29 30, 31, 32, 34, 35, 36 & 37	Total	20
		Chapter	II
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government Para No.:- Nil	Total	Nil
		Chapter	III
(iii)	Recommendations/Observations in respect of which replies of the government have not been accepted by the Committee and require reiteration Para Nos.:- 1, 3, 9, 10, 17, 21, & 27	Total	07
		Chapter	IV
(iv)	Recommendations/Observations in respect of which the reply is of interim nature Para Nos.:- 7, 8, 11, 14, 16, 20, 22, 26, 28 & 33	Total	10
		Chapter	V

**4. The Committee trust that utmost importance would be give to implementation of the Recommendations/Observations accepted by the Government. In cases, where it is not possible for the Department to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that Action Taken Notes on the Recommendations/Observations contained in Chapter-I and final action taken replies to the Recommendations contained in Chapter-V of this Report should be furnished to them at an early date.**

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

**(Recommendation Para No. 1)**

**A. Shortfall in the utilization of Outlays**

6. The Committee had recommended as under:-

The Committee note that there has been a persistent trend of allocating reduced Outlay as compared to the projections in all the first three years of the Eleventh Plan. Further, there has also been considerable reduction of Outlay at the RE stage. Not only that there are considerable shortfalls in the utilization of even the reduced allocation both under IEBR and GBS components. The aforesaid trend has been continuing from the Tenth Plan. The Committee in their earlier Reports have repeatedly been expressing serious concern over the under utilisation of scarce resources. In spite of this, there has been no improvement in this regard. The data furnished by the Department substantiates the aforesaid observation of the Committee. The total allocation during 2007-08, 2008-09, 2009-10 both under IEBR and GBS components was Rs. 63212.59 crore at BE stage which was reduced to Rs. 51817.54 crore at RE stage. Thus, there was reduction of Rs. 11395.05 crore at RE stage. Even the reduced allocation was not effectively utilized. During the aforesaid three years, there was under spending to the tune of Rs. 21585.56 crore i.e. 41.66 per cent of allocation provided at RE stage. All this clearly indicates that there are serious problems in implementation of various schemes/projects. The detailed analysis project/scheme-wise has been done in the later part of the Report. While expressing their serious concern over the sorry state of affairs with regard to implementation of various projects/schemes, the Committee strongly emphasize that the Department should take concrete action with respect to each of the project/scheme which is under performing to ensure optimal utilisation of the Outlay.

7. The Department of Telecommunications has stated as under:-

“Both BSNL and MTNL are making sincere efforts for effective utilization of outlays by ensuring effective and timely planning and estimation of requirements and through rigorous monitoring and review of each ongoing project. The progress of fund utilization is also being carefully monitored through regular reviews at the highest levels of the Department for optimal utilization of outlays.”

8. **There is persistent trend of allocations lesser than projections, reduction of outlay at RE stage and considerable shortfall in the utilization of allocation both under IEBR and GBS components of the Department of Telecommunications. Even when the Committee have consistently been exhorting the Department to take concrete initiatives and the concerns were reiterated in the recommendation of the Committee made in Eighth Report, the Department has simply stated that the progress of fund utilization is being carefully monitored through regular reviews at the highest level of the Department for optimal utilization of outlay. The details of the monitoring done as well as the outcome of the monitoring has not been indicated in the reply. Not only that, the Department has not bothered to present before the Committee the status of utilization of outlay earmarked during the year 2010-11 which could have indicated the results of the monitoring and regular reviews as stated in the action taken note. While expressing strong concerns over the under utilization of outlay under IEBR and GBS components, the Committee again emphasize to take all the desired initiatives so that the allocations made are meaningfully utilized.**

**(Recommendation Para No. 3)**

**B. Universal Service Obligation Fund (USOF)**

9. The Committee had recommended as under:-

“The Committee observe that budgetary support is provided for executing the Universal Service Support Policy (USSP) through the Universal Service Obligation Fund (USOF) for bringing rural telecom connectivity. The resources for meeting the same are generated through a Universal Service Levy (USL) which is 5 per cent of the Adjusted Gross Revenue (AGR) earned by all the telecom operators except pure value added service providers like internet service provider, voice mail etc. From the data furnished by the Department, the



Committee note that total amount collected as USL upto 2008-09 is Rs. 25331.36 crore whereas the total allocation made to the Department of Telecommunication is Rs. 10371.44 crore i.e. just 40.94 per cent. With regard to the status of utilisation of Outlay, the Committee find that whereas there are shortfalls in utilisation of Outlay provided under IEBR and GBS component, the financial performance of USO Fund is quite satisfactory. The position of not allocating resources commensurate with the collections even when the allocation are being fully utilized is a matter of concern particularly when there is a definite source of funding for USO Fund and there are big challenges of providing connectivity in rural and backward areas. The Committee, therefore, strongly recommend that the quantum of allocation for USO activities should be increased further so as to improve the rural telecom connectivity. Besides, the Committee would also like to be informed about the use of the remaining Outlay collected through Universal Service Levy.”

10. The Department in their Action Taken Note have *inter-alia* stated as under:-

“As per provision of Indian Telegraph (Amendment) Act, 2003, collections under Universal Service Levy (USL) are credited to the Consolidated Fund of India and allotment of funds for USOF is made through parliamentary approvals. During the Financial years 2002-03 to 2009-10, final allotment of funds received through Parliamentary approval was transferred to USO fund in the concerned years and the entire allocation so made and transferred to USO fund was optimally utilized in the respective years. In BE/RE 2009-10, the Department had taken up the case for allotment of Rs. 3000 crore, for USO Fund, with Ministry of Finance. However, an allotment of funds of Rs. 2400 crore was received from Ministry of Finance against this demand both in BE and RE 2009-10. In BE 2010-11, Rs. 3000 crore was sought for allocation to USOF. However, an allotment of Rs. 2400 crore only has been received from Ministry of Finance. The concern of the Standing Committee in this regard to the recommendations for allocation of funds for USO activities commensurate with the collections made under USL was also communicated to Ministry of Finance by the Department. In reply, the Ministry of Finance has *inter-alia* intimated that while considering the proposal of DoT for constitution of USOF initially, Cabinet had decided the Department of Telecommunications to consult Ministry of Finance at the time of finalizing the amount to be transferred to USOF and thus, Ministry has the authority to decide the quantum of funds to be transferred to USOF. Ministry of Finance have further stated in their letter *ibid* that the amount towards transfer to USOF is provided on the basis of claims pending with the DoT for releases from USOF. However, the concerns of Standing Committee have been noted by Ministry of Finance for necessary action during RE 2010-11. The Ministry of Finance has further stated that the Licence fee from telecom service providers is an important component of Non-Tax Revenue of the Union Government. It also stated that as the Government is committed to finance various flagship programmes of the Government, the resources cannot be locked by simply lodging them in the Public Account of India.”

11. **As per the data furnished by the Department of Telecommunications during the course of examination of Demands for Grants 2009-10, the rural teledensity as on January,**

2010 was just 22.18 per cent as compared to 113.78 per cent urban teledensity. The aforesaid data indicates that a lot needs to be done to improve rural telecom connectivity. Even when Budgetary support is provided through the Universal Obligation Fund and it has definite source of funding, the amount generated through universal service levy to generate this fund is not being fully allocated to the Department of Telecommunications. The examination has revealed that up to 2008-09 just 40.94 per cent of the funds generated under USO fund were allocated to the Department of Telecommunications. Now when the Committee raised this issue in their recommendation, and matter was taken up by the Department of Telecommunications with the Ministry of Finance, the Ministry of Finance has tried to assert their authority over the quantum of funds to be released to Department of Telecommunications out of USO fund.

As per the action taken note, while considering the proposal of Department of Telecommunications for constitution of USO fund initially, the Cabinet had decided the Department of Telecommunications to consult the Ministry of Finance at the time of finalizing the amount to be transferred to USO fund. While appreciating the aforesaid decision of Cabinet, the Committee observe that this does not mean that the Ministry of Finance has discretion to allocate the money for rural telecom connectivity. The Committee again emphasize that USO fund has been created for the particular purpose i.e. to provide rural telecom connectivity and it has definite source of funding as such the outlay as requested by Department of Telecommunications should be provided particularly when the entire allocations are being utilized. Further there should not be any cut at the RE stage. The Committee therefore reiterate their concern that the Ministry of Finance would transfer the amount from USO fund as demanded by the Department of Telecommunications during the year 2011-12.

**(Recommendation Para No. 9)**

### C. Telephone Advisory Committees

12. The Committee had recommended as under:-

“Telephone Advisory Committees (TACs) at the district and zonal level is an important mechanism to keep an oversight over the implementation of various telecom projects funded by the Government. In this connection, the Committee observe that the meetings of TACs are not being regularly held. These Committees are an important link between users i.e. public at large and the implementing agencies and can play pivotal role by getting the feedback from the users and communicating to the implementing agencies for taking the desired action accordingly. As such the Committee emphasize that the Department should closely monitor the outcome of the sittings by these Committees. The necessary action in this regard should be taken and the Committee informed accordingly.”

13. The Department in their Action Taken Note have *inter-alia* stated as under:-

“During the calendar year 2010, till date a total of 8 meetings have been held in various Telecom district of MTNL, Delhi and 3 meetings are held in MTNL, Mumbai. A total number of 136 meetings of TAC have been held by BSNL since October, 2009. Circle-wise list is as below:-

Sl. No.	Name of BSNL Circle (No. of SSAs)	No. of TAC Meetings	Sl. No.	Name of BSNL Circle (No. of SSAs)	No. of TAC Meetings
1.	Andaman & Nicobar (1)	0	15.	North-East – I (3)	1
2.	Andhra Pradesh(22)	21	16.	North-East – II (3)	2
3.	Assam (7)	0	17.	Orissa (13)	1
4.	Bihar (19)	5	18.	Punjab (11)	6
5.	Chattisgarh (6)	0	19.	Rajasthan (24)	4
6.	Gujarat (18)	9	20.	Tamilnadu (17)	0
7.	Haryana (9)	3	21.	Uttaranchal (7)	2
8.	Himachal Pradesh (6)	2	22.	UP (East) (31)	16
9.	Jammu & Kashmir (5)	0	23.	UP (West) (18)	9
10.	Jharkhand (6)	2	24.	West Bengal (14)	2
11.	Karnataka (19)	2	25.	Chennai TD (4)	0
12.	Kerala (12)	9	26.	Calcutta TD (4)	0
13.	Madhya Pradesh (34)	26		<b>Total (343)</b>	<b>136</b>
14.	Maharashtra (30)	14			

14. The Committee find from the data made available by the Department of Telecommunications that during the calendar year 2010 till date 8 meetings of Telephone Advisory Committee (TAC) have been held in various telecom districts of MTNL, Delhi and 3 meetings are held in Mumbai. With regard to the meetings of TAC by BSNL, the Committee have been informed that 136 meetings were held in various Circles since

October, 2009. The examination of the Circle wise details indicates that in many of the circles viz. Andaman and Nicobar, Assam, Chattisgarh, Jammu and Kashmir, Tamil Nadu, Chennai TD, Calcutta TD, no meeting of TAC was held during the said period. In other States also the number of TACs meetings as compared to the number of Circles under BSNL is very poor excepting Andhra Pradesh, Gujarat, Madhya Pradesh, Punjab, UP East and UP West. The Committee would like to be apprised about the specific reasons for having no meetings or very less meetings in the various Circles.

The Committee in their earlier recommendation had also desired to be apprised of the outcome of the sittings of TACs. The Department has not responded in this regard. The Committee again emphasize that TACs is an important mechanism to keep an oversight over the implementation of various telecom projects and are an important link between users i.e. public at large and the implementing agencies and as such there is an urgent need to monitor the outcome of these meetings. The Committee as such while reiterating their earlier concern would like the Department to closely monitor the outcome of the meetings and apprise the Committee accordingly.

**(Recommendation Para No. 10)**

**D. Chairman of Zonal and District Telephone Advisory Committees**

15. The Committee had recommended as under:-

“The Committee further note that as per the existing position local sitting Member of Parliament is the co-Chairman of TACs. In this regard, the Committee may like to draw the attention of the Department to the district level Vigilance Committees constituted by the Union Ministry of Rural Development where the local sitting Member of Parliament is the Chairman. The Committee recommend that the local Member of Parliament should be the Chairman of district and zonal TACs on the line of the Vigilance Committees of the Ministry of Rural Development”..

16. The Department in their Action Taken Note have inter-alia stated as under:-

“Presently, the concerned GMTD, BSNL is made the Chairman in the TAC and the Hon’ble M.P.s are given the status of Co-Chairman, due to the following reasons (i) the area of jurisdiction of a TAC may exceed the constituency area of the Hon’ble M.P. and (ii) there may be more than one M.P. in a TAC.”

**17. On the recommendation of the Committee to appoint the local Member of Parliament as the Chairman of District and Zonal TACs on the line of Vigilance Committees of the Ministry of Rural Development, the Department has expressed certain difficulties which include representation of more than one MP in TAC and the area of jurisdiction of TAC exceeding the Constituency area of the Hon’ble MP. The Committee find that similar problems may have been encountered while constituting Vigilance Committees at Zonal and District level by the Ministry of Rural Development. The Department instead of finding solutions has tried to justify the existing position whereby the concerned GMTD, BSNL is made the Chairman of TAC. While expressing displeasure over the way the recommendation has been addressed by the Department, the Committee emphasize to reconsider the recommendation and the way out to resolve the difficulties may be found in consultation with the Ministry of Rural Development.**

**(Recommendation Para No. 15)**

**E. Expansion of Broadband**

**18. The Committee had recommended as under:-**

“Broadband Policy, 2004 envisages a target of 20 million broadband subscribers by the end of 2010. As per the information provided by the Department, there are 8.03 million broadband subscribers as on January, 2010. Compared to the status of telephone connections to the level of 582.04 million, the Committee feel that there are big challenges before the Department regarding the broadband expansion in the country. In this connection, the Committee may like to highlight the finding of a survey by the World Bank as given in the documents of the Department according to which every 10 per cent increase in access to broadband connectivity leads to 1.38 per cent increase in Gross Domestic Product (GDP). The finding is very much relevant in the context of our country particularly at the period of slowdown of International economy which has an impact on Indian economy too. The reasons attributed for slow broadband penetration are (i) lack

of interest in private operators for broadband network expansion in rural areas being non-remunerative, (ii) non-availability of spectrum for mobile broadband, (iii) difficulty in laying of OFC network due to issues related to right of way clearances and high cost of right of way charges, (iv) high backhaul cost, (v) low PC penetration, (vi) high cost of Customer Premises Equipment (CPEs), (vii) low literacy levels, (viii) lack of local content and (ix) poor power supply. The Committee, therefore, strongly recommend that the position State/UT-wise in this regard should be analyzed by the Department and all the desired action taken to increase the broadband connectivity in the country.”

19. The Department in their Action Taken Note have *inter-alia* stated as under:-

There are total 9.21 million broadband subscribers in the country as on 31.05.2010. State wise broadband connections (as on 31 May, 2010) are given below:-

<b>Sl. No.</b>	<b>State/Telecom Circle</b>	<b>Broadband subscribers (As on 31.05.2010)</b>
1	Andaman & Nicobar	4220
2	Andhra Pradesh	815016
3	Assam	55979
4	Bihar (including Jharkhand)	124689
5	Delhi*	902714
6	Gujarat	563973
7	Haryana	194571
8	Himachal Pradesh	47712
9	Jammu and Kashmir	39389
10	Karnataka	1003813
11	Kerala	570454
12	Maharashtra (including Mumbai, Goa)	1632942
13	Madhya Pradesh (including Chattisgarh)	320383
14	North East **	30534
15	Orissa	146184
16	Punjab	438763
17	Rajasthan	286402
18	Tamil Nadu (including Chennai)	1106884
19	Uttar Pradesh (including Uttaranchal)	487030
20	West Bengal (including Kolkata)	443948
21	All India ***	1167
	<b>Total</b>	<b>9216767</b>
*	Includes Noida, Gurgaon, Ghaziabad and Faridabad	
**	Includes Meghalaya, Mizoram, Arunachal Pradesh, Manipur, Nagaland & Tripura	
***	Some of the companies have not provided the state-wise break-up of their subscribers	

Initiatives taken to increase the broadband connectivity in the country is as under:-

- Auction of spectrum for 3G and BWA services to the private operators through e-auction has already been completed. This will facilitate

proliferation of broadband through mobile handset and wireless technology.

- Outdoor and indoor usage of low power Wi-Fi and Wireless Broadband systems in 2.4 GHz – 2.4835 GHz band has been delicensed.
- The use of low power indoor systems in 5.15-5.35 GHz and 5.725-5.875 GHz has also been delicensed.
- Based on directions of the Cabinet Secretariat, an Inter-Ministerial Committee was set up to prepare Concept Paper on “Broadband for All – An Integrated Approach for Rural Areas”. The recommendations of the IMC are under consideration. GIS mapping to ascertain incremental OFC length is going on. Detailed Project Report (DPR) will be submitted accordingly.
- BSNL plans to launch following more attractive post paid plans to its customers to make broadband affordable:-
  - (i) Launch IPTV services in 25 more cities. (50 already connected);
  - (ii) Launch more value added services like VVoBB, Desktop security in 2010-11;
  - (iii) Make prepaid broadband service more attractive;
  - (iv) Implement motive application in all the circles by June, 2010;
  - (v) Training its call center and field unit’s executives to have an up to date knowledge of its plans, packages and special offer;
  - (vi) Sensitization of the overall BSNL front end executives for extending helping hand to the customers.
  - (vii) Implementation of a utility software to help customer to finalize his/her broadband plan as per his/her requirements;
  - (viii) Regular up gradation of broadband plans/tariffs; and
  - (ix) Instant redressal of customer complaints.

**20. The Committee have been apprised that as per the Broadband Policy 2004 the target has been set for 20 million subscribers by the end of 2010. The Committee would like to be apprised as to how far the target has been achieved. The Department in the Action Taken Note has further enumerated various initiatives taken to increase the broadband connectivity in the country. The aforesaid initiatives include setting up an inter-Ministerial Committee to prepare Concept Paper on “Broadband for All – An Integrated Approach for Rural Areas”. It has been stated that the recommendation of IMC are under consideration. The Department has also stated that GIS Mapping to ascertain incremental OFC length is going on and the Detailed Project Report (DPR) would be submitted. The**

**Committee would like to emphasize that the recommendations of inter Ministerial Committee should be implemented expeditiously. Besides there is an urgent need to follow the implementation of various initiatives taken/being taken by the Department.**

**(Recommendation Para No. 17)**

**F. Broadband connectivity to Gram Panchayats, Government High Secondary Schools and Public Health Centres**

21. The Committee had recommended as under:-

“As per the Broadband Policy, 2004, the Department has targeted to provide broadband connectivity to all Gram Panchayats, Government High Secondary Schools and Public Health Centres by 2012. The existing status with regard to Gram Panchayats is that out of 242279 Village Panchayats only 79924 Gram Panchayats i.e. only 32 per cent could be broadband enabled as on February, 2010. The State/UT wise information provided by the Department indicates that the coverage of broadband to Gram Panchayats is very low in almost all the States/UTs excepting Kerala, Goa and Puducherry where almost 100 per cent Gram Panchayats have been covered. Besides, the performance in Andaman and Nicobar Islands and Nagaland is also very good. The Committee are surprised to note that in Daman and Diu, Dadar and Nagar Haveli and particularly Chandigarh which is one of the best planned cities in the country, none of the Village Panchayats, in these areas have been broadband enabled. The Committee may like to know the reasons for non coverage of all the Village Panchayats under broadband expansion programme particularly in the case of Chandigarh which has 17 Village Panchayats. Besides, the Committee emphasize that performance with regard to providing connectivity to rural Panchayats should be evaluated State/UT- wise and the necessary corrective action taken so that all the Village Panchayats are covered by the stipulated time frame i.e. by 2012. With regard to the target of broadband enabling of the Higher Secondary School and Public Health Centres the existing status has not been indicated in any of the documents furnished by the Department. The Committee would like to be apprised about the existing position and the steps initiated by the Department to provide broadband connectivity to all these schools and Public Health Centres by the stipulated deadline of 2012.”

22. The Department in their Action Taken Note have *inter-alia* stated as under:-

“Gram Panchayat coverage: There are a total of 2,42,069 village panchayat across the country. Out of these, 91,365 Village Panchayats are covered through ADSL & Wi-Max broadband. In Chandigarh Secondary Switching Area (SSA), there are 23 village Panchayats out of which 16 have already been covered. Efforts are being made to cover remaining village Panchayats of Chandigarh. Further, BSNL has planned to cover all gram Panchayats by March, 2012. The major barrier in growth of broadband in rural areas is non-availability of connectivity upto village level. It has been targeted that all 2.5 lakh Gram Panchayats would be extended broadband connectivity by 2012, from where broadband connection can be given to higher Secondary Schools and Public Health Centres. For the said purpose, in



order to lay OFC Cable, GIS mapping of existing network is going on. After GIS mapping, DPR will be prepared and approval will be taken from competent authority.”

**23. The Committee note that the Government has set the target of covering 2.5 lakh Gram Panchayats by 2012. To achieve the purpose, GIS Mapping of existing network is going on. After GIS Mapping, DPR would be prepared and approval would be taken from the competent authority. Thereafter, OFC cables would be laid. The Committee further find that for enabling Higher Secondary Schools and Public Health Centers, broadband connectivity would be dependent upon the connectivity provided to Gram Panchayats. As such, the Committee strongly recommend that expeditious action should be taken to complete the GIS Mapping followed by approval of the competent authority so that OFC cables are laid and the village Panchayats, Higher Secondary Schools and Public Health Centres are provided broadband connectivity.**

**The Committee in their earlier recommendation have also requested to indicate the status of broadband connectivity of Higher Secondary Schools and Public Health Centres which had nowhere been indicated in the documents furnished by the Department. Even when the specific information was desired by the Committee as per the recommendation, the Department has not furnished the information. While reiterating their earlier recommendation, the Committee would like to be apprised about the status of broadband connectivity in this regard.**

**(Recommendation Para No. 21)**

**G. e-Auction of 3G Spectrum**

**24. The Committee had recommended as under:-**

“The Committee find that date of 3G auctions has been shifted several times and at last now the auction is scheduled to begin from 9th April, 2010. As informed by the Department, the rules of auction have been announced on 25th February, 2010 and they are on the DoT’s website. As regards eligibility, as mentioned in the rules, all existing Universal Access Service License holders or existing telecom operators are eligible to bid in this auction. In addition, foreign entities that have experience of running 3G services are also eligible to bid. With regard

to security aspects in the e-Auction, the Committee have been informed that the best practices followed by various auctions done by the Office of Communication in the UK, and the Federal Communications Commission in the USA have been taken into consideration. Besides, the auctioneers who are working for DoT have long experience of conducting auctions in various European and American markets. The Department have also informed the Committee that suitable steps have been taken by the Department to ensure free, fair and transparent e-Auction for the 3G spectrum. The Committee hope that the Department auction the 3G spectrum in a successful manner. In this regard, the Committee would like to recommend that by undergoing the process of e-Auction, the Department should ensure that the Indian auctioneers also get the experience and expertise so that the country need not depend on the foreign countries for conducting such auctions in future.”

25. The Department in their Action Taken Note have *inter-alia* stated as under:-

“The e-Auction was carried out using software which has been developed by the Auctioneer. This is professional software which is proprietary in nature devised for the purpose of auction of radio spectrum exclusively. The Ministry has requirements of certain safeguards to be built in the e-Auction system to ensure the security of the entire process for a fail-safe operation. Further the auctioneer was expected to have the experience of conducting at least 5 e-Auctions in the last 3 years. An Evaluation Committee had gone through the process of technical and financial evaluation with reference to a Request of Proposal (RFP) and finally selected the Auctioneer.

Any company including Indian Company could be considered to act as an e-Auctioneer in the future if it would meet the terms and conditions required to conduct e-Auction prevailing at that time.”

**26. The Committee find from the Action Taken Note that for the purpose of e-Auction of 3G spectrum, the auctioneer was expected to have the experience of conducting 5 e-Auction in the last three years. As per the reply of the Department, any company including Indian company could be considered to act as an e-Auctioneer in the future if it would meet the terms and conditions required to conduct e-Auction prevailing at that time. The Committee observe that e-Auction for 3G spectrum was the first e-Auction in the country. The Committee fail to understand as to how the criteria for conducting atleast 5 e-Auctions in the last three years could be met unless the Indian Auctioneer get the opportunity to be involved in the process. If this is the position with the e-Auction**

conducted by the Indian Government, it cannot be expected that Indian Company with no experience would get the opportunity to act as an auctioneer in some other country. There is an urgent need to find ways and means to train the Indian Auctioneer and give them first opportunity to handle the task. With this view, the Committee had recommended to involve Indian Auctioneer in the process of e-Auction so that they get some sort of experience and can be involved in the future e-Auctions. While reiterating the earlier recommendation, the Committee exhort the Department to find out ways and means to train the auctioneers in India in the e-Auction process.

**(Recommendation Para No. 27)**

**H. Radiation from Towers**

27. The Committee had recommended as under:-

“The Department have inserted a Clause in the Access Service Licence Agreement which stipulates that Licensee shall conduct audit and provide self certificates annually as per procedure prescribed by Telecommunication Engineering Centre (TEC) / or any other agency authorized by Licensor from time to time for conforming to limits / levels for antennae (Base Station Emissions) for general public exposure should conform to the Guidelines prescribed by International Commission on Non-Ionizing Radiation Protection (ICNIRP) from time to time. The Committee observe that besides the aforesaid provision, there is an urgent need on the part of the Department to ensure that the licence actually conduct audit annually and the limits/levels for antennae (Base Station Emissions) for general public exposure are within the limits prescribed by ICNIRP.”

28. The Department in their Action Taken Note have inter-alia stated as under:-

“For implementation of the guidelines, regarding emission by Base Transceiver Station (BTSs), issued by the International Commission on Non Ionizing Radiation Protection (ICNIRP), instructions have been issued by the Department, in the month of April, 2010, to all CMTS/UASL Licensees.”

29. The Committee are disheartened to note from the information furnished in the Action Taken Note that the Department has not addressed the issue to the extent it requires especially taking into account the seriousness of the issue of which has wider ramifications affecting the lives of many people. The Department seems to have been just contented by issuing the guidelines, regarding emission by Base Transceivers Stations (BTSs) issued by

**International Commission of Non-Ionizing Radiation Protection to all CMTS/UASL Licensees. The Committee also note that reply of the Department is completely silent on the issue of conducting Annual Audit and the limits/levels for antennae (Base Station Emissions) are within the limits prescribed by International Commission on Non Ionizing Radiation Protection (ICNIRP). The Committee, therefore, reiterate their earlier recommendation and once again strongly emphasize that earnest steps are taken to conduct the Annual Audit to check that the radiation are within the prescribed limits/levels and the findings be informed to the Committee accordingly.**

**\*\*\*\*\***

## CHAPTER-II

### RECOMMENDATIONS / OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation (Para No. 2)

From the data made available by the Department, the Committee find that the problem of under utilization of resources under IEBR and GBS component is continuing during the years 2008-09 and 2009-10. With regard to the performance of the Department during the year 2008-09, the percentage of utilization of Outlay under IEBR component is 61.26 per cent and with regard to GBS, it is 94.76 per cent. During the year 2009-10, the utilization status with regard to IEBR, is 58.69 per cent as on January, 2010. The situation is alarming in case of GBS component. During the examination of Demands for Grants (2010-11), the Department informed that out of Rs. 431 crore allocated at BE/RE stage during 2009-10, the utilization status was Rs. 85.59 crore i.e. 19.86 per cent upto January, 2010. Even during the course of oral evidence held on 26<sup>th</sup> March, 2010, the Department informed that the expenditure status was Rs. 85.80 crore i.e. 19.91 per cent upto February, 2010. To the surprise of the Committee, the Department informed in response to one of the post evidence question received five days after the evidence that the expenditure is now 81.88 per cent. The Committee express serious concern over the status of utilization of Outlay reported to the Committee. The Department need to clarify how the spending under GBS component which was just 19.91 per cent during the course of evidence could magically grow to 81.88 per cent after mere five days after evidence. The substantial shortfall in utilization of resources is a matter of concern particularly when the important projects of Government of India are starving for funds. Again the Committee emphasize that the Department need to analyse the performance of various schemes programmes to find out the shortcomings and take the desired action to address the various problems. The concrete action taken in this regard should be taken and the Committee informed according.

#### Action Taken by the Government

The utilization of plan outlay for 2009-10 is given as under:

(Rs. in crore)

	RE	*Expenditure	% age Utilization
IEBR	15397.00	11320.48	73.52%
GBS	431.00	387.38	89.88%
Total	15828.00	11707.86	73.97%

\*The accounts are yet to be finalised.

The expenditure under GBS was Rs. 85.80 crore i.e. 19.91% up to February, 2010 which increased to Rs. 387.38 crore i.e. 89.88% in March, 2010. This increase was due to the reason

that payment was made by DoT to BSNL and MTNL. This reimbursement to BSNL and MTNL was made for the OFC based network for Defence Services/AFNET project executed by these PSUs till March, 2010.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

#### **Recommendation (Para No. 4)**

Indian telecom market is one of the fastest growing markets in the world. The network expansion of the Department envisages a total of 600 million connections by 2012. As on January, 2010, India has 582.04 million telephone subscribers (both wireline and wireless). India is proud to have the status of second largest network in the world after China. The data provided by the Department indicates that the targets with regard to telephone connections and teledensity in urban areas are being over achieved. However, a lot needs to be done with regard to telephone connectivity in rural and backward areas. The urban teledensity as on January, 2010 is 113.78 per cent whereas the rural teledensity is just 22.18 per cent. With regard to the reasons for slower growth of rural teledensity as compared to that of urban teledensity, the Committee have been informed that it is primarily due to poor electric power supply, lack of adequate infrastructure, approach roads and demand for telephone connections in the far-flung and scattered areas. In this regard, the Committee are of the view that use of non-conventional sources of energy, particularly the solar energy is the answer to the problem with regard to the shortage of electric power supply. Therefore, there is an urgent need to coordinate with the Department of non-Conventional Energy Resources and find out ways to address the problem. With regard to providing telephone connections in far flung and scattered areas, the Committee have been apprised that telecom network is not technically and commercially viable. The Committee emphasize that these areas are in immediate need of telephone connectivity. Providing better communication networks would certainly help the population living in far flung and scattered areas to connect with the main stream and the rest of the country. As such these areas needs special attention by the Public Sector Undertakings particularly when a lot of Government funding out of USO Fund and GBS component are being provided to address the problem of connectivity in rural areas. Therefore, the Department should find ways and means to address the various problems of rural areas so as to ensure that the teledensity in these areas is at par with the urban areas.

#### **Action Taken by the Government**

As per Indian Telegraph (Amendment) Act, 2003, the objective of USO Fund is to provide access of telegraph services to people in the rural and remote areas at affordable and reasonable prices. The schemes of USO Fund have accordingly been formulated to fulfill this objective as stipulated under the Act. The provision of Village Public Telephone under different schemes has provided the access to telegraph services.

In order to bridge the rural-urban divide, USO Fund in past had taken up various schemes under Stream-II and Stream-III of Indian Telegraph Amendment Rules 2004 and 2006, where the focus was on provision of individual telephone lines and creation of Shared Mobile Infrastructure for provision of mobile services in the rural and remote areas of the country.

Under Stream II of USO Fund a scheme was launched for installation of Rural Household Direct Exchange Lines (RDELs) in 1685 Short Distance Charging Areas (SDCAs) out of 2647 total SDCAs in the country, where cost of providing telephone was more than the revenue earned. As on 31.03.2010, about 79.3 Lakh RDELs have been provided under this scheme with subsidy support from USO Fund.

Under Stream III, Shared Mobile Infrastructure Scheme (Phase-I) was launched to provide subsidy support for setting up and managing 7387 (revised from 7871) number of infrastructure sites (towers) in 500 districts spread over 27 states for provision of mobile services in the specified rural and remote areas, where there was no existing fixed wireless or mobile coverage. Villages or cluster of villages having population of 2000 or more and not having mobile coverage were taken into consideration for installation of the towers under this scheme. The infrastructure so created is being shared by three service providers for provision of mobile services. As on 30.04.2010, 7146 towers i.e. about 96.74 % have been set up under this scheme. Utilizing the infrastructure so created, mobile services are being provided in a phased manner from these towers. A capacity of about 20 Million lines will be created, once the scheme becomes fully operational.

In addition, under proposed Phase II of the Shared Mobile Infrastructure Scheme, about 10,000 towers are planned to be set up in the rural and remote areas of the country. Villages or cluster of villages having population of 500 or more and not having mobile coverage are being taken into consideration for installation of the towers under this scheme. This scheme shall be launched in the year 2010-11.

Isolated and remote uncovered villages/ cluster of villages having scattered population are also proposed to be covered with mobile services using 'Micro Telecom Systems'. About 5,000 additional towers are proposed to be set up under this scheme.

All the above schemes help in the creation of infrastructure in the rural and remote areas of the country, which in turn shall enable increase in the rural teledensity.

As regards the suggestion of the Committee to use Non- Conventional Energy Resources to circumvent the power problem in rural and remote areas USOF would like to apprise the Committee that USO Fund in consultation with MNRE had invited bids for 28 Renewable Energy sites on a pilot basis one in each state. Agreements with successful bidders in this regard are being signed. Based on the outcome of pilot projects, use of renewable energy resources in rural areas will be encouraged in future USO Fund schemes.

Further an Agreement has also been signed for providing solar mobile charging stations in villages through TERI's project of Lighting a Billion Lives (LaBL)

### **Recommendation (Para No. 5)**

The Committee are disheartened to note that the Public Sector share in the network expansion has declined over the years both for the wireline and wireless, whereas, the Private Sector has improved their share in both the sectors. This is substantiated by the data furnished by the Department which indicates that the share of Public Sector in the wireline segment has declined from 97.56 per cent in 2006 to 85.06 per cent in January, 2010 whereas in the case of Private Sector, their share has grown from 2.44 per cent to 14.94 per cent during the same period. In the wireless sector too, there is marginal decrease in the share of the Public Sector. It was 21.44 per cent in 2006 which declined to 12.85 per cent in January, 2010. The Private Sector has grown from 78.56 per cent to 87.15 per cent during the said period. The Committee conclude that there are serious problems affecting the functioning of the two PSUs i.e. MTNL and BSNL whereas the Private Sector with their efficiency and marketing strategies have grown over the years. The Public Sector is losing its share even in the wireline segment which was previously their domain. The aforesaid scenario of under-performance by PSUs is an area of concern and since the BSNL and MTNL are under the administrative control of Department of Telecommunications, the Department too have great responsibility. The various shortcoming affecting the functioning of the PSUs need to be assessed and corrective action taken expeditiously. The Department should take action on the suggested lines and apprise the Committee accordingly.

### **Action Taken by the Government**

The Department has been assessing the functioning of the PSUs and regular monitoring is being done at the highest level in the Department.

The decline in the share of Public Sector is basically due to

- (i) Entry of new service providers in the existing license area with aggressive tariff plans.
- (ii) Aggressive marketing of services by the operators at different points of time.

However, measures are being taken to arrest the decline. Some of the measures being taken are as below:

- (i) Improving mobile coverage by expansion of existing network and covering the new areas.
- (ii) Matching and innovative tariff plans and other subscriber friendly schemes are being launched by BSNL.
- (iii) Launching of new services and bundling schemes in the network for retention of the subscribers.



During the Financial Year 2009-10, in spite of mobile customers churn out, BSNL had been able to add 16.64 million net GSM connections.

The fall in market share and in profit with regard to wire line is mainly due to rapid expansion of mobile services and manifold increase in mobile connections, which provide greater convenience and cheaper calls and consequent shifting of traffic to more convenient mobile phones. Both the PSUs, BSNL and MTNL, are making all out efforts to retain wire line customers and by increasing their utility by providing several Value Added Services including broadband services, IPTV services, Video phones and Video Conferencing services etc to increase utility of landline even though the overall market of wire line is stagnating and there are many competitors now. Efforts are being made for modernization of wire line network like induction of new IP Based NGN (Next Generation Network) switches, inductions of IT enabled customer care and commercial billing system like CDR billing, ERP etc, provisioning of new services at affordable prices, availability of latest CLI phones, introduction of various attractive tariff plans and improved marketing strategies, rigorous monitoring of Quality of Service parameters as defined by TRAI and integrated focus on enterprise business. A separate business vertical has been erected for increasing the business with large corporate, government departments and enterprises.

Project Udaan has been specifically launched by BSNL for improvement in sale of products and services in respect of landline and broadband which will enhance the market share of BSNL by way of proactive selling, better customer interface and automated processes. External plants are being upgraded and extending connectivity in new upcoming colonies through new technologies like OF cable to meet demand for landline in all areas.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 6)**

The Committee note that the physical achievement of the scheme as on January, 2010 is 61633 VPTs out of the stipulated target of 62302 VPTs. However, the stipulated target date to complete the scheme by the extended deadline of November, 2009 has not been met. 669 VPTs could not be installed even within the extended deadline of November, 2009. The reasons attributed for the same are the location of these uncovered villages in more difficult and inaccessible terrain in the States of Jammu and Kashmir, Meghalaya, Chattisgarh, Arunachal Pradesh, Uttranchal and Manipur. The Committee feel that there is an urgent need to provide VPTs expeditiously to these areas keeping in view their strategic locations. As such all the desired initiatives should be taken to provide connectivity to these areas. Further, the option of using alternate technologies need to be explored in these areas to ensure that the remaining VPTs are provided within the shortest possible time. The desired action should be taken in this regard and the Committee be kept apprised. Another noticeable development with regard to the extension of deadline is the fact that BSNL has extended the deadline to September, 2010 without the formal extension given by the Department.

### **Action Taken by the Government**

As on 30.04.2010, 61678 VPTs, out of 62302 VPTs to be provided, have been installed. Review meeting has been carried out at the level of Administrator USO Fund with CMD, BSNL. BSNL has been apprised about the displeasure of the Committee and has once again been asked to provide the remaining 624 VPTs without any further delay. For provision of remaining VPTs, extension of roll out period up to September, 2010 is being issued. As regards the VPTs under Bharat Nirman provided after the expiry of extended roll out period, the settlement of subsidy claims for the same shall be done after imposition of the LD charges as per the terms and conditions of the Agreement.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 12)**

The Committee note that the scheme is progressing satisfactorily as on February, 2010 about 7.5\* lakh line have been provided. During 2009-10 out of the stipulated target of 1.2\*\* lakh RDELs, about 1.18\*\* lakh RDELs have been provided. Nevertheless, the Committee feel that BSNL need to do a lot on the aspect of their sustainability and take suitable steps in this regard.

\*The figure should be 75 lakh.

\*\*The figure should be 12 lakh.

\*\*\*The figure should be 11.8 lakh.

### **Action Taken by the Government**

USOF would like to apprise the Committee that the RDEL scheme has come to an end on 31.03.2010. Under this scheme about 79.3 lakh RDELs were provided in 1685 SDCAs in the country where the cost of providing RDELs was more than the revenue earned. Out of these, about 16.1 lakh RDELs were provided in the year 2009-10 against a target of 12 lakhs.

As per the Agreements signed with Service Providers, subsidy support is being provided for the provision as well as operation & maintenance of RDELs for a period of five years i.e. up to 31.03.2010, the validity period of the Agreement. After expiry of the validity period of five years, the responsibility of operation & maintenance of RDELs lies with the Service Provider as spelt out in the Agreement.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 13)**

The Committee note that in terms of percentage the scheme has achieved 95.22 per cent of the physical targets as on February, 2010. However, the target date for its completion has been extended to March, 2010 from September, 2009. The reasons for the same as explained to

the Committee are lack of infrastructure, inconsistencies in the revenue record in many villages and non-availability and irregularity of power supply in the villages. Taking into consideration, the importance of rural connectivity, the Committee feel that the Department should ensure that BSNL crease out all aforementioned problems and ensure that the scheme is completed in time. The Committee are also of the opinion that to address the problem of power supply in the villages, the option of using renewable source of energy particularly solar energy as recommended in the earlier part of the Report should be explored at the earliest. The Committee further desire that the urgent steps be initiated to make larger use of the renewable source of energy like solar energy in all the areas.

### **Action Taken by the Government**

As the scheme progresses, left out areas which are located in more difficult and inaccessible terrain and are as such hard to reach, would also be covered. As the basic objective of USO Fund is to provide accessibility of telecom services to people in the rural and remote areas at affordable and reasonable prices, the roll out period was extended for service providers keeping in view their difficulties. Thus the extension in roll out has been given after due consideration of the ground realities and difficulties / problems being faced by the Service Providers in achieving the targets.

Keeping in view the criticality of power supply position in rural areas, USO Fund had invited bids for 28 Renewable Energy sites on a pilot basis at the rate of one in each state. Agreements with successful bidders in this regard are being signed. Based on the outcome of pilot projects use of renewable energy resources in rural areas will be encouraged in future USO Fund schemes.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 15)**

Broadband Policy, 2004 envisages a target of 20 million broadband subscribers by the end of 2010. As per the information provided by the Department, there are 8.03 million broadband subscribers as on January, 2010. Compared to the status of telephone connections to the level of 582.04 million, the Committee feel that there are big challenges before the Department regarding the broadband expansion in the country. In this connection, the Committee may like to highlight the finding of a survey by the World Bank as given in the documents of the Department according to which every 10 per cent increase in access to broadband connectivity leads to 1.38 per cent increase in Gross Domestic Product (GDP). The finding is very much relevant in the context of our country particularly at the period of slowdown of International economy which has an impact on Indian economy too. The reasons attributed for slow broadband penetration are (i) lack of interest in private operators for broadband network expansion in rural areas being non-remunerative, (ii) non-availability of spectrum for mobile broadband, (iii) difficulty in laying of OFC network due to issues related to right of way clearances and high cost of right of way charges, (iv) high backhaul cost, (v) low PC penetration, (vi) high cost of Customer Premises Equipment (CPEs), (vii) low literacy levels, (viii) lack of

local content and (ix) poor power supply. The Committee, therefore, strongly recommend that the position State/UT-wise in this regard should be analysed by the Department and all the desired action taken to increase the broadband connectivity in the country.

### **Action Taken by the Government**

There are total 9.21 million broadband subscribers in the country as on 31-05-2010. State wise broadband connections (as on 31<sup>st</sup> May 2010) are given below:-

Sl. No.	State/ Telecom Circle	Broadband subscribers (As on 31.05.10)
1	Andaman & Nicobar	4220
2	Andhra Pradesh	815016
3	Assam	55979
4	Bihar (including Jharkhand)	124689
5	Delhi*	902714
6	Gujarat	563973
7	Haryana	194571
8	Himachal Pradesh	47712
9	Jammu & Kashmir	39389
10	Karnataka	1003813
11	Kerala	570454
12	Maharashtra (including Mumbai Goa)	1632942
13	Madhya Pradesh (including Chattisgarh)	320383
14	North East **	30534
15	Orissa	146184
16	Punjab	438763
17	Rajasthan	286402
18	Tamilnadu (including Chennai)	1106884
19	Uttar Pradesh (including Uttaranchal)	487030
20	West Bengal (including Kolkata)	443948

21	ALL INDIA ***	1167
	<b>TOTAL</b>	<b>9216767</b>

\* includes Noida, Gurgaon, Ghaziabad and Faridabad

\*\* includes Meghalaya, Mizoram, Arunachal Pradesh, Manipur, Nagaland & Tripura

\*\*\* some of the companies have not provided the statewise break-up of their subscribers

Initiatives taken to increase the broadband connectivity in the country is as under:-

- Auction of spectrum for 3G and BWA services to the private operators through e-auction has already been completed. This will facilitate proliferation of broadband through mobile handset and wireless technology.
- Outdoor and indoor usage of low power Wi-Fi and Wireless Broadband systems in 2.4 GHz-2.4835 GHz band has been delicensed.
- The use of low power indoor systems in 5.15-5.35 GHz & 5.725-5.875 GHz has also been delicensed.
- Based on directions of the Cabinet Secretariat, an Inter-Ministerial Committee was set up to prepare Concept Paper on “*Broadband for All – An Integrated Approach for Rural Areas*”. The recommendations of the IMC are under consideration. GIS mapping to ascertain incremental OFC length is going on. Detailed Project Report (DPR) will be submitted accordingly.
- BSNL plans to launch following more attractive post paid plans to its customers to make broadband affordable:-
  - i. Launch IPTV services in 25 more cities.(50 already connected)
  - ii. Launch more value added services like VVoBB, Desktop security in 2010-11.
  - iii. Make prepaid broadband service more attractive.
  - iv. Implement motive application in all the circles by Jun’2010.
  - v. Training its call center and field unit’s executives to have an up to date knowledge of its plans, packages and special offers.
  - vi. Sensitization of the overall BSNL front end executives for extending helping hand to the customers.
  - vii. Implementation of a utility soft ware to help customer to finalize his/her broadband plan as per his/her requirements.
  - viii. Regular upgradation of Broadband plans /tariffs.
  - ix. Instant redressal of customer complaints.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

**Comments of the Committee**  
(Please see Para No. 20 of Chapter-I)

**Recommendation (Para No. 18)**

The Committee note that the Inter Ministerial Committee (IMC), with participation from Department of Telecommunications, Planning Commission, Department of Higher Education, Department of Elementary Education, Ministry of Rural Development, Department of Economic Affairs, Ministry of Panchayati Raj and Department of Information Technology, held various meetings and finalized a draft Concept Paper. The salient recommendations of IMC are (i) OFC connectivity should be provided to all the 2.5 lakh village panchayats to ensure availability of high speed broadband (2 mbps) to all of them, (ii) broad strategy should be providing optical connectivity upto Gram panchayat level and the last-mile broadband connectivity could be made available through wireless based on 3G/broadband wireless technology, (iii) dovetailing of financial resources from NREGS for labour component of laying OFC, while desirable, appears difficult on account of provisions of NREGS, (iv) an estimated amount of Rs. 18,000 crore will have to be provided from USO Fund for laying of 5 lakh kms of OFC over a period of three years, (v) carve out an infrastructure company from BSNL which can work with support of other PSUs like PGCIL & RAILTEL. The existing OFC network of BSNL could also be transferred to this Company. The network would be compulsorily shared among all service providers on same terms and conditions, to ensure level playing field, (vi) mapping of entire network by USOF of various operators including PSUs on a GIS platform along with Gram panchayats to arrive at better estimates of incremental OFC length, (vii) adoption of various methodologies in speeding up and simplifying right way of permissions and (viii) for undertaking the actions indicated in the recommendation preparation of a detailed project report has been suggested. Further, the Committee have also been informed that IMC has proposed that the Full Telecom Commission should take a decision on its recommendations and if necessary, Cabinet/Cabinet Committee/GoM may be constituted for taking a final decision on the recommendations. The Committee would like to be informed about the status of implementation of the recommendations of IMC.

### **Action Taken by the Government**

Based on the recommendations of the aforesaid Inter Ministerial Committee (IMC), in order to ascertain incremental OFC length required, GIS mapping of OFC Networks of BSNL, RAILTEL, PGCIL etc. has already been started by National Informatics Centre (NIC). On completion of the same, Detailed Project Report (DPR) shall be prepared for approval of competent authority.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 19)**

The Committee are disheartened to note that the scheme has not progressed satisfactorily. This is substantiated by the fact that during 2009-10, out of the total Outlay of Rs. 35 crore only Rs. 23.73 crore could be spent as on February, 2010 with a physical achievement of only 4 kiosks out of the stipulated target of 100 kiosks. The Committee, therefore, recommend that earnest steps be taken to utilize the Outlay provided for 2010-11 as it has been increased from a

mere Rs. 35 crore to Rs. 125 crore and also the stipulated target of kiosks have also increased from 100 kiosks to 1500 kiosks.

### **Action Taken by the Government**

During 2009-10, as on 31.3.2010, a total of 1,21,542 wireline broadband connections have been installed with the cumulative figure of 1,37,321 under the scheme. The subsidy of Rs. 42.57 crore has been disbursed under this scheme as on 31.3.2010.

Recommendation of the Committee, with reference to the targets for 2010-11, are noted and all out effort would be made to achieve the targets set for 2010-11 by greater coordination and monitoring of this scheme.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 23)**

The Committee note that an Outlay of Rs. 5 crore has been provided for the aforesaid scheme for the year 2010-11. The report in connection with the scheme which was submitted by C-DoT has been approved by the Competent Authority. The Committee would like to have a status report on the launching of this scheme and how far this scheme will be able to make rural and remote areas broadband enabled in the country.

### **Action Taken by the Government**

The scheme is in an advanced stage of formulation. It is envisaged that the scheme would be rolled out during the current five year plan (2007-2012).

The Satellite Broadband Connectivity is proposed for those rural & remote villages where terrestrial connectivity, i.e. wireline / wireless network, is not feasible. Initially, about 1200 such villages are envisaged to be provided broadband on this media.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 24)**

The Committee note that for the scheme for augmentation, creation and Management of OFC network in Assam, an agreement was signed on 12<sup>th</sup> February, 2010. However, the said network is yet to be rolled out. Regarding OFC network in North East States and West Bengal Service Areas USOF is in the process of signing MoU with TCIL and is likely to be signed in the month of March, 2010. The Committee hope that these schemes would be rolled out at the earliest so as to have better broadband connectivity in Assam, North-East and West Bengal and the initiatives like setting up of BPO in the North-East States sees the light of the day.

### **Action Taken by the Government**

In Assam, BSNL is working on the implementation of the USOF's scheme for Augmentation, Creation and Management of OFC Network and the work is in progress. It may be mentioned that as per the outcome of the tender for implementation of this scheme in Assam, BSNL has been declared the successful at their subsidy quote of Rs. 98.89 Crore, and subsequently, an Agreement has been signed with them on 12.02.2010 in this regard. This Scheme is envisaged to be rolled out during the current Five Year Plan (2007-2012).

As regards West Bengal Service Area and North East Service Area, MoUs have been signed with TCIL on 22 March 2010 for providing technical and financial consultancy for assisting in the implementation of the scheme and accordingly, TCIL has already started working on these projects.

These Schemes are envisaged to be rolled during the current Five Year Plan (2007-2012).

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 25)**

One of the important area identified by TEC for 2010-11 is the setting up of Specific Absorption Rate (SAR) Laboratory for testing mobile terminals to ensure that the radiation from the mobile equipment handled by the users are within safe limit. The Committee find that the proposed plan of setting up of SAR lab is a step in the right direction. The aforesaid lab should be set up expeditiously as it would go a long way in addressing the general concern towards the probable harmful effects of the electromagnetic radiation emitted by the mobile terminals on human beings.

### **Action Taken by the Government**

The recommendations of the Committee are noted. It is intimated that the Project Estimate for setting up of SAR Laboratory in TEC has already been submitted for the approval of the competent authority. After approval of P/E, tender will be invited for supply of equipment/instruments etc. for SAR lab. The SAR Lab is targeted for setting up during the current financial year.

(Ministry of Communications & Information Technology/  
Department of Telecommunications O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 29)**



The Committee are concerned to note that the deadline for Mobile Number Portability (MNP) is continuously being shifted. The present deadline of 31<sup>st</sup> March, 2010 is also not likely to be met as stated by the Department. Now the probable date for its implementation is stated to be as June, 2010. The Committee further note that Security Agencies have expressed concern that in case a Mobile Number is under Lawful Interception and Monitoring by Security and Law Enforcement Agencies (LEAs), the intercept messages should not get affected due to the Mobile Number being ported from one operator's network to other. The Security and LEAs should get seamless information/messages even in case of Mobile Number Portability. In this regard, the matter has been discussed and deliberated with Nodal Security Agency i.e. Intelligence Bureau and their comments have been received. However, the comments of Ministry of Home Affairs (MHA) are awaited. The Committee find that the concerns expressed by the security agencies are very much valid and the Department suo-moto should have sought the views of security agencies and Ministry of Home Affairs instead of waiting for these agencies to express their concern in this regard thereby delaying the implementation of MNP further. The Committee strongly recommend that all the security concerns expressed by these security agencies should be considered carefully and the Mobile Number Portability be implemented expeditiously.

### **Action Taken by the Government**

With reference to the observation of the Hon'ble Committee it is to submit that DoT had suo-moto started consulting the Nodal Security Agency (Intelligence Bureau with reference to Security Concern in MNP implementation at the time of tendering itself. Various rounds of discussions were held and views of the Security Agencies/MHA were sought on the final procedure before issuing the instructions. The views of the MHA/Nodal Security Agency have been received and necessary Secret instructions have been issued to the Service Providers addressing the security concerns in the porting process. It is submitted that there is no delay in implementation of MNP due to finalization of the above instructions addressing the Security Concern. The Department is making all efforts for implementation of MNP expeditiously.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 30)**

The Committee note that some of the programmes to be taken up by C-DoT for the year 2010-11 includes (i) Gigabit Passive Optical Network (GPON) for providing broadband delivery over an Optical Fibre Cable (OFC), (ii) MAX-NG (MAX-Next Generation) for migrating existing C-DoT fixed line switching systems to the next generation packet technology as well VoIP technology trial in the north east region, (iii) Shared GSM Radio Access Network (SG-RAN) for sharing active infrastructure among multiple service providers, (iv) Wi-Fi based broadband wireless system and (v) Setting-up R&D lab-build for data centre for piloting technology of Centralized Monitoring System (CSM). The Committee recommend that the Department should ensure that adequate Outlay is provided to C-DoT so that all these important projects are implemented in time to reap their benefits at the earliest by the masses.

### **Action Taken by the Government**

The technology development programs for GPON, MAX-NG, SG-RAN and Wi-Fi based broadband wireless system [Sl. No. (i) to (iv)] have been successful and these technologies are either in the evaluation or in the field trial phase. Adequate funding in the form of Government Budgetary Support (GBS) has been provided in the BE stage for the field trials of these projects and further support for piloting these technologies can be considered at the RE stage.

Adequate GBS is provided in the BE for setting R&D lab-build for data center for piloting the technology of Centralized Monitoring System [Sl. No. (v)] and the R&D work associated with the CMS program is progressing well.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 31)**

Another important scheme which is intended by C-DoT for the year 2009-10 and 2010-11 is ATM-based system customization for multiple Defence applications. In this regard, the Department have informed that C-DOT has gained a significant expertise in successfully carrying out customization and trials in association with M/s BEL and Navy for its ATM technology and it is now planned to be proliferated in other naval programmes. The Committee have also been informed that when all the Naval ships being equipped by the ATM technology, Navy will be capable of providing very high speed, high quality onboard communication. The technology coming from a National R&D center, onboard networks will be free from any security weakness. Also, due to the ATM customization program, Navy is assured of networks optimized for their specific needs and is assured of long-term support for patches, upgrades, and most importantly, support against obsolescence with assured supply of spares. The Committee while appreciating the steps taken by C-DoT recommend that they should take suitable measures to ensure that the scheme is implemented expeditiously particularly when the initiation of the scheme is a very important step towards self-reliance in the area of strategic sector.

### **Action Taken by the Government**

The Committee's recommendation is well taken. C-DOT is pursuing continuously to improve its system practices and processes, which include planning, monitoring, and quality to ensure that the implementation of the R&D schemes, adhere to the schedules. Thus, various ATM customization programs are progressing as per schedule; both M/s BEL and Navy are closely involved in the implementation and monitoring of the projects. Therefore, the scheme is expected to be completed on schedule. It is also apt to mention here that the first indigenously built Stealth frigate INS Shivalik of AISDN-17 project of the Navy was commissioned on April, 29, 2010. The complete onboard communication network on this frigate is based on C-DOT ATM technology.

(Ministry of Communications & Information Technology/

### **Recommendation (Para No. 32)**

The Committee note that the project costing Rs. 522.06 crore has been approved by Telecom Commission and a note for Cabinet Committee on Economic Affairs (CCEA) has been circulated to concerned Ministries for inter-Ministerial consultations. The Committee have also been apprised that the major areas identified for the project during the year 2010-11 are Project Management Plan, Quality Assurance Specification Submission, Product Design Acceptance (Cable, repeaters, branching units, Submarine Line Terminating Equipment), Final Route Survey Approval etc. Even when the scheme was at the finalization stage, Rs. 52 crore was allocated at RE stage during 2009-10 which remained unutilized. During the year 2010-11, the allocation of Rs. 161.84 crore has been made at the BE stage. The committee find that the project of Undersea Cabling between Mainland and Andaman & Nicobar is an important project. After the execution of the project it would provide and alternate an more importantly reliable communication link to avoid communication blackout in a disaster. As such the Committee emphasize that the project should be approved expeditiously so that the Outlay provided are effectively utilized.

### **Action Taken by the Government**

- (i) The laying and execution of the branching submarine cable to A&N Islands is linked with the execution of main submarine cable which M/s Millennium Telecom Limited (MTL) has proposed to lay from Digba in West Bengal to Singapore.
- (ii) M/s MTL has decided to re-assess the financial viability of the main cable project at the stage of evaluation of financial bid. Accordingly, MTL Board appointed a Committee for rechecking the financial viability of the project.

The committee in its report has stated that the project is not financially viable. The committee report was discussed by MTL Board and the board has decided the following:

*"Keeping in view the high cost of the project, it may not be possible to invest such a huge amount by the BSNL and MTNL alone. Hence the possibility of forming a consortium with the telecom operators of other countries where MTL is proposing to have its landing stations may be explored. The Board authorized the Steering Committee to have dialogue with prospective consortium partners".*

- (iii) Therefore, the execution of main submarine cable project from West Bengal to Singapore is presently uncertain as it will depend on the possibility of formation of a consortium for which no specific time frame has been decided by the MTL Board.
- (iv) In view of the above, the matter shall be taken-up afresh after the formation of consortium as some parameters of the scheme including cost considerations may undergo substantial changes.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B

### **Recommendation (Para No. 34)**

The Committee are really upset to note the worsening status of one of the important Public Sector Undertaking i.e. Bharat Sanchar Nigam Limited (BSNL) whose mandate is to provide telecom services across the length and breadth of the country excluding Delhi and Mumbai. The data in respect of various parameters of performance of the PSU as made available to the Committee substantiates the aforesaid observation of the Committee. There is persistent problem of under-utilization of scarce resources provided under IEBR and USO Fund. The utilization status of IEBR in the first three years of Eleventh Plan is just 57.87 per cent. Not only that, the profit making PSU has turned to be a loss making PSU as per the information provided to the Committee. During the year 2007-08, the profit was Rs. 3009 crore which decreased to Rs. 575 crore during 2008-09. During the year 2009-10, the estimated loss is to the tune of Rs. 3641 crore. There are huge outstanding arrears both for GSM mobile and wireline. As on January, 2010, the outstanding arrears are Rs. 4086.52 crore. Surrender of telephone connections is another matter of concern. During 2009-10 the total number of surrender wireline was 28,61,592, WLL (F&M) and for GSM Mobile it was 34,84,24. The under-performance of one of the important PSUs of the Department is a matter of great concern. The reasons for shortfalls in various parameters such as non-finalization of tender, non-timely supply of equipments, reducing tariffs in highly competitive market, sharp reduction in Land Line revenue, stoppage of Licence Fee reimbursement, lower returns on investments etc. are not acceptable to the Committee particularly when the Private Service Providers are functioning in all these conditions and even then making great profits. More so, BSNL being the Government of India undertaking has always the support of the Government by way of Government funding as well as various policies of the Government. Another noticeable point is that even when the Private Service Providers are waiting endlessly for getting 3G spectrum, BSNL has been provided 3G spectrum much ahead. During this period BSNL had the great opportunity to take advantage of the facility of 3G services and could have easily overtaken the Private Service Providers. But the Committee are unhappy to note that this has not happened. The Committee are of the firm view that there is an urgent need to fix the responsibility for this under-performance by the PSU. The functioning of the BSNL should be reviewed and all the corrective action taken expeditiously. The Committee should also be kept informed about the action taken by the Department/BSNL in this regard.

### **Action Taken by the Government**

Total utilization of IEBR in the first three years of Eleventh Plan is to the tune of Rs. 28,479 Crore which works out to 61.95 per cent of allocation provided at RE stage. However, no support from Government funds has been provided to BSNL during the first three years of Eleventh Plan.

The major factors responsible for surrender of wire line connections are:

- (i) Rapid expansion of mobile services and manifold increase in mobile connections, which provide greater convenience at highly competitive rates;

- (ii) Surrender of extra wire line telephone where multiple telephones existed in same house/ office premises and their substitution by personal mobile phones;
- (iii) Occasional service interruption due to heavy damages done to underground cables owing to different developmental activities undertaken by public utility service agencies and other private agencies.

BSNL is making all out efforts to retain wire line customers and increase their utility. Following steps have been taken in this direction:

- Several Value Added Services including broadband services, IPTV services, Video phones and Video Conferencing services etc are being provided.
- All out efforts are being made for modernization of landline network like induction of new IP Based NGN (Next Generation Network) switches, induction of converged customer care and billing platform, provisioning of new services at affordable prices, making available of latest CLIP phones.
- Various attractive tariff plans & improved marketing strategies are being introduced.
- Rigorous monitoring of Quality of Service parameters is being done as defined by TRAI etc.
- Steps are being taken for up-gradation of the external plants and extending connectivity through OFC and copper cables to new upcoming colonies to provide landline telephones on demand in all upcoming areas.

Effective utilization of outlays is primarily linked to timely completion of tendering process for procurement and execution in case of turnkey projects. BSNL has made all out efforts for effective utilization of outlays by ensuring effective and timely planning and estimation of requirements and formulation/floating of tenders and thereafter the completion of tendering process, rigorous monitoring of project execution by regular, periodic review meeting at all levels at BSNL corporate office as well as field units. However, the shortfall in effective utilization of outlays is most of the time due to unforeseen and unavoidable situations whereby the tendering process gets delayed/stalled and so the subsequent execution of project also. BSNL has drawn out stringent plans for timely and effective planning, assessment of requirements and completion of the tendering process and there after the timely execution of projects by rigorous monitoring at all levels and by regular periodic review meeting at BSNL Head Quarter as well as field units involving the concerned field units, officers of BSNL corporate office and respective vendors.

Out of the total outstanding arrears Rs. 4086.52 Crores on January 2010 (31.01.2010) mentioned in the report, Rs. 648.25 Crores is pertaining to GSM services. Rest of the amount i.e. Rs.3438.27 Crores relates to Basic Services. The said outstanding amount in respect of GSM Service as on 31.01.2010 has been brought to Rs. 577.29 Crores at the end of March 2010 through various actions as listed below.

Apart from regular measures for reduction of outstanding of Cellular services, the following additional initiative has been taken.

Incentive scheme for employees of BSNL for recovery of old outstanding dues:

- a) Monitoring of Circle-wise high value outstanding and fixing a target for Circles that there shall be no outstanding cases of more than 3 months old with an amount of Rs. 1 lakh and above.

- b) Filing of legal cases wherever the outstanding is more than Rs.25000 and whereabouts of the defaulter is known.
- c) Pursuing through State Police authorities wherever the defaulters are not traceable.
- d) Special drive for realization of old outstanding by conducting special camps in SSAs/Circles.
- e) Introduced the Project KUBER for recovery of outstanding dues through agencies.

Out of the total outstanding arrears Rs. 4086.52 Crores on January 2010 (31.01.2010) mentioned in the report, Rs. 3438.27 Crores is pertaining to Basic Services. Rest of the amount i.e. Rs. 648.25 crores relates to GSM service. The said outstanding amount in respect of Basic Service as on 31.01.2010 has been brought down to Rs. 2906.79 Crores at the end of March 2010 through various actions as listed below.

The following steps have been taken / are being taken by BSNL to recover its outstanding dues:-

- a) Payment reminders through IVRS and SMS are being issued to persuade the customers to make payment before disconnection of their telephones.
- b) Phones are disconnected as per the schedule in case of non payment of dues by customers.
- c) Connections remaining disconnected for non-payment even after expiry of 3 months period are permanently closed and accounts regularized by adjusting Security deposit if any available.
- d) If no payment is received despite disconnection, a registered notice followed by a legal notice if necessary, is sent.
- e) Heads of Circles have been authorized to Appoint Private Recovery agents on commission basis to assist BSNL in recovery of outstanding revenue. Circles have also been asked to utilize the services of State Government Departments in recovery of outstanding dues.
- f) Graded discount scheme regarding grant of discount to defaulting customers, for clearance of old outstanding dues has been introduced.
- g) Incentive scheme to employees of BSNL for recovery of outstanding arrears from defaulters was also implemented.
- h) Legal proceedings wherever required are initiated against the defaulters for recovery of dues.
- i) The State Governments have been requested to amend their respective land revenue acts so that the defaulted Telephone dues of BSNL can be recovered as land revenue arrears.
- j) Every year targets for liquidation of outstanding dues for different billing periods for each Circle/ Metro District are fixed and performance thereof is reviewed regularly.
- k) Circle wise targets were also fixed under 100 days programme for reduction of outstanding dues.
- l) The progress in regard to liquidation of outstanding dues is closely monitored and units are addressed periodically.

- m) Procedure for settlement of defaulter cases through Lok Adalat has been introduced for recovery of outstanding telephone dues in respect of permanently closed connections.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 35)**

The Committee note that the performance of BSNL in North-East Regions during 2009-10 was poor as the achievements vis-à-vis the targets set were discouraging. Regarding the Net Switching Capacity for Wired, WLL and CMTS the target set was 6,16,254 whereas the achievement made was only 2,83,040. The number of wireline and mobile connections to be connected during the same period was stated to be 1,71,000 and 4,55,000 respectively, whereas, the achievement made was only (-) 23,265 and 2,98,314 respectively. Further, the VPTs to be covered as per the Census, 2001 was 4,877, whereas, the achievement made was only 1,339. Regarding Broadband Capacity (Ports) and Broadband Connections the target set was 41,105 and 32,255 respectively, however, the achievement made was 16,628 and 15,563 respectively. The total teledensity in the entire North-East Region is 8.01 per cent. Out of this, the urban teledensity is stated to be 18.79 per cent and that of the rural teledensity, is 3.92 per cent which are far below when compared with the National Statistics. Therefore, the Committee expect that BSNL would perform better during 2010-11 by taking suitable measures to improve the network connectivity in this region.

### **Action Taken by the Government**

During the Financial Year 2009-10 the performance of BSNL in North East Region is as under:

Net GSM Connections	283479
Net work expansion (GSM Radio Capacity)	234634

It is submitted that NE region provided Net GSM Connections more than the Annual Target assigned during 2009-10.

Regarding 19.2 lakh line project following equipment are under rollout in NEs:

<b>Circle</b>	<b>MSC</b>	<b>BSC</b>	<b>BTS</b>
Assam	2	3	96
NE-I	2	3	41
NE-II	1	1	133

The above equipment shall improve the WLL network connections in the areas.

Based on the requirement of NE Region, following developmental support actions are taken:

- (i) New Technology Switch: 8KL NT switch equipment for NE-I & Assam and 10.5KL to West Bengal (which includes Sikkim) was supplied/commissioned upto March, 2010.

- (ii) 20KC TAX equipment was supplied/ installed in Assam during 2009-10. Commissioning of 104KC TAX equipment in NE region is planned during the next year 2010-11.
- (iii) 0.69LCKM PIJF cable has been tentatively allocated for NE Region (including WB for Sikkim) in the procurement planned for this year 2010-11.
- (iv) 28,600 CLI phones are tentatively allocated for NE Region (including WB for Sikkim) in the procurement planned for this year 2010-11.
- Broadband capacity/ connections of NE region are as under.

Connections					
Circle	As on 31.3.2008	As on 31.3.2009	Achievement 2008-09	As on 31.3.2010	Achievement 2009-10
Assam	20423	38018	17595	50405	12387
NE-I	4783	11672	6889	16921	5249
NE-II	2463	6437	3974	10876	4439

  

Capacity					
Circle	As on 31.3.2008	As on 31.3.2009	Achievement 2008-09	As on 31.3.2010	Achievement 2009-10
Assam	47220	84928	37708	103072	18144
NE-I	17178	28626	11448	33634	22186
NE-II	5028	23568	18540	30032	11492

Detail of VPTs in North East Region along with achievement made during 2009-10 is as under:

S. No.	State	Total No. of Inhabited uncovered Villages ( Census 2001)	Villages covered with VPT facility as on 30.4.2010	VPT provided during 2009-10	
				Under Bharat Nirman	Under New VPT Agreement
1	Assam	25124	23992	3	602
2	Meghalaya	5782	3430	755	49
3	Mizoram	707	704	15	19
4	Tripura	858	858	6	136
5	Arunachal Pradesh	3863	1677	326	186
6	Manipur	2315	2079	323	52
7	Nagaland	1278	1260	12	132
8	Sikkim	450	408	0	77
	<b>Total</b>	<b>40377</b>	<b>34408</b>	<b>1440</b>	<b>1253</b>

Efforts are being made to cover all the uncovered villages under the USOF agreement as per the terms and conditions of the agreement.



### **Recommendation (Para No. 36)**

The Committee note with dissatisfaction that the performance of MTNL is not upto the mark. The trend of under utilization of Outlay has been seen during the first three years of Eleventh Plan. In terms of percentage, it is only 54.99 per cent with respect to the allocated REs. Further, the Committee note that there has been a decline in the earning of MTNL. As per the data furnished by the Department during 2007-08 the earning of MTNL was Rs. 5868.91 million but in the subsequent year it has reduced. During 2008-09, the earning was Rs. 2751.74 million less than what it had earned during 2007-08. For the year 2009-10, MTNL has projected a lost of Rs. 9411.05 crore. Another disappointing observation made by the Committee is with regard to the outstanding arrears. The outstanding arrears of MTNL as on 28<sup>th</sup> February, 2010 is Rs. 1179.18 crore. Further, the Committee also note the alarming trend of surrender of telephone in landline connections has grown tremendously. During 2009-10 the total connection given by MTNL was only 1,90,557, whereas, the surrender was 2,76,979. This means that the surrender is almost double the connections provided by MTNL. The trend of surrender has also been witnessed in the mobile connections. The total connections given during 2009-10 was 5,60,129 whereas the surrender was 1,05,641. From the above observation, the Committee cannot but conclude that a lot needs to be done on the part of MTNL to improve their performance taking into consideration that the share of Public Sector in the network expansion has been declining both in wireline and wireless services when compared to the Private Sector. Since the Department look after the matters relating the performance of its PSUs, the Committee recommend that they should thoroughly analyse the under performance of MTNL and take corrective action in this regard and Committee be informed accordingly.

### **Action Taken by the Government**

MTNL is drafting its annual plan after reviewing the progress of the ongoing projects and the status of the new/upcoming projects to be taken up during the next year. The reduction at RE stage is done based on a revised projection of anticipated expenditure keeping in view the status of projects. Similarly, the payment liabilities against various projects are also considered while projecting the Budgetary Estimates for next year.

Provisions of funds have also to be kept for the new and upcoming projects likely to come in future. However, sometimes due to the reasons beyond the control of MTNL the projects do not come up or are being delayed. In such cases the funds allotted against such projects remain unutilized and resulting in lower expenditure.

The performance of MTNL during 2007-08, 2008-09 and 2009-10 is given below:-

(Rs. in Crore)

<b>BE/RE/Actuals</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
Budget Estimates	2309.00	2430.97	1725.02
Revised Estimates	1692.33	1304.28	1352.00
Actuals	932.46	871.12	944.88*
Percentage of utilization w.r.t. Revised Estimates	55.10%	66.79%	69.89%

\*unaudited

From above table it is clear that MTNL has been making efforts to increase the percentage utilization of the plan outlay every year slowly.

As regards financial accounts for 2009-10, the following is submitted:

1. MTNL has entered into wage revision agreement with the non-executives as well as implemented revised salaries for the executives. The revision of wages have taken place after 10 years and the impact of it on profitability has been mainly for the year 2009-10 due to payment of arrears with effect from 1-1-2007 as well as the provision for retirement benefits.
2. Unlike BSNL, MTNL is paying the pension to the erstwhile Govt. employees who got absorbed in MTNL and opted for combined pension. Since MTNL is paying this pension and since MTNL is a listed Company, as per accounting standard 15 (revised), MTNL has to provide for all future pension payments. MTNL has already taken up with the Govt. to provide pension by the Govt. to the employees on similar lines as BSNL while MTNL making contribution to the Govt. as per FR 116. Till the matter is decided, MTNL is paying pension as stated above and therefore had to make additional provision of Rs. 2934.10 crore in 2009-10. It may be stated that this is the provision in the books and is not an immediate cash outflow. Out of this about Rs.1754 crore impact is upto the period 31-3-2009 and Rs.1180 crore is for the current year. The huge increase in this provision is due to the following:
  - a) Wage revision with effect from 1-1-2007.
  - b) Change in benefit of full pension for 20 completed years of service as against existing conditions of 33 years.
  - c) Some of the changes in assumptions made for actuarial evaluation based on increase in inflation / DA rates in 2009-10 as compared to those obtaining in the second half of 2008-09.
3. Increase in wage bill from Rs. 1439 cores in 2009 to Rs. 2136 crore which includes one time payment of arrears with effect from 1-1-2007
4. A provision of Rs.449 crore for spectrum fee on 3G.

It may kindly be seen that the requirement of MTNL for staff is about 30% of the total employees strength but a large number of employees chose to get absorbed in MTNL and MTNL

had no say in the matter. Because of these liabilities and one time outgo as explained above, the loss reported as per the limited review is Rs. 2514 crore.

However, MTNL is making all efforts to increase the revenue in spite of the tough competition and rock bottom tariff for the services. It may be stated that due to timely action taken by MTNL in introducing GSM services, even though it got permission for the same much later, and timely introduction of broadband services, a substantial amount of revenue (Rs. 521.92 crore) is being generated through these services. MTNL plans to increase the subscriber base of broadband services to two millions (Wire line and wireless taken together) for the current year and also plans to generate new streams of revenue from enterprise business, value added services, mobile application etc.

Surrender of phones and decline in the market share of wire line and wireless:

It is submitted that even though there is continuous growth in MTNL's wireless subscriber base, however, due to increase in competition & number of service provider in Delhi & Mumbai, there is marginal decline in market share. Further, with entry of new players, market share of existing operators get shared and market share of some of MTNL's competitors has also declined.

MTNL would like to further submit that despite of being a late entrant in the GSM segment MTNL has been able to create a market share of about 16% in the GSM cellular segment in the two cities. MTNL mobile subscriber base has grown to more than approx 48 lakhs with approx 4.00 lakhs 3G customers as on date. These 3G customers have been added in a very short span of time since full fledged commercial launch of 3G services in September, 2009. It is further submitted that MTNL is making its best efforts to sustain the growth in its GSM Services despite facing fierce competition in its service area.

As regards decline in the wired line percentage is concerned there is a general decline in the demand for the fixed lines telephone as there is a tendency to shift to mobile services because of its sheer convenience with regards to affordability and availability. This is worldwide trend that when liberalization takes place and monopoly is removed in telecom sector there is a churn in fixed line subscribers.

However, MTNL has been able to limit the churn by introduction of broadband, IPTV etc. MTNL has been continuously making its best efforts to arrest the surrender of land line connections.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 37)**

Commonwealth Games would start from 3<sup>rd</sup> October, 2010 and countdown for the game has already begun. This is a prestigious event for the country and MTNL has been selected as an official telecom partner to set up a world class communication infrastructure. The Committee

note that the project which is being carried out by MTNL involves laying of 350 km Optical Fiber connecting 37 games and other venues for which State of the Art MPLS/IP Networks will be set up for High Definition TV, Games and Security data. The project is expected to be completed by 1<sup>st</sup> week of September, 2010 at an estimated cost of Rs. 390 crore. The Committee note that out of the stipulated 350 kms optical fiber to be connected for the Games, 250 kms have already been laid by MTNL. Again the Committee emphasize that Commonwealth Games is the proud event for the country when India will showcase its capabilities to the world. As such all the efforts should be made by MTNL to ensure that the project is completed well before 3 October, 2010 so that the setup is tested and the system functions properly during the Commonwealth Games.

### **Action Taken by the Government**

MTNL has fully geared up to meet the various challenges associated with this event and following is the status of progress:

1. After completion of Commercial, Technical and Financial evaluation APO has been issued on 6th February, 2010 for an amount of Rs.392 Crore.
2. Optical Fiber Cable laying activity has been started since November, 2009 and more than 275 km of Optical Fiber Cable has been laid and these activities are undergoing in full swing at all venues in parallel.
3. Space had been allotted in 10 different MTNL buildings located in different parts of Delhi and installation of equipments at all the locations is going in parallel and various component related to SDN are under installation.
4. Manpower required for operation and maintenance of this project has been mobilized internally in MTNL.

MTNL, however, depends on provisioning of the following items by Organizing Committee (OC) Commonwealth Games as per time schedule to make this project a success.

Dependency on Organizing Committee CWG 2010:

1. Air Conditioning requirement for MTNL/ECIL/OC/TCIL equipment have been identified and extra provision/augmentation for this AC requirement is to be arranged by OC/Venue Owners.
2. AC UPS power supply for TER is to be supplied by OC.
3. The completion and handover of space in various venues is dependent on the Organizing Committee.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **CHAPTER –III**

#### **RECOMMENDATION / OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT**

**-NIL-**

## **CHAPTER –IV**

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

#### **Recommendation (Para No. 1)**

The Committee note that there has been a persistent trend of allocating reduced Outlay as compared to the projections in all the first three years of the Eleventh Plan. Further, there has also been considerable reduction of Outlay at the RE stage. Not only that there are considerable shortfalls in the utilization of even the reduced allocation both under IEBR and GBS components. The aforesaid trend has been continuing from the Tenth Plan. The Committee in their earlier Reports have repeatedly been expressing serious concern over the under utilization of scarce resources. In spite of this, there has been no improvement in this regard. The data furnished by the Department substantiates the aforesaid observation of the Committee. The total allocation during 2007-08, 2008-09 2009-10 both under IEBR and GBS components was Rs. 63212.59 crore at BE stage which was reduced to Rs. 51817.54 crore at RE stage. Thus, there was reduction of Rs.11395.05 crore at RE stage. Even the reduced allocation was not effectively utilized. During the aforesaid three years, there was under spending to the tune of Rs. 21585.56 crore i.e. 41.66 per cent of allocation provided at RE stage. All this clearly indicates that there are serious problems in implementation of various schemes/projects. The detailed analysis project/scheme-wise has been done in the later part of the Report. While expressing their serious concern over the sorry state of affairs with regard to implementation of various projects/schemes, the Committee strongly emphasize that the Department should take concrete action with respect to each of the project/scheme which is under performing to ensure optimal utilization of the Outlay.

#### **Action Taken by the Government**

Both BSNL and MTNL are making sincere efforts for effective utilization of outlays by ensuring effective and timely planning and estimation of requirements and through rigorous monitoring and review of each ongoing project.

The progress of fund utilization is also being carefully monitored through regular reviews at the highest levels of the Department for optimal utilization of outlays.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

#### **Comments of the Committee** (Please see Para No. 8 of Chapter-I)

#### **Recommendation (Para No. 3)**

The Committee observe that budgetary support is provided for executing the Universal Service Support Policy (USSP) through the Universal Service Obligation Fund

(USOF) for bringing rural telecom connectivity. The resources for meeting the same are generated through a Universal Service Levy (USL) which is 5 per cent of the Adjusted Gross Revenue (AGR) earned by all the telecom operators except pure value added service providers like internet service provider, voice mail etc. From the data furnished by the Department, the Committee note that total amount collected as USL upto 2008-09 is Rs. 25331.36 crore whereas the total allocation made to the Department of Telecommunication is Rs. 10371.44 crore i.e. just 40.94 per cent. With regard to the status of utilization of Outlay, the Committee find that whereas there are shortfalls in utilization of Outlay provided under IEBR and GBS component, the financial performance of USO Fund is quite satisfactory. The position of not allocating resources commensurate with the collections even when the allocation are being fully utilized is a matter of concern particularly when there is a definite source of funding for USO Fund and there are big challenges of providing connectivity in rural and backward areas. The Committee, therefore, strongly recommend that the quantum of allocation for USO activities should be increased further so as to improve the rural telecom connectivity. Besides, the Committee would also like to be informed about the use of the remaining Outlay collected through Universal Service Levy.

### **Action Taken by the Government**

As per provisions of Indian Telegraph (Amendment) Act 2003, collections under Universal Service Levy (USL) are credited to the Consolidated Fund of India and allotment of funds for USOF is made through Parliamentary approvals. During the Financial Years 2002-03 to 2009-10, final allotment of funds received through Parliamentary approval was transferred to USO fund in the concerned years and the entire allocation so made and transferred to USO fund was optimally utilized in the respective years.

In BE/RE 2009-10, the Department had taken up the case for allotment of Rs.3000 crore, for USO Fund, with Ministry of Finance. However, an allotment of funds of Rs. 2400 crore was received from Ministry of Finance against this demand both in BE and RE 2009-10.

In BE 2010-11, Rs. 3000 crore was sought for allocation to USOF. However, an allotment of Rs. 2400 crore only has been received from Ministry of Finance.

The concern of the Standing Committee in regard to the recommendations for allocation of funds for USO activities commensurate with the collections made under USL was also communicated to Ministry of Finance by the Department. In reply, the Ministry of Finance has *inter alia* intimated that while considering the proposal of DoT for constitution of USOF initially, Cabinet had decided the Department of Telecommunications to consult Ministry of Finance at the time of finalizing the amount to be transferred to USOF and thus, Ministry has the authority to decide the quantum of funds to be transferred to USOF. MoF have further stated in their letter *ibid* that the amount towards transfer to USOF is provided on the basis of claims pending with the DoT for releases from USOF. However, the concerns of Standing Committee have been noted by MoF for necessary action during RE 2010-11.

The Ministry of Finance has further stated that the Licence fee from telecom service providers is an important component of Non-Tax Revenue of the Union Government. It also stated that as the Government is committed to finance various flagship programmes of the

Government, the resources cannot be locked by simply lodging them in the Public Account of India.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

**Comments of the Committee**  
(Please see Para No.11 of Chapter-I)

**Recommendation (Para No. 9)**

Telephone Advisory Committee (TACs) at the district and zonal level is an important mechanism to keep an oversight over the implementation of various telecom projects funded by the Government. In this connection, the Committee observe that the meetings of TACs are not being regularly held. These Committees are an important link between users i.e. public at large and the implementing agencies and can play pivotal role by getting the feedback from the users and communicating to the implementing agencies for taking the desired action accordingly. As such the Committee emphasize that the Department should closely monitor the outcome of the sittings by these Committees. The necessary action in this regard should be taken and the Committee informed accordingly.

**Action Taken by the Government**

During the calendar year 2010, till date a total of 8 meetings have been held in various Telecom District of MTNL Delhi and 3 meetings are held in MTNL Mumbai.

A total number of 136 meetings of TAC have been held by BSNL since October 2009. Circle-wise list is as below.

Sl. No.	Name of BSNL Circle (No. of SSAs)	No. of TAC Meetings
1	Andaman & Nicobar (1)	0
2	Andhra Pradesh (22)	21
3	Assam (7)	0
4	Bihar (19)	5
5	Chhattisgarh (6)	0
6	Gujarat (18)	9
7	Haryana (9)	3
8	Himachal Pradesh (6)	2
9	Jammu & Kashmir (5)	0

Sl. No.	Name of BSNL Circle (No. of SSAs)	No. of TAC Meetings
15	North East – I (3)	1
16	North East – II (3)	2
17	Orissa (13)	1
18	Punjab (11)	6
19	Rajasthan (24)	4
20	Tamilnadu (17)	0
21	Uttaranchal (7)	2
22	UP (East) (31)	16
23	UP (West) (18)	9



10	Jharkhand (6)	2
11	Karnataka (19)	2
12	Kerala (12)	9
13	Madhya Pradesh (34)	26
14	Maharashtra (30)	14

24	West Bengal (14)	2
25	Chennai T D (4)	0
26	Calcutta TD (4)	0
	<b>Total (343)</b>	<b>136</b>

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

**Comments of the Committee**  
(Please see Para No.14 of Chapter-I)

**Recommendation (Para No. 10)**

The Committee further note that as per the existing position local sitting Member of Parliament is the co-Chairman of TACs. In this regard, the Committee may like to draw the attention of the Department to the district level Vigilance Committees constituted by the Union Ministry of Rural Development where the local sitting Member of Parliament is the Chairman. The Committee recommend that the local Member of Parliament should be the Chairman of district and zonal TACs on the line of the Vigilance Committees of the Ministry of Rural Development.

**Action Taken by the Government**

Presently, the concerned GMTD, BSNL is made the Chairman in the TAC and the Hon'ble M.Ps are given the status of Co-Chairman , due to the following reasons:-

- (i) The area of jurisdiction of a TAC may exceed the constituency area of the Hon'ble M.P.
- (ii) There may be more than one M.P. in a TAC.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

**Comments of the Committee**  
(Please see Para No.17 of Chapter-I)

**Recommendation (Para No. 17)**

As per the Broadband Policy, 2004, the Department has targeted to provide broadband connectivity to all Gram Panchayats, Government High Secondary Schools and Public Health Centres by 2012. The existing status with regard to Gram Panchayats is that out of 242279 Village Panchayats only 79924 Gram Panchayats i.e. only 32 per cent could be broadband enabled as on February, 2010. The State/UT wise information provided by the Department indicates that the coverage of broadband to Gram Panchayats is very low in almost all the States/UTs excepting Kerala, Goa and Puducherry where almost 100 per cent Gram Panchayats

have been covered. Besides, the performance in Andaman and Nicobar Islands and Nagaland is also very good. The Committee are surprised to note that in Daman and Diu, Dadar and Nagar Haveli and particularly Chandigarh which is one of the best planned cities in the country, none of the Village Panchayats, in these areas have been broadband enabled. The Committee may like to know the reasons for non coverage of all the Village Panchayats under broadband expansion programme particularly in the case of Chandigarh which 17 Village Panchayats. Besides, the Committee emphasize that performance with regard to providing connectivity to rural Panchayats should be evaluated State/UT - wise and the necessary corrective action taken so that all the Village Panchayats are covered by the stipulated time frame i.e. by 2012. With regard to the target of broadband enabling of the Higher Secondary School and Public Health Centres the existing status has not been indicated in any of the documents furnished by the Department. The Committee would like to be apprised about the existing position and the steps initiated by the Department to provide broadband connectivity to all these schools and Public Health Centres by the stipulated deadline of 2012.

### **Action Taken by the Government**

Gram Panchayat coverage:

There are a total of 2,42,069 village panchayat across the country. Out of these, 91,365 Village panchayats are covered through ADSL & Wi-Max broadband. In Chandigarh Secondary Switching Area (SSA), there are 23 village panchayats out of which 16 have already been covered. Efforts are being made to cover remaining village panchayats of Chandigarh. Further, BSNL has planned to cover all gram panchayats by March 2012.

The major barrier in growth of broadband in rural areas is non-availability of connectivity upto village level. It has been targeted that all 2.5 lakh Gram Panchayats would be extended broadband connectivity by 2012, from where broadband connection can be given to Higher Secondary Schools and Public Health Centres. For the said purpose, in order to lay OFC Cable, GIS mapping of existing network is going on. After GIS mapping, DPR will be prepared and approval will be taken from competent authority.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B dated 21<sup>st</sup> July, 2010)

**Comments of the Committee**  
(Please see Para No. 23 of Chapter-I)

### **Recommendation (Para No. 21)**

The Committee find that date of 3G auctions has been shifted several times and at last now the auction is scheduled to begin from 9<sup>th</sup> April, 2010. As informed by the Department, the rules of auction have been announced on 25<sup>th</sup> February, 2010 and they are on the DoT's website. As regards eligibility, as mentioned in the rules, all existing Universal Access Service License holders or existing telecom operators are eligible to bid in this auction. In addition, foreign entities that have experience of running 3G services are also eligible to bid. With regard to security aspects in the e-Auction, the Committee have been informed that the best practices followed by various auctions done by the Office of Communication in the UK, and the Federal

Communications Commission in the USA have been taken into consideration. Besides, The auctioneers who are working for DoT have long experience of conducting auctions in various European and American markets. The Department have also informed the Committee that suitable steps have been taken by the Department to ensure free, fair and transparent e-Auction for the 3G spectrum. The Committee hope that the Department auction the 3G spectrum in a successful manner. In this regard, the Committee would like to recommend that by undergoing the process of e-Auction, the Department should ensure that the Indian auctioneers also get the experience and expertise so that the country need not depend on the foreign countries for conducting such auctions in future.

### **Action Taken by the Government**

The e-Auction was carried out using software which has been developed by the Auctioneer. This is professional software which is proprietary in nature devised for the purpose of auction of radio spectrum exclusively. The Ministry has requirements of certain safeguards to be built in the e-auction system to ensure the security of the entire process for a fail-safe operation. Further the auctioneer was expected to have the experience of conducting at least 5 e-auctions in the last 3 years. An Evaluation Committee had gone through the process of technical and financial evaluation with reference to a Request of Proposal (RFP) and finally selected the Auctioneer.

Any company including Indian company could be considered to act as an e-auctioneer in the future if it would meet the terms and conditions required to conduct e-Auction, prevailing at that time.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Comments of the Committee** (Please see Para No. 26 of Chapter-I)

### **Recommendation (Para No. 27)**

The Department have inserted a Clause in the Access Service Licence Agreement which stipulates that Licensee shall conduct audit and provide self certificates annually as per procedure prescribed by Telecommunication Engineering Centre (TEC)/or any other agency authorized by Licensors from time to time for conforming to limits/levels for antennae (Base Station Emissions) for general public exposure should conform to the Guidelines prescribed by International Commission on Non-Ionizing Radiation Protection (ICNIRP) from time to time. The Committee observe that besides the aforesaid provision, there is an urgent need on the part of the Department to ensure that the licensee actually conduct audit annually and the limits/levels for antennae (Base Station Emissions) for general public exposure are within the limits prescribed by ICNIRP.

### **Action Taken by the Government**

For implementation of the guidelines, regarding emission by Base Transceiver Station (BTSs), issued by the International Commission on Non Ionizing radiation Protection (ICNIRP), instructions have been issued by the Department, in the month of April 2010, to all CMTS/UASL Licensees.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

**Comments of the Committee**  
(Please see Para No. 29 of Chapter-I)

**RECOMMENDATION / OBSERVATIONS IN RESPECT OF WHICH REPLIES ARE  
OF INTERIM IN NATURE**

**Recommendation (Para No. 7)**

On a query whether having a telephone connection is one of the parameters that debars a person/family from the status of BPL, the Department has responded that the matter does not come under their purview. The Committee are unhappy to note the way the Department has responded to one of the important issue which has great impact on telephone connectivity in rural areas. Instead of taking the matter with the Department of Rural Development and State Governments, the Department have simply stated that the matter is not under their purview. While expressing displeasure over the insensitive attitude of the Department, the Committee strongly recommend that the matter should be clarified from the Department of Rural Development and the State Governments and the Committee apprised about the position in this regard.

**Action Taken by the Government**

As desired by the Committee the requisite clarifications have been sought from Department of Rural Development and the Committee will be apprised accordingly.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

**Recommendation (Para No. 8)**

The Committee note that besides installing the VPTs in the Gram Panchayats, what is more important is that, these VPTs actually work upto the satisfaction of villagers who are the actual users. In this background the Gram Panchayats can play an important role. What is displeasing to the Committee is the casual way the Department have replied that the Gram Panchayats have no role in this regard. The Committee strongly recommend that various telecom facilities provided with the Government funding should be a part of the agenda of social audit by Gram Sabhas. The desired guidelines envisaging the role of Gram Panchayats in this regard should be framed and the Committee informed accordingly.

**Action Taken by the Government**

As per the Agreement, the Service Providers who have installed these VPTs are responsible for the operation and maintenance of the VPTs. The help of the Gram Panchayat is being sought for identifying the location for installation of new VPTs. However, as per the suggestion of the Committee to involve Gram Panchayats for social audit of telecom facilities provided with subsidy support from USO Fund, Panchayats through the Department of Rural

Development is being consulted to ensure that these telecom facilities are maintained by the Service Providers effectively.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 11)**

The Committee further note that the members of TAC are provided landline telephone. In case, the member of TAC in whose area there is no telephone connectivity is deprived of the facility of telephone. Telephone connectivity is the basic requirement of a TAC member as through it he remains connected with local masses of his area who can communicate their grievances as well as makes suggestions. As such the Committee would like to recommend that the members of TAC should be provided mobile or WLL or landline telephones as per their preference. The desired steps in this regard should be taken and Committee informed accordingly.

### **Action Taken by the Government**

Proposal for grant of mobile connection to TAC members in lieu of concessional telephone is under examination in the Department.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 14)**

The Committee note that there has been reservation by the Ministry of Finance on the issue of waiving of rural landline licence fee as the proposal would entail a revenue loss of Rs. 200 crore per annum, of which Rs. 75 crore per annum will be the loss to the General Exchequer. The Committee also note about the viewpoint of the Ministry of Finance that at a time when the obligations from the USO Fund are likely to increase substantially, any accrual of deficit in General Exchequer is not justified. However, the Finance Wing of the Department of Telecommunications have taken the case further and have forwarded for seeking suggestions to the USOF wing. The Committee have now been informed that the matter is under consideration for decision on further course of action. Moreover, as stated earlier, the allocations made under USO Fund are far lesser than the revenue generated by the levy to form the USO Fund. As such the Committee strongly recommend that decision in this regard should be taken at the earliest and the concerns of the Committee duly communicated to the Ministry of Finance.

### **Action Taken by the Government**

The concern of the Hon'ble Standing Committee on Information Technology (2009-10) on Demands for Grants (2010-2011) of the Ministry of Communication & Information Technology (DoT) regarding the issue of waiver of rural landline license fee to Telecom Service Providers has already been communicated to the Department of Economic Affairs, Ministry of Finance. The matter is still under consideration in the Department for decision on the further course of action.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 16)**

The Committee note that the Department have not taken any initiative to assess the impact of broadband in the growth of GDP in our country. As such the Committee emphasize that a survey in this regard should be done at the earliest and the Committee be informed accordingly.

### **Action Taken by the Government**

Department of Telecom is initiating survey to ascertain impact of broadband in growth of GDP in the country. Outcome of the same will be submitted in due course of time, once report is received.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 20)**

The Committee note that the scheme of wireless broadband connectivity in rural and remote areas will be taken up after BWA and 3G spectrum auction to provide financial assistance by way of subsidy for the wireless broadband active infrastructure such as BTS, by utilizing the existing passive infrastructure available with the Telecom Service Providers (TSPs) and this scheme would provide broadband coverage to above 2 lakh villages in 5000 blocks and the rest of the villages will be covered in subsequent schemes. The Committee hope that the BWA & 3G Auction is completed as per the stipulated timeframe and the scheme sees the light of the day.

### **Action Taken by the Government**

Formulation of the scheme is under progress. The BWA and 3G Spectrum is a pre-requisite for launching this scheme. The 3G and BWA spectrum auction have been completed as per schedule.

This scheme is expected to provide broadband coverage to about 2 lakh villages in 5000 Blocks and the rest of the villages will be covered in subsequent schemes.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 22)**

The Committee note that till 29<sup>th</sup> March, 2010 TRAI has received nine responses from various stakeholders. Some of issues that have been highlighted in the responses that have been received by TRAI include (i) requirements of large chunk of contiguous spectrum bandwidths, (ii) refarming of spectrum from the Government agencies for the newer technologies in the internationally identified spectrum bands, (iii) refarming of existing 2G spectrum bands 900/1800/1900 MHz for deployment of 4G technologies and services, (iv) issue of convergence of different technologies and services, (v) issues & challenges in extending the broadband access to the rural India, (vi) requirements of licensed and de-licensed usages of the spectrum to enable cost effective business models that are usable in urban and rural connectivity and (vii) need to migrate from IPV4 to IPV6. The Committee while appreciating the steps taken by TRAI for introduction of 4G spectrum recommend that the Department should look into the nitty gritty of the issues raised by the stakeholders so that 4G spectrum is introduced in the country at the earliest.

### **Action Taken by the Government**

TRAI has issued a pre-consultation paper to identify the issues involved in introduction of 4G such as allocation & pricing of spectrum for such services and issues related to licensing. Various stake holders have given their views/comments at the pre-consultation stage which are being analysed by TRAI for preparation of consultation paper.

The Department shall look into the various aspects of 4G spectrum, once the recommendations are given by TRAI.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)



### **Recommendation (Para No. 26)**

The Committee further note that an International study has been conducted on harmful effects of radiation on mobile. World Health Organization (WHO) recommends ICNIRP (International Commission on Non-Ionizing Radiation Protection) guidelines for restriction of radiation on mobile. Accordingly ICNIRP guideline have been approved by the Department. The Committee also note that the Department have specified ICNIRP limits with regard to radiation from base station tower & mobile phones. Presently, DoT have stipulated the system of self certification of Specific Absorption Rate (SAR) for mobile phone by mobile manufacturers. The Committee in this regard would like to recommend that it should be made mandatory for the mobile manufacturers to indicate the level of radiation on the product itself which would ensure that these manufacturers strictly follow the ICNIRP limits recommended by World Health Organization (WHO). Besides all cell companies should clearly communicate the potential danger of cell phone radiation and exposure. The Committee also emphasize that the cell phone industry should share the responsibility of risk communications and management specially taking into account the projections to have 600 million connections by 2012. The Committee strongly recommend that the Department should take the desired action to implement the aforesaid recommendations of the Committee.

### **Action Taken by the Government**

The Department has requested Telecom Equipments Manufacturers Association of India (TEMA) and Indian Cellular Association (ICA) to ask all indigenous manufacturers for strict compliance of the guidelines recommended by ICNIRP for Indian Telecom Sector regarding basic restrictions and reference levels for limiting EMF Exposure and “Test Schedule/Test Procedure for SAR measurement”. DGFT have also been requested to direct Custom Authorities to clear mobile handsets, being imported, complying with the basic restrictions in terms of SAR value limited to 2 W/Kg localized for head and trunk in the frequency range of 10 MHz to 10 GHZ only. Manufacturers of mobile handsets have to furnish self-certification for complying with these standards in the prescribed format. The case is being followed up with DGFT for necessary action.

The Department has also asked TEMA and ICA to write to all the mobile handset manufacturers to indicate the level of radiation on the product itself and to clearly communicate the potential danger of mobile phone radiation and exposure.

Telecommunication Engineering Centre (TEC), under this Department, will be the nodal agency for monitoring the compliance of these guidelines.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 28)**

The Committee observe that recently media has reported about the illegal phone towers mushrooming in Delhi and NCR areas. In this regard, it has been reported by the Department that to formulate a uniform mobile tower policy, TRAI has issued a pre consultation paper dated 5 February, 2010 on telecom towers and related issues. The Committee feel that the aforesaid initiative has only been taken after the problem of illegal towers has been reported by the Media. The Committee are further concerned to note that the Department have not bothered to know the number of non-functional towers in the country. The Committee are of the strong view that the Department itself has to play a proactive role with regard to various issues related to telecommunications in the country. The problem of illegal towers in the country needs to be addressed. In this regard, a country wide survey should be conducted to know the extent of the problem of illegal and non-functional towers in various States/UTs. Now when the matter has been referred to TRAI, the Committee hope that the consultation by TRAI would be done in a stipulated time frame followed by guidelines by the Department to address the problem of telecommunication towers in the country.

### **Action Taken by the Government**

TRAI has been requested to expedite the consultation process including issue of consultation paper regarding mobile towers. The matter will be actively pursued with TRAI by the Department.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

### **Recommendation (Para No. 33)**

The Committee are disheartened to note that out of the Rs. 211.85 crore allocated at RE stage only Rs. 0.21 crore have been spent as on January, 2010 as the network has not been commissioned. The Committee have been apprised that the IAF network is expected to be commissioned by June, 2010 and the optical fibre cable based Defence network is expected to be completed by December, 2012. The Committee strongly recommend that the steps should be taken to ensure that the dedicated defence network is completed by the stipulated time frame particularly in the context of MoU signed between the Ministry of Communications and Information Technology and Defence whereby the vacation of the spare spectrum from Ministry of Defence is dependent on the executions of dedicated fibre cable based Defence networks.

### **Action Taken by the Government**

An amount of Rs. 211.85 crore was allocated for the year 2009-10 (Revised allocation) for the 'OFC based network for Defence Services' on 19.01.2010. The entire amount was spent by 31<sup>st</sup> March, 2010. Further, additional fund of Rs. 55.56 crore available through surrenders and re-appropriation was allocated under this head and the same was also spent. Currently, the IAF network is at an advanced stage of completion and is likely to be completed by September,

2010. Matter is being pursued with BSNL and MTNL vigorously to complete/commission the network at the earliest.

(Ministry of Communications & Information Technology/  
Department of Telecommunications, O.M. No. 16-4/2010-B  
dated 21<sup>st</sup> July, 2010)

New Delhi  
24 February, 2011  
05 Phalguna, 1932 (Saka)

**RAO INDERJIT SINGH**  
*Chairman,*  
*Standing Committee on*  
*Information Technology.*

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2010-2011)**

**MINUTES OF THE SEVENTH SITTING OF THE COMMITTEE**

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The Committee sat on Thursday, the 17<sup>th</sup> February, 2011 from 1500 hours to 1700 hours in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Rao Inderjit Singh –Chairman**

**MEMBERS**

***Lok Sabha***

1. Shri Rajendra Agrawal
2. Shri Nikhil Kumar Choudhary
3. Shri Milind Deora
4. Dr. Charles Dias
5. Shri Mithilesh Kumar
6. Shri Inder Singh Namdhari
7. Shri Abdul Rahman
8. Shri Tufani Saroj
9. Dr. Bhola Singh
10. Shri Dhananjay Singh
11. Shri Sushil Kumar Singh,

***Rajya Sabha***

12. Shri M.P. Achuthan
13. Shri Salim Ansari
14. Shri P. Rajeeve
15. Shri Jesudasu Seelam

***SECRETARIAT***

- |                        |   |                     |
|------------------------|---|---------------------|
| 1. Shri T.K. Mukherjee | - | Joint Secretary     |
| 2. Smt. Sudesh Luthra  | - | Director            |
| 3. Shri H.R. Kamboj    | - | Additional Director |

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2. At the outset, the Chairman welcomed the Members to the sitting of the Committee convened to consider and adopt two draft Action Taken Reports and to have preliminary meeting on the subject 'Current status of Indian Telecom development growth and policy including the status as well as measures to accelerate penetration and availability of Cellular, Broadband and Rural Telephony'.

3. The Committee then took up for consideration the following two draft Reports:-

(i) \*\*\*\*\*

(ii) Draft Action Taken Report on the Recommendations/Observations contained in their Eighth Report on Demands for Grants (2010-11) relating to the Ministry of Communications and Information Technology (Department of Telecommunications).

4. The Draft Action Taken Report on the Eighth Report relating to the Department of Telecommunications was adopted by the Committee without any modification. The draft Action Taken Report on the Sixth Report relating to the Ministry of Information Broadcasting was adopted with modification in Para No. 14 of the Chapter – I of the Report.

5. The Committee, then, authorized the Chairman to finalize the two Action Taken Reports in the light of factual verifications made by the Ministry/Department concerned and present the same to the House on a date convenient to him.

6. \*\*\*\*\*

**The Committee, then, adjourned.**

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\* **Matter not related to the Report.**

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE  
RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THEIR EIGHTH REPORT  
(FIFTEENTH LOK SABHA)**

**[Vide Paragraph No. 3 of Introduction]**

(i)	Recommendations/Observations which have been accepted by the Government		
	Para Nos.:- 2, 4, 5, 6, 12, 13, 15, 18, 19, 23, 24, 25, 29 30, 31, 32, 34, 35, 36 & 37		
		Total	20
		Percentage	54.05
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government		
	Para No.:- Nil		
		Total	Nil
		Percentage	0.00
(iii)	Recommendations/Observations in respect of which replies of the government have not been accepted by the Committee and require reiteration		
	Para Nos.:- 1, 3, 9, 10, 17, 21, & 27		
		Total	07
		Percentage	18.92
(iv)	Recommendations/Observations in respect of the reply which is of interim nature		
	Para Nos.:- 7, 8, 11, 14, 16, 20, 22, 26, 28 & 33		
		Total	10
		Percentage	27.03