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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2012-13)**

FIFTEENTH LOK SABHA

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

**[Action Taken by the Government on the Recommendations/Observations of the Committee
contained in their Thirty-first Report (Fifteenth Lok Sabha) on 'Demands for Grants (2012-13)']**

FORTY-FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2012/Agrahayana, 1934 (Saka)

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***Presented to Lok Sabha on 18.12.2012
Laid in Rajya Sabha on 18.12.2012***



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2012/Agrahayana, 1934 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2012-13)**

Shri Rao Inderjit Singh - Chairman

Lok Sabha

2. Shri Abdul Rahman
3. Shri Rajendra Agrawal
4. Shri Raj Babbar
5. Shri Nikhil Kumar Choudhary
6. Shri A. Ganeshamurthi
7. Shri Rajen Gohain
8. Smt. Darshana Jardosh
9. Shri H.D. Kumaraswamy
10. Shri Baidya Nath Prasad Mahato
11. Shri Sadashivrao D. Mandlik
12. Dr. Thokchom Meinya
13. Shri Tapas Paul
14. Shri Ramsinh Rathwa
15. Shri Radhe Mohan Singh (Ghazipur)
16. Smt. Seema Upadhyay
17. Vacant
18. Vacant
19. Vacant
20. Vacant
21. Vacant

Rajya Sabha

22. Shri Joy Abraham
23. Shri Mohammed Adeeb
24. Shri Javed Akhtar
25. Shri Salim Ansari
26. Shri Rajkumar Dhoot
27. Shri Bharatsinh Prabhatsinh Parmar
28. Shri Sachin Ramesh Tendulkar
29. Dr. C.P. Thakur
30. Vacant
31. Vacant

Secretariat

- | | | | |
|----|-----------------------|---|---------------------|
| 1. | Shri Brahm Dutt | - | Joint Secretary |
| 2. | Shri Shangreiso Zimik | - | Committee Officer |
| 3. | Shri Abhishek Sharma | - | Executive Assistant |

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2012-13) having been authorized by the Committee to submit the Report on their behalf, present this Forty-first Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in their Thirty-first Report (Fifteenth Lok Sabha) on 'Demands for Grants (2012-13)' of the Department of Telecommunications (Ministry of Communications and Information Technology).

2. The Thirty-first Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 2 May, 2012. The Department of Telecommunications furnished their Action Taken Notes on the Recommendations/Observations contained in the Thirty-first Report on 3 August, 2012 and replies to Recommendation Serial Nos. 3, 26, 27 and 28 on 22 November, 2012.

3. The Report was considered and adopted by the Committee at their sitting held on 13 December, 2012.

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 Thirty-first Report of the Committee is given at Annexure-II.

New Delhi
17 December, 2012
26 Agrahayana, 1934 (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 Thirty-first Report (Fifteenth Lok Sabha) on 'Demands for Grants (2012-13)' relating to the Ministry of Communications and Information Technology (Department of Telecommunications).

2. The Thirty-first Report was presented to Lok Sabha/laid in Rajya Sabha on 2nd May, 2012. It contained 34 Recommendations/Observations.

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

(i)	Recommendations/Observations which have been accepted by the Government Rec. Sl. Nos.:- 2, 3, 4, 5, 8, 10, 12, 13, 15, 16, 18, 20, 21, 23, 24, 25, 26, 27, 28, 30 and 31	Total	21
		Chapter	II
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government Rec. Sl. Nos.:- 7 and 29	Total	02
		Chapter	III
(iii)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and require reiteration Rec. Sl. Nos.:- 1, 6, 9, 19 and 33	Total	05
		Chapter	IV
(iv)	Recommendations/Observations in respect of which the replies of the Government are of interim in nature Rec. Sl. Nos.:- 11, 14, 17, 22, 32 and 34	Total	06
		Chapter	V

4. The Committee trust that utmost importance would be given to implementation of the Recommendations/Observations accepted by the Government. The Committee further desire that Action Taken Notes on the Recommendations/Observations contained in Chapter-I and final action taken replies to the Recommendations/Observations 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.

A. Under Utilization of allocations made under IEBR and GBS Components

(Recommendation Sl. No. 1)

6. The Committee had recommended as under:-

“The Committee note that for the year 2012-13, the Department have been allocated a Plan Outlay of ₹ 15231.39 crore which comprises of ₹ 10,431.39 crore as Internal and External Budgetary Resources (IEBR) and ₹ 4,800 crore as Gross Budgetary Support (GBS). The Plan allocation is ₹ 4649.70 crore lesser than the outlay allocated at Budget Estimates stage of the previous year. The analysis of the data further reveals that the Plan allocation to the tune of ₹ 19881.09 crore allocated at Budget Estimates stage during the year 2011-12 was reduced to ₹ 11878.07 crore at Revised Estimates stage. The Department could utilize only ₹ 4949.22 crore i.e. 41.67 per cent of the allocations upto February, 2012. If the percentage utilization of IEBR and GBS components during the year 2011-12 is analyzed, the Committee find that under IEBR, BSNL and MTNL have performed badly. Whereas the percentage utilization with regard to RE under IEBR during the year 2011-12 has been stated as 32.57 per cent, BSNL's financial achievement is 33.67 per cent. MTNL has performed in a worst manner whereby the financial achievement is just 15.97 per cent. With regard to GBS performance during the year 2011-12, the percentage utilization has been stated to be 87.98 per cent.

While reviewing the financial achievement of the Department during the Eleventh Plan as a whole which has come to a close on 31st March, 2012, the Committee find under utilization in both IEBR and GBS components. During the five years, the allocations under IEBR and GBS components were made for ₹ 101228.78 crore at BE stage which were reduced to ₹ 75556.45 crore at RE stage and the utilization is ₹ 50003.68 crore which indicates that almost 50 per cent of the allocations made at BE stage remained unutilized. If the performance under IEBR and GBS components separately is reviewed, the allocations under IEBR component during the Eleventh Plan were made to the tune of ₹ 94664.78 crore at BE stage, the expenditure reported to be ₹ 46821.97 crore which is lesser than 50 per cent of the BE allocations. Under GBS component, total Eleventh Plan allocations at BE stage were ₹ 6564 crore and the utilization was ₹ 3181.71 crore. Another repetitive trend noticed is huge variation between BE, RE and actual during each year of the Eleventh Plan. The allocations made at BE stage have considerably been reduced at RE stage and even the reduced allocations could not be utilized resulting into under-spending during each of the years.

The Committee have consistently been raising the issue of variation of allocations at various Estimate Stages as well as under-spending of the scarce resources. In spite of that the trend is repetitive during each of the years. With regard to the reasons, the Department is repetitively stating fiercely competitive market as well as mid-term corrections depending upon the market needs and changing scenario as reasons for under-spending under IEBR. Another reason subscribed for low utilization under IEBR by BSNL is delay in completion of the procurement process under various projects and delay in completion of the various ongoing projects. With regard to under-spending under GBS component, the problems with the major schemes i.e. Defence Service Network, A&N project have been cited. The aforesaid scenario clearly indicates unrealistic projections made by the Department. Not only that there are serious problems with the Public Sector Undertakings. The projections for the bigger projects are being made unrealistically without analyzing the bottlenecks coming in the way of implementation and huge

resources are being blocked, particularly when the important projects of the Government are starving for funds.

The Committee deplore the way the projections are being made by the Department under both IEBR and GBS components. The Committee strongly recommend that the allocations for the major projects should be projected only when all the preliminary work for implementation has been done, clearances are in place thereby not repeating the situation of blocking scarce resources of the Government. The Committee caution the Department to keep into consideration the aforesaid observations of the Committee while projecting allocations for the projects during the Twelfth Plan."

7. The Department of Telecommunications in the action taken notes have stated as under:-

"MTNL:

The financial performance of MTNL during the last five years since 2007-08 to 2011-12 is given below:-

	(Rs. in Crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Budget Estimates	2309.00	2430.97	1725.02	1204.10	1145.46
Revised Estimates	1692.33	1304.28	1352.01	1281.84	792.25
Actual utilization	932.46	871.12	1194.70	1257.07	167.94
Percentage of utilization w.r.t. Revised Estimates	55.10%	66.79%	88.36%	98.07%	21.20%

MTNL is operating only in Delhi and Mumbai which are the most fiercely competitive markets characterized by high saturation and low ARPU (Average Revenue Per User) and having more than 150% tele-density. In view of the rapid developments / changing scenario in the fiercely competitive telecom sector it is very difficult to forecast the exact requirements well in advance. Therefore, the plans are very dynamic in nature and require not only continuous review but midterm corrections depending upon the market needs, future demand and changing scenario.

At the time of initial planning, provision of funds have also to be kept for the new and upcoming projects likely to come in future. However, the projects do not come up or are delayed due to unavoidable circumstances. In such cases the funds allotted against such projects remain unutilized and results in lower expenditure as compared to outlay. In case of some projects, although equipment has been installed and is in commercial use, full payment could not be released due to some pending points / features to be demonstrated.

MTNL has been continuously making conscious efforts to make plans with realistic and achievable targets as well as to minimize the gap between planned outlay & expenditure. Due to conscious efforts, the percent utilization of funds for the year 2010-11 has progressively increased to 98% (Planned outlay: Rs 1281.84Cr, Expenditure: Rs 1257.07Cr) from 88.36% during 2009-10 & 67% & 55% during 2008-09 & 2007-08 respectively.

The expenditure during the year 2011-12, however, has been low (21.20%). In this context, it is submitted that currently MTNL is passing through severe cash flow problem and is borrowing money to meet its day to day requirements. Therefore, it becomes important for MTNL not only to continuously review its spending but also ensure that funds are utilized judiciously. Since enough capacity is available the plan size was reduced at

RE stage and further expenditure has been made as per the requirement. However, none of the schemes have been affected due to low expenditure.

It is further submitted that all the services which are being provided by MTNL to its' customers are available on demand and there is no waiting list for any of the services. MTNL generates the required funds through its internal resources / arrangements and does not get any assistance from the Govt. The money is withdrawn as and when needed for a project and hence there is no unspent balance available at the end of each financial year and funds available / unutilized continue to remain invested as per DPE guidelines.

MTNL has drafted its 12th five year Plan taking into consideration the experience it had gained during the previous years. Meetings were held with the units to review the progress of the ongoing projects. Further, the status of the new / upcoming projects to be taken up during the next 5 years were reviewed and provision of funds have been made based on the expenditure likely to be booked under various heads.

BSNL:

The revised IEBR component in respect of BSNL during Eleventh Five Year Plan was Rs. 65218 Crores. The aggregated expenditure is Rs. 42947 Crores which works out to 66%. Since BSNL does not receive any General Budgetary Support (GBS) from Government, all projections are funded out of internal accruals / external sources funding.

BSNL Management is very much concerned about the shortfall in the utilization of allocation under IEBR and is committed to address the issues which contribute to under utilization of Outlay on continuous basis.

BSNL has examined the reasons for shortfall in utilization of allocation outlay and has initiated corrective actions to address the same as given below:

- (i) Delay in tender finalization has been one of the main reason attributed to underutilization of outlay. To address the same, BSNL has started inviting all centralized tenders through e-tendering which has not only improved transparency with the vendors but also has speeded up / reduced the time in finalization of tender.
- (ii) Earlier the requirement of fund was projected on yearly basis which used to undergo changes because of many reasons including the delay in finalization of tenders. To obviate the same, the requirement of fund will now be made, project wise, on quarterly basis spanning various milestones of the project. This projection will be suitable fitted in the annual plan for giving BE and RE based upon actual project performance, which will also be reviewed on quarterly basis.

It is expected that with the aforesaid initiatives, BSNL will be in a position to formulate a realistic plan where it intends to spend a significant percentage of plan outlay for the achievement of its physical targets."

8. The Committee had found under utilization by the Department in both IEBR and GBS components during the Eleventh Plan. Deploring the way the projections were made by the Department under IEBR and GBS, the Committee had recommended that the allocations for the major projects should be projected only when all the preliminary work for implementation has been done. The Committee regret to note that in their reply the

Department has furnished the oft repeated reasons such as fiercely competitive telecom sector, delay of projects due to unavoidable circumstances in the case of MTNL, and delay in tender finalization in the case of BSNL as the main reasons for the under utilization of outlay. The Committee are surprised to note that MTNL is passing through severe cash flow problem and is borrowing money to meet its day to day requirements when it is still unable to overcome the problem of under utilization of plan outlay under IEBR and GBS. The Committee are of the view that problem of under utilization of plan outlay of the Department under IEBR and GBS will remain a perennial issue unless the Department carry out a comprehensive review of the various plan schemes as to ensure that the budgetary resources provided for various schemes are effectively utilized and the schemes are implemented in a proper way.

While expressing their displeasures that the Department had done precious little to implement the recommendation, the Committee reiterate the recommendation that allocations for major projects should be projected only when all the preliminary work for implementation has been done. In this context, the Committee recommend a thorough review of the performance of Ministry's various plan schemes including that of MTNL and BSNL and the Committee apprised accordingly.

B. Broadband expansion in the country

(Recommendation Sl. No. 6)

9. The Committee had recommended as under:-

"The Committee observe that whereas the Department has exceeded the targets of telecom connectivity, the progress with regard to broadband expansion has not been to the desired level as could be seen from the data furnished by the Department. There are 13.54 million broadband connections by February, 2012 against the target of 20 million broadband subscribers by 2010. The broadband penetration is just 1.44 per cent when compared to the impressive teledensity of 78.10 per cent. The major initiative proposed to be taken during the Twelfth Plan to address to the problem of broadband connectivity particularly in the context of rural areas is the National Optical Fibre Network (NOFN) for providing broadband connectivity to 2.50 lakh village Panchayats. The Committee feel that with the implementation of the

aforesaid project, the constraint of non-availability of backhaul connectivity up to the villages would be addressed. The other constraints enumerated by the Department are non-availability of content in vernacular languages, low English literacy, affordability of customer premises equipment (CPE), Right of Way (RoW), International bandwidth prices, affordability of broadband, low level of digital literacy etc. To address the various issues the Department need to act in coordination with respective Union Departments as well as the State Governments. The coordination with the State Governments is utmost necessary to address the issue of Right of Way (RoW). With regard to the constraint of content in vernacular languages, the Department should take up the matter with the sister Department i.e. Department of Information Technology and the research organizations like C-DAC and C-DoT. On the issue of low English literacy, low level of digital literacy certain schemes are being implemented by the various Departments including the Department of Information Technology. There is an urgent need to look into the matter on affordability of computers as well as on affordability on broadband. The initiatives need to be taken with the private sector service providers as well as with the private industry as a whole. More emphasis need to be given to R&D so as to make the computer equipments and maintenance of computers cheaper. The Committee would like the Department to take up the various issues with the respective Ministries/State Governments/Industry as an integrated approach need to be taken to address the various issues. The Committee exhort the Department to take the desired initiatives during the Twelfth Plan so as to address the constraints so that the broadband connectivity scenario in the country improves and the growth matches to the impressive telecom growth in urban areas of the country."

10. The Department of Telecommunications in the action taken notes have stated as under:-

"MTNL: As far as MTNL is concerned, it is providing broadband on both wireline as well as on wireless. Wire-line connections are currently being provided by MTNL using ADSL 2+ technology on its existing legacy fixed line copper network. The wireless broadband connections are provided by MTNL through its 3G network. MTNL has presently, over 1.05 million broadband connections on landline against a deployed capacity of over 1.6 million line. Further for wireless services MTNL has enable all its 2G customers for 3G services Broadband services which means that any customer having a 3G handset can have access to wireless Broadband services. The Broad Band services both through land line & wireless are available to the customers on demand.

To meet the ever increasing demand for the bandwidth, achieve higher level of customer satisfaction and providing wide range of services to its customers MTNL is aggressively laying and extending the reach of optical fiber in its network and is deploying GPON based FTTH network. It is a centrally managed network designed to provide reliable fiber routes to cover all possible destinations within MTNL. This will help in meeting the increased bandwidth requirement for both data and video applications.

In the Greenfield areas MTNL is laying fiber to provide the broadband band connectivity. However in the areas of existing legacy network MTNL has planned to provide high speed broadband using VDSL (Very High Data Rate Digital- Subscriber Lines) technology where copper loop length will be reduced. With these initiatives the quality of Broadband services will improve and also MTNL will be able to provide higher bandwidths (20 Mbps +) to its customers.

USOF:

For expansion of Broadband Services in rural and remote areas of the country, USOF has adopted a two pronged strategy i.e. launching of scheme for

provision of broadband to the end users (such as Wireline/ Wireless Broadband Schemes) as well as augmentation of OFC backhaul media for carrying the broadband traffic from rural areas to the core network. Accordingly, for rural and remote areas, the following schemes have been undertaken by USOF:

1. Rural broadband Schemes: undertaken/planned by USOF

The Indian Telegraph Rules have been amended, and stream IV has been added under the title "Provision of broadband connectivity to villages in a phased manner" to bring provisioning of broadband connectivity to the rural areas under the purview of the USOF. The rural broadband connectivity will cover Institutional Users, such as Higher secondary schools, Public Health Centres etc., as well as Individual Users, located in the villages. The Schemes are as under:

a) Ongoing Scheme: Rural Wireline Broadband Scheme

Brief and background note: For providing broadband connectivity to rural & remote areas, USOF has signed an Agreement with BSNL on January 20, 2009 under the Rural Wireline Broadband Scheme to provide wire-line broadband connectivity to rural & remote areas by leveraging the existing rural exchanges infrastructure and copper wire-line network. This scheme is being implemented at pan-India level. The objective is to make the rural and remote areas broadband enabled by facilitating the service providers in creating Broadband

The speed of each of the broadband connections shall be at least 512 kbps always on, with the capability to deliver data, voice and video services in the fixed mode. The rural broadband connectivity will cover Institutional Users, such as Gram Panchayats, Higher Secondary Schools and Public Health Centres, as well as Individual Users, located in the villages.

Under this scheme, BSNL will provide 8, 88,832 wire-line Broadband connections to individual users and Government Institutions and will set up 28,672 Kiosks over a period of 5-years, i.e., by 2014. The subsidy disbursement is for (i) broadband connections, Customer Premises Equipment (CPE), Computer/Computing devices (ii) setting up of Kiosks for public access to broadband services. The estimated subsidy outflow is Rs. 1500 crore in 5 years time that includes subsidy for 9 lakh broadband connections, CPEs, computers/computing devices and Kiosks.

Present Status: Under this scheme, as of April 2012, a total of 3,60,966 broadband connections have been provided.

Roadmap ahead with target dates: The scheme has an overall target to provide 8, 88,832 wire-line Broadband connections by 2014.

b) Planned Schemes: Rural Wireless Broadband Scheme

USOF is working on a scheme for providing financial assistance by way of subsidy for building up the wireless broadband infrastructure such as Base Stations by utilizing the existing infrastructure available with the Telecom service providers. This scheme envisages to provide broadband coverage to about 5 lakh villages at a speed of 512 kbps. This scheme is envisaged to provide Broadband in all states of India.

The scheme has been approved by the competent authority and the draft tender document has been prepared and uploaded in the public domain for comments/suggestions of stakeholders on 21.04.2011. The stakeholders

have raised some issues and DoT has been requested to give directions to resolve the policy issues raised by stakeholders.

Present Status: The Scheme has been put on hold due to roll out obligations of 3G/BWA operators

Roadmap ahead with target dates: The planned scheme has an overall tentative target to cover 5 lakh villages

2. General Infrastructure Augmentation - Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network for backhauling

Salient Features of the Schemes:

For provision of broadband in rural areas, sufficient back-haul capacity is required to integrate the voice and data traffic from the access network in the rural areas to their core network by strengthening the OFC network. Accordingly, this scheme considers OFC Network augmentation between the blocks' HQ and Districts' HQ to begin with. The States of Assam, Meghalaya, Manipur, Tripura, Mizoram, Arunachal Pradesh, & Nagaland have been taken up for implementation.

This OFC Schemes would be undertaken on BOO model, i.e. build, operate & own basis, and accordingly, the Telecom Service Providers, implementing the schemes would build, operate, own and manage all the equipment/infrastructure for the execution of the scheme.

All locations shall be connected on physical OFC Ring Route(s) with the DHQ node ensuring the cable route diversity and ring capacity of at least 2.5 Gbps, with the capability to efficiently transport various protocols, including TDM, IP, Frame Relay, etc., for integrated voice, data and video signals in all the specified districts.

The following Optical Fibre Network schemes have been taken up:

a) "Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in ASSAM"

Brief and background note: The State of Assam has been taken up first for implementation. As per the outcome of the tender for implementation of this scheme in Assam, BSNL has been declared the successful bidder at a 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 in a phased manner during the current Five Year Plan (2007-2012).

This OFC Scheme would connect 354 total locations in Assam in total 27 Districts within 18 months from the date of signing of the Agreement. The Agreement shall be valid for a period of seven years from the effective date

At least 70% of the subsidized bandwidth capacity, created under the scheme, shall be shared with the licensed service providers in the area of ASSAM at a rate not more than 26.22 % of the current TRAI ceiling tariffs.

Present Status: As of April 2012, about 190 nodes have been installed so far (Out of 354).

Roadmap ahead with target dates: The scheme has an overall target to install 354 nodes in Assam.

b) "Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in NE-I Circle (comprising states of Meghalaya, Mizoram & Tripura),"

Brief and background note: The States of Meghalaya, Mizoram & Tripura have been taken up for OFC augmentation in this scheme. As per the outcome of the tender for implementation of this scheme, Agreement has been signed with M/s RailTel Corporation of India Limited at their subsidy quote of Rs. 89.50 Crore on 16.01.2012.

This OFC Scheme would connect 188 locations in 19 Districts within 24 months from the date of signing of the Agreement. The Agreement shall be valid for a period of eight years from the date of signing of agreement i.e. 16.01.2012.

At least 70% of the subsidized bandwidth capacity, created under the scheme, shall be shared with the licensed service providers in the area at a rate not more than 12% of the current TRAI ceiling tariffs.

Present Status: Network roll out is yet to start.

Roadmap ahead with target dates: This OFC Scheme would connect 188 locations in 19 Districts within 24 months from the date of signing of the Agreement.

c) "Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in NE-II Circle (comprising states of Arunachal Pradesh, Manipur & Nagaland),"

Brief and background note: The States of Arunachal Pradesh, Manipur & Nagaland have been taken up for OFC augmentation in this scheme. As per the outcome of the tender for implementation of this scheme, Agreement has been signed with M/s RailTel Corporation of India Limited at their subsidy quote of Rs. 89.50 Crore on 16.01.2012.

This OFC Scheme would connect 407 locations in total 30 Districts within 30 months from the date of signing of the Agreement. The Agreement shall be valid for a period of eight years from the date of signing of agreement i.e. 16.01.2012.

At least 70% of the subsidized bandwidth capacity, created under the scheme, shall be shared with the licensed service providers in the area at a rate not more than 27% of the current TRAI ceiling tariffs.

Present Status: Network roll out is yet to start.

Roadmap ahead with target dates: This OFC Scheme would connect 407 locations in total 30 Districts within 30 months from the date of signing of the Agreement.

3. National Optical Fibre Network

Brief and background note: The optical fibre presently has predominantly reached state capitals, Districts and blocks and there is plan to connect all the 2,50,000 Gram Panchayats in the country through optical fibre utilizing existing fibre of PSUs viz. BSNL, RailTel and Power Grid and laying incremental fibre wherever necessary. Size of the incremental network is Approx. 0.5 million km. Dark fibre network thus created will be lit by appropriate technology thus creating sufficient bandwidth at GPs level. This will be called National Optical Fibre Network (NOFN). Thus prevailing connectivity gap between GPs and Blocks/Districts will be filled. Non-discriminatory access to the network will be provided to all the telecom service providers. Further the broadband connectivity to 2.5 lakh GPs for various applications like e-health, e-education and e-governance etc. will be provided by NOFN as closed user

group. The network is proposed to be completed in 2 years' time. The project will be funded by Universal Service Obligation Fund (USOF). The project will be executed by a Special Purpose Vehicle (SPV) which will be a company incorporated under Indian Companies Act 1956 and initially will be fully owned by Central Government, with equity participation from Government and interested Central Public Sector Units (CPSUs) (BSNL, Railtel, Powergrid,). The cabinet Note for the same has been approved and the Special Purpose Vehicle (SPV) named Bharat Broadband Network Limited (BBNL) has been incorporated on 25.02.2012 to execute the project.

Present Status: The Network roll out is yet to start.

Roadmap ahead with target dates: The network proposed, under the scheme, is to be completed in 2 years' time.

With regard to Right of Way (RoW), it is stated that the draft tri-partite MoU for RoW, to be signed between GoI/DoT, State Governments/UTs and BBNL, has already been sent to all the State Governments/UTs. Letters have also been written by Hon'ble MOC&IT to CMs of States and from Secretary (Telecom) to Chief Secretaries of States. All efforts are being made to complete the process in a time bound manner."

11. The Committee had brought out that while the Department had exceeded the target of telecom connectivity, the progress with regard to broadband expansion has not been to the desired level. Having observed that the broadband penetration is just 1.44 per cent when compared to the impressive teledensity of 78.10 per cent, the Committee had urged the Department to take the desired initiatives during the Twelfth Plan so as to address the constraints so that broadband connectivity scenario in the country improves. The Committee observe from the Action Taken Note that the Department is implementing numerous scheme under USOF for expansion of broadband services in rural and remote areas of the Country. However, the performance of the schemes is far from satisfactory. As against the overall target of providing 8,88,832 wireline broadband connections by 2014 under Rural Wireline Broadband Scheme, as of April 2012 a total of 3,60,966 broadband connections have been provided. Even the Plan Schemes of Rural Wireless Broadband Scheme which envisages to provide broadband coverage to about 5 lakh villages at a speed of 512 Kbps has been put on hold due to roll out obligations of 3G/BWA operators. The Committee are further disheartened to note that National Optical Fibre Network which will address the problem of broadband connectivity in rural areas and provide connectivity

to 2,50,000 Gram Panchayats is yet to be rolled out. With the half-hearted effort of the Government, it is not surprising that there are only 13.54 million broadband subscribers by February, 2012 as against the target of 20 million broadband subscribers by 2010. With the present pace of progress, the Committee are apprehensive that the Twelfth Plan Target of providing broadband connectivity especially to the rural and remote areas will remain a far cry. The Committee are of the view that India being a major telecom market in the world, there is a huge potential for broadband penetration which has not been fully realised due to poor presence of physical infrastructure. In this regard, the Committee would like to draw the attention of the Department to the finding of survey by World Bank according to which every increase of 10 percent in broadband connectivity leads to a growth of GDP by 1.38 percent. The Committee are of the view that once physical infrastructures are created for broadband expansion, other extraneous factors cited by the Departments, such as, non-availability of content in vernacular languages, low English literacy, affordability of customer premises equipment (CPE), Right of Way (RoW), International bandwidth prices, affordability of broadband, low level of digital literacy etc., will not be major bottlenecks. The Committee, therefore, reiterate their recommendation to take the desired initiatives during the Twelfth Plan so that broadband connectivity scenario in the Country improves and matches impressive telecom growth.

C. National Optical Fibre Network (NOFN) for broadband connectivity to village Panchayats

(Recommendation Sl. No. 9)

12. The Committee had recommended as under:-

The Committee find that out of ₹ 8600 crore allocated at Budget Estimates stage for the year 2012-13, the major component of BE i.e. ₹ 8000 crore has been proposed for the scheme creation of National Optical Fibre Network (NOFN) for broadband connectivity to 2.50 lakh village Panchayats of the country. Out of ₹ 3,000 crore USO allocation made during the year 2011-12, ₹ 2547 crore have been allocated for this scheme. The overall approval of ₹ 20,000 crore for the project has already been accorded. The Committee find

that the aforesaid scheme would bridge connection gaps between Gram Panchayats and Blocks. The Committee further note that project is envisaged to be completed within two years. From the information furnished by the Department, the Committee find that although the scheme has been approved by the Cabinet, the bid for the project would be by September, 2012 and the award of work would then commence from September, 2012 onwards. While appreciating the ambitious programme of the Department, the Committee have their own doubts about the completion of the project within two years particularly when the award of work would commence from September, 2012. Nevertheless, the Committee strongly recommend that the Department should take all the initiatives so that the allocations made for the project are meaningfully utilized for the year 2012-13."

13. The Department of Telecommunications in the action taken notes have stated as under:-

The SPV named Bharat Broadband Network Limited (BBNL) has already been incorporated on 25.02.2012 to execute the project. Amendment to Indian Telegraph rules has been notified in order to fund the project by USOF. Currently, each of the 3 CPSUs (BSNL, Railtel and Power Grid) is conducting pilot project in one Block to understand the issues which may arise during the execution of the main project. All initiatives are being taken to complete the project within the stipulated period of 2 years.

14. The Committee had found that during the year 2012-13, out of Rs. 8600 crore allocated at BE stage, Rs 8000 crore had been proposed for the scheme creation of National Optical Fibre Network which will provide broadband connectivity to 2.50 lakh village Panchayats of the Country. The overall approval of Rs 20,000 crore for the project has already been accorded. Expressing doubts about the completion of the project within two years particularly when the award of work would commence from September 2012, the Committee had strongly recommended that the Department should take all the initiatives for meaningful utilization of funds for the year 2012-13. The Committee are, however, dismayed to note from the Action Taken Note that little efforts have been made by the Department for the implementation of this scheme with the seriousness it deserves. The apprehension of the Committee regarding the timely completion of the project within two years has been confirmed from the fact that pilot project in one Block is being conducted by 3 CPSUs (BSNL, Railtel and Power Grid) to understand the issues which may arise during the execution of the main project. The Committee are unable to understand as to how the Department would be able to ensure meaningful

utilization of plan outlay of Rs. 8000 crore allocated for the project in 2012-13 with this pace of work. Accordingly, the Committee reiterate their earlier recommendation to take all initiatives so that the allocations made for the project are meaningfully utilised during the year 2012-13.

D. Performance of PSUs, BSNL and MTNL

(Recommendation Sl. No. 19)

15. The Committee had recommended as under:-

“The Committee find from the information furnished by the Department that more and more subscribers are preferring private service providers over the public service providers. The growth of private sector during each year of the Eleventh Plan is higher than the growth in the public sector. The share of public sector under wireless category is gradually declining. Not only that the public sector is also losing their place in the wireline segment predominantly occupied by them earlier. What is more disappointing is the fact that MTNL and BSNL could not take the benefit of mobile number portability scheme of the Government which is evident from circlewise data with regard to porting out and porting in with regard to BSNL telephone connections. The analysis of the data indicates that in all the circles excepting Jammu and Kashmir, Odisha, Kerala, Andhra Pradesh and Tamil Nadu including Chennai, the porting out is more than the porting in.

The Committee are constrained to observe that issues related to unsatisfactory performance of BSNL and MTNL when highlighted by the Committee during the course of deliberations, the Secretary instead of enumerating the measures taken so far tried to justify the position by giving various reasons. The reasons enumerated by him include high cost of the staff which is 50 per cent in case of PSUs as compared to 4 to 5 per cent in case of private companies Rs. 28000 crore paid by BSNL and MTNL for 3G spectrum and the issues related to delay in procurement. The justifications given by the Secretary are totally unacceptable. The Committee may like to highlight that besides the problem of growing losses, the PSUs have not been able to leverage the support provided by the Government through GBS and various policy initiatives. The allocations provided through GBS component remained underspent due to the internal problems of PSUs. Not only that the recent request of BSNL for partial surrender of BWA spectrum speaks volume of the inability of the Public Sector Organisations to leverage the Government support. Allocation of 3G spectrum much before the auction to the Public Sector Organisations which could have provided them an edge in the market and lured the customers have proven to be a liability as stated by the Secretary according to whom Rs. 28,000 crore was paid by BSNL and MTNL in spectrum and there is a little business case for that Rs. 28,000 crore. To add to the problem of the Public Sector Undertakings their profits have shrunk over the years and the companies are now on losses.

The Committee conclude from the aforesaid scenario that both the PSUs BSNL and MTNL are ailing from various types of maladies. There is an urgent need to take immediate initiatives to reenergize these organizations. Moreover, the PSUs are working in a typical Government set up which has become their main impediment limiting their ability to compete in the market. The PSUs have not been able to provide quality services to their customers in spite of having huge trained workforce. The trained workforce which could have been their asset have now converted into liability. Moreover, the Committee are not

able to comprehend the system of purchases whereby purchase orders could not be placed for the last four years as explained by the representatives of the Department during the course of deliberations in the context of setting up of towers in strategic area of Sikkim The Public Sector Undertakings MTNL and BSNL falls under the administrative jurisdiction of the Department of Telecommunications and as such the Department has the great responsibility to reenergize these organizations. The system of working of PSUs need to be reviewed immediately followed by certain concrete corrective actions. There is an urgent need to reform the system of acquisition/procurement in the Department. The system need to be made simple, transparent, e-enabled and decentralized. Besides, there an urgent need to fix the accountability for delay in purchases. Above all, the working of the staff of these organizations need to be reviewed. There is an urgent need to sensitize and motivate the huge workforce of PSUs through periodic reviews and the system of incentivizing the good performing staff. The Committee strongly recommend that the urgent initiatives as suggested above should be taken by the Department and Public Sector Org so as to improve their financial position as well as their place in the telecom industry."

16. The Department of Telecommunications in the action taken notes have stated as under:-

MTNL:

Some of the reasons for the under performance of MTNL vis-a-vis private players are as under:-

1. MTNL is operating telecom services only in two cities of Delhi and Mumbai and does not have a PAN India presence therefore it becomes difficult for MTNL to match the various service / tariff packages as can be done by a Pan India Operator.
2. MTNL is confined to Delhi and Mumbai and is not able to operate in Tier-II and Tire-III cities where maximum growth is taking place. This restriction on service area also impacts MTNL in another way. While it's competitors having Pan India presence can offer discount on calls to their network elsewhere in the country, MTNL cannot offer similar discounts being restricted to Delhi and Mumbai service areas.
3. Being a Public Sector Company, MTNL has to follow the Govt. guidelines on the procurement for new equipment and expansion / up gradation of existing equipment. This results in multiplicity of vendor for the same kind of equipment leading to inter operability/integrations issues thus resulting in delay in commencing. Further, since technology is changing very fast in the telecom sector and new applications / services are being developed very frequently, it is not possible for MTNL to induct the new developments due to absence of price reference in the tender.

MTNL had to pay Rs 4533.97 cr towards one time spectrum fee for BWA spectrum based on auction prices received by the Govt. Since the one time amount of spectrum charges BWA spectrum as a result of the auctions were unexpectedly high, to pay such unexpectedly large amounts, short term loans had to be taken by MTNL. In comparison to the spectrum charges of WA Services, the potential revenue is low because of low tariffs due to cut throat competition.

MTNL is the only operator who had been allotted the spectrum only for Delhi & Mumbai Metros after matching the highest bid for these two cities. Other Telecom operators who have a Pan India presence have purchased the Spectrum for these two cities along with other telecom circles also. This way they are able to average out the exorbitant high cost of spectrum for these two cities.

The BWA spectrum has not been put to use by MTNL. The expression of Interest (EOI) floated by MTNL twice to identify franchisee on revenue share basis, could not result in any suitable party being identified. In fact in the second EOI, no bid was received as the market found it to be a weak business case requiring very deep pockets whereas MTNL is cash stripped. As a result MTNL is now serving heavy debt without receiving returns out of the BWA Spectrum.

Delhi and Mumbai are the most competitive telecom licence service areas. In Delhi, there are 15 mobile operators (GSM+CDMA) and 4 basic operators whereas in Mumbai, there are 14 mobile operators (GSM+CDMA) and 4 basic operators.

The subscriber base for the MTNL's various services for the past 5 years is as under:

	2007-08	2008-09	2009-10	2010-11	2011-12
Total Wire-line Connections (including WLL fixed connections)	38,07,081	36,94,970	36,23,110	35,81,148	35,65,896
Total Wireless Connections including WLL mobile	34,02,767	43,60,748	49,67,660	53,61,827	57,24,231
Broadband on landline	5,70,591	6,95,500	8,15,830	9,42,317	10,40,191

Although there is some decline in the MTNL's market share for different services but it can be seen that the number of customers are growing for MTNL's Mobile and Broadband services which means that the growth of MTNL is less compared to its competitors in absolute terms.

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 our competitors has also declined. It is submitted that due to continuous efforts, MTNL has been able to reduce the net churn of its wireless customers under MNP from 9,256 in April 2011 to 2,153 in March 2012.

To further increase the market share the strategy conceived are as under:

- Accelerate the pace of expansion of Data services and Mobile services with up-gradation of technology.
- Use triple play (Voice, video and data) as an instrument of retention of fixed subscribers and revenue growth.
- Make services more customer- friendly.
- Leverage data services to increase customer's base and revenues. For this purpose adopt two types of strategies .One to provide higher bandwidths using wire line network Secondly provide data capabilities to mobile subscribers using 3G,Wi-Max etc technologies.
- Expanding the reach of fiber network near to the customer premises particularly in apartment complexes through FTTH in order to meet the ever increasing bandwidth requirement for both data and video applications.
- Phasing out of old technology.
- To improve customer care by reducing fault rate, upgrade Sanchar Haats, stream lining billing / delivery and to take other measures to improve customer convenience and satisfaction to achieve international best practices.
- Strengthening of franchisee model for giving connectivity in the last mile & meeting customer requirements, provision of value added services including contents & marketing on fixed & mobile networks.

- MTNL has been continuously making its best efforts to arrest the surrender of land line connections. Present day fixed line network does not support many value added services like video call etc whereas the same are available in the GSM. This is one of the reasons for the churning of the landline subscribers. To revert this trend MTNL is planning to introduce Class V NGN / IMS based services in its fixed line network which will enable it to provide all the various types of value added services.

Future Plans of MTNL

MTNL is giving major thrust on the expansion of capacity for GSM and Broadband to cater the further demand. Following actions are being taken to generate fresh demands by providing quality services, customer care & satisfaction, introduction of new services / schemes and innovative marketing strategies.

(i) Expansion / augmentation of existing 3G network to (High Speed Packet Access (HSPA+): At present MTNL's 3G network is HSDPA (High Speed Data Packet Access) with download speeds up to 3.6 Mbps and uploads speed upto 384 Kbps. After upgradation download speed upto 21.1 Mbps and upload speed upto 5.76 Mbps will be supported by the network.

(ii) Deployment of new technology state of art exchanges and Next Generation Networks (NGN)/ IP Multimedia Subsystem (IMS) : MTNL has planned to replace its TDM (Time Division Multiplexing) Fixed line switches with NGN / IMS switch in phased manner during 12th Five year plan. Introduction of NGN / IMS based services will not only help MTNL in saving Opex, space but also enable MTNL to offer all data / video centric services which are currently enjoyed by Mobile subscribers to the fixed line subscribers also ultimately leading to convergence of fixed and mobile services.

(iii) To bring optical fiber near / to subscriber's premises by introducing FTTC (Fibre to the Curve) and reaching homes thereafter with FTTH (Fibre to the Home) on PON (Passive Optical Network) technology: MTNL is adding optical fibre in its access network and is deploying FTTH based on GPON (Gigabit Passive Optical Network). This will enable MTNL to provide access to this latest technology to its' esteemed customers with very high bandwidth.

(iv) Expansion of broadband network to provide bandwidth on demand by deployment of ADSL (Asymmetric Digital Subscriber Line) / VDSL (Very High Data Rate Digital Subscriber Line) , MLDN (Managed Leased Data Network) / PON etc. Introduction of more broadband services such as video on demand, video conference for public.

(v) Expansion of high capacity IP-MPLS (IP Multiprotocol Label Switching) based backbone network to migrate to NGN (Next Generation Network) for establishing unified network for speech and data. Introduction of VOIP in the backbone and access network.

BSNL:

Initially Govt. had allowed only private operators to enter wireless market. Accordingly, only private operators were rolling out wireless network from 1996 till 2000. BSNL rolled out its GSM Mobile Services in October, 2002.

Growth of Market Share of private operators is as under:

S. No.	Name of major operator	Market share as on 31-3-2002 (%)	Market share as on 31-3-2012 (%)
1	Bharti Airtel	21.32	19.70
2	Vodafone	14.07	16.35

3	Idea	11.74	12.25
4	Aircel	3.87	6.80

From the above table, it may be seen that market share of most of the major PAN India operators has either come down or remained at the same level. Whereas, in case of BSNL, the services were rolled out in March, 2002 wherein the Market Share was 3.11% which stands at 10.71 % as on 31-3-2012. It had gone up to 20.0% in 2006. However, due to non-augmentation of capacity because of cancellation of tenders, the Market Share has come down. Now, the latest 15 Million tender has been finalized and POs have been placed on successful vendors, which should help in capacity augmentation in the network.

From the above, it can be seen that private operators in wireless market, being incumbent operators, have individually lost the market share over a period of time and this has been picked up by other operators. The same trend is seen in case of wired segment also where PSUs were incumbent operators when the competition was opened, and private sector picked up market share.

When MNP (Mobile Number Portability) was launched in January, 2011, a very aggressive marketing was done by private operators to migrate customers and also attractive free bees were given, that too selectively for individual networks. Private operators were also blocking the request of customers porting out from their network. This was brought to the notice of TRAI which took action to prevent this subsequently. Because of this, there was a large port out of customers as compared to the port in customers. However, BSNL Telecom Circles took following measures to prevent large scale churning.

- (i) Personal address by CGM to all sections of staff and unions.
- (ii) Competition among SSAs (Secondary Switching Areas) to become positive on MNP and daily monitoring of figures.
- (iii) Holding of press conferences and coverage of the same in media to get publicity without expenditure.
- (iv) Training to staff through virtual class room sessions.
- (v) Identification of service quality, tariff plan and customer services as key areas and continuous monitoring of the same.
- (vi) Briefing to franchisees and retailers and ensuring availability of SIMs at all locations.
- (vii) In depth analysis of QoS parameters and corrective actions.

Some of the Circles like Andhra Pradesh had done extremely well right from the beginning because of certain innovative steps taken by them. These measures were conveyed to other Circles and after following the steps, there was an overall positive trend from most of the Circles because of which the number of ported out customers, as compared to ported in, reduced. This is evident from the ratio of ported out to ported in which has been gradually reduced from July, 2011 onwards and it stands at 1.4: 1 approx. The reasons for large port out were analyzed based on the feedback received from customers.

They are given below:

- (i) Congestion in the network
- (ii) Attractive tariffs given by other operators; and
- (iii) Poor customer service.

Following measures have been taken to address these issues:

- (a) Tender for augmenting the capacity of mobile network for 15 Million lines has been finalized and the orders are placed. This will improve the coverage as well as reduce the congestion in the network;
- (b) New tariff schemes matching with competitors are being launched periodically which includes:
 - (i) Forgoing porting fees from customers coming into BSNL network

- (ii) Introduction of aggressive data plans both for GPRS and 3G network.
- (iii) Additional incentives were given to sales channels.
- (iv) Publicity is being given through special ring back tones of mobile number portability as well as giving Radio Jingles specific to MNP. SMSs also were given to all the customers.
- (c) 11 call centres have been established to address the customer complaints. The customers willing to port out from BSNL network were asked the reasons for porting out. Many of the complaints of the customers were solved during the feedback given by customers which prevented the porting out of customers from BSNL network.

All these measures have resulted in positive achievement because of which the port out to port in ratio in all Telecom Circles has reduced considerably.

With a view to motivate the BSNL employees and measure their performance in the most objective manner, Performance Management System (PMS) has been introduced in the organization. PMS has been split into three types, namely, Group Performance Management System (GPMS), Individual Performance Management System (IPMS) and Field level Performance Management System (FPMS). GPMS aims to measure performance at Group level, viz Corporate Office Business Units, Territorial and non-Territorial Circles, SSAs etc. FPMS caters to the BSNL's workforce posted in the field units across the length and breadth of the country. The objective of FPMS is to recognise the performance of employees at SSA level and motivate them to work effectively and efficiently. For this purpose, five job families critical to the organisation and covering a large number of employees, have been identified. Employees associated with sales in fixed line, as channel management team members in mobile business or as key account managers in Enterprise segment are given incentives. Employees working in Customer Service Centres, Exchange Operation (indoor as well as outdoor) and Mobility Operation are given quasi financial awards like trophies and certificates based on performance so that they put in their best efforts to achieve the prescribed targets, which are in line with the organisational objectives."

17. The Committee had observed that the share of public sector under wireless and wireline was gradually declining. Some of the issues related to unsatisfactory performance of BSNL and MTNL highlighted were high cost of the staff which was 50 per cent in case of PSUs as compared to 4 – 5 per cent in case of private companies, paying of Rs. 28000 crore by BSNL and MTNL for 3G spectrum and the issues related to procurement. The Committee while observing the various other types of maladies, i.e. PSUs working in a typical Government set up, failure to provide quality services to the customers due to non-proper utilization of its huge trained workforce and system of purchases, the Committee had recommended that there was a need to reform the system of acquisition/procurement and sensitize and motivate the huge workforce of PSUs. The Department has stated some of the reasons for under performance

of MTNL, such as, MTNL being confined only to Delhi and Mumbai and not able to operate in Tier-II and III cities where maximum growth is taking place and adherence to Government guidelines on procurement, etc.. The Committee are further disheartened to note that MTNL was not able to put BWA spectrum into use in now serving heavy debt without receiving returns out of the BWA spectrum. Even though the number of customers are growing for MTNL's mobile and broadband services, there is marginal decline in market share, due to increase in competition and number of service providers in Delhi and Mumbai.

The Committee are of the view that MTNL had embroiled itself in deep financial quagmire due to various faulty plans and internal problems which are best known to them. In view of the above, the Committee are of the view that to achieve a turn around, MTNL would require some proactive measures. Now, that MTNL has conceived some strategy to increase its market share, the Committee hope that urgent steps, such as, accelerating the pace of expansion of data services and mobile services with up-gradation of technology, introduction of customer friendly service, expanding reach of fiber network to the customer, etc. may be initiated at the earliest. Action may also be taken to implement some of the future plans of MTNL, such as, expansion/augmentation of existing 3G network, expansion of broadband network etc..

With regard to the status of BSNL, the Committee observe from the Action Taken Note that the declining share of BSNL was mainly due to non-augmentation of capacity mainly because of cancellation of tenders. Now that Department has finalized the tenders and POs have been placed on successful vendors, which should help in capacity augmentation in the network. The Committee trust that Department would take all necessary efforts for its implementation so that there will be capacity augmentation

followed by increase in the market share of BSNL. Observing that precious little has been done to improve the performance of BSNL and MTNL, the Committee would like to reiterate their earlier recommendation to take urgent initiatives so as to improve financial position of these PSUs. The Committee would await conclusive action in the matter.

E. E-waste

(Recommendations Sl. No. 33)

18. The Committee had recommended as under:-

“The Committee find that handling of e-waste is the major area of concern for any of the country. Since the Department of Telecommunications is finalising new Telecom Policy, the Committee would like to emphasise that the issue of e-waste should be addressed in a comprehensive manner in coordination with the other concerned Ministries like Department of Electronics and Information Technology and Ministry of Environment and Forests. The Committee would also like to be apprised about the quantum of e-waste in the country during each year of the Eleventh Plan.”

19. The Department of Telecommunications in the action taken note has stated as under:-

“Ministry of Environment & Forests (MoEF) is the nodal agency for policy, planning, promoting and coordinating the environmental programmes and is involved in enacting laws, guidelines referring to e-waste. DeitY, being the nodal Department for issues related to electronics, is involved in the process of developing technological solutions to the e-waste management.

Department is interacting with MoEF from time to time to get necessary data, status of present E-waste Rules etc. The MoEF, however, informed earlier that, a survey carried out by the Central Pollution Control Board (CPCB), estimated that 1.47 lakh Metric Tons (MT) of e-waste was generated in the country in the year 2005, which would reach about 8.00 lakh MT by 2012.

In order to have a structured and sustained mechanism to address various issues on e-waste, the Department is in the process of setting up a Working Group on e-Waste, involving MoEF, DoT, industry associations like ELCINA, MAIT and other possible stakeholders.

20. Taking note of the increasing problem of e-Waste generated in the country, the Committee had recommended that the issue of e-waste should be addressed in a comprehensive manner in coordination with the other concerned Ministries like Department of Electronics and Information Technology and Ministry of Environment and Forests. The quantum of e-Waste generated in the country during each year of the Eleventh plan has also not been provided. In its reply, the Department has given the findings of a survey

carried out by the Central Pollution Control Board (CPCB), which estimated that 1.47 lakh Metric Tons (MT) of e-waste generated in the country in the year 2005, would reach about 8.00 lakh MT by 2012. Despite the survey indicating the huge increase in the problem of E-Waste generation, the Department has been vague in its reply. The Committee exhort the Department to address the issue of handling of e-Waste in a comprehensive manner in coordination with other Ministries of the Government.

CHAPTER-II

RECOMMENDATIONS / OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Financial Achievement of the Department with regard to Gross Budgetary support

(Recommendations Sl. No. 2)

The Committee may further like to highlight that under-spending under the Capital head particularly under the Plan schemes is a matter of great concern. The Plan schemes in the context of the Department of Telecommunications are meant for improvement of telecom infrastructure, which may result into efficiency and quality in the delivery of services to the customers. Under utilization of Plan Outlay under IEBR and GBS as such need to be critically analyzed by the Department as well as the two Public Sector Undertakings followed by the concrete corrective measures. Moreover, the Ministry should devise a mechanism whereby the responsibility for underutilization of resources under IEBR and GBS component is put on both the PSUs, MTNL and BSNL. The Committee exhorts the Department to take the desired initiatives and inform the Committee accordingly.

Reply of the Government

MTNL:

The financial performance of MTNL during the last five years since 2007-08 to 2011-12 is given below:-

	2007-08	2008-09	2009-10	2010-11	2011-12
Budget Estimates	2309.00	2430.97	1725.02	1204.10	1145.46
Revised Estimates	1692.33	1304.28	1352.01	1281.84	792.25
Actual utilization	932.46	871.12	1194.70	1257.07	167.94
Percentage of utilization w.r.t. Revised Estimates	55.10%	66.79%	88.36%	98.07%	21.20%

MTNL is operating only in Delhi and Mumbai which are the most fiercely competitive markets characterized by high saturation and low ARPU (Average Revenue Per User) and having more than 150% tele-density. In view of the rapid developments / changing scenario in the fiercely competitive telecom sector it is very difficult to forecast the exact requirements well in advance. Therefore, the plans are very dynamic in nature and require not only continuous review but midterm corrections depending upon the market needs, future demand and changing scenario.

At the time of initial planning, provision of funds have also to be kept for the new and upcoming projects likely to come in future. However, the projects do not come up or are delayed due to unavoidable circumstances. In such cases the funds allotted against such projects remain unutilized and results in lower expenditure as compared to outlay. In case of some projects, although equipment has been installed and is in commercial use, full payment could not be released due to some pending points / features to be demonstrated.

MTNL has been continuously making conscious efforts to make plans with realistic and achievable targets as well as to minimize the gap between planned outlay & expenditure. Due to conscious efforts, the percent utilization of funds for the year 2010-11 has progressively increased to 98% (Planned outlay: Rs 1281.84Cr, Expenditure: Rs 1257.07Cr) from 88.36% during 2009-10 & 67% & 55% during 2008-09 & 2007-08 respectively.

The expenditure during the year 2011-12, however, has been low (21.20%). In this context, it is submitted that currently MTNL is passing through severe cash flow problem and is borrowing money to meet its day to day requirements. Therefore, it becomes important for MTNL not only to continuously review its spending but also ensure that funds are utilized judiciously. Since enough capacity is available the plan size was reduced at RE stage and further expenditure has been made as per the requirement. However, none of the schemes have been affected due to low expenditure.

It is further submitted that all the services which are being provided by MTNL to its customers are available on demand and there is no waiting list for any of the services. MTNL generates the required funds through its internal resources / arrangements and does not get any assistance from the Govt. The money is withdrawn as and when needed for a project and hence there is no unspent balance available at the end of each financial year and funds available / unutilized continue to remain invested as per DPE guidelines.

MTNL has drafted its 12th five year Plan taking into consideration the experience it had gained during the previous years. Meetings were held with the units to review the progress of the ongoing projects. Further, the status of the new / upcoming projects to be taken up during the next 5 years were reviewed and provision of funds have been made based on the expenditure likely to be booked under various heads.

BSNL:

The revised IEBR component in respect of BSNL during Eleventh Five Year Plan was Rs. 65218 Crores. The aggregated expenditure is Rs. 42947 Crores which works out to 66%. Since BSNL does not receive any General Budgetary Support (GBS) from Government, all projections are funded out of internal accruals / external sources funding.

BSNL Management is very much concerned about the shortfall in the utilization of allocation under IEBR and is committed to address the issues which contribute to under utilization of Outlay on continuous basis.

BSNL has examined the reasons for shortfall in utilization of allocation outlay and has initiated the following corrective actions to address the same:

- (i) Delay in tender finalization has been one of the main reason attributed to underutilization of outlay. To address the same, BSNL has started inviting all centralized tenders through e-tendering which has not only improved transparency with the vendors but also has speeded up / reduced the time in finalization of tender.
- (ii) Earlier the requirement of fund was projected on yearly basis which used to undergo changes because of many reasons including the delay in finalization of tenders. To obviate the same, the requirement of fund will now be made, project wise, on quarterly basis spanning various milestones of the project. This projection will be suitably fitted in the annual plan for giving BE and RE based upon actual project performance, which will also be reviewed on quarterly basis.

It is expected that with the aforesaid initiatives, BSNL will be in a position to formulate a realistic plan where it intends to spend a significant percentage of plan outlay for the achievement of its physical targets.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

(Recommendations Sl. No. 3)

The Committee find from the information furnished by the Ministry that Rs. 5 crore were allocated for Purchase of Land & Building of TRAI Office during the year 2007-08 which remained unutilized. Again during the years 2008-09, 2009-10 and 2010-11 Rs. 7 were during each of the year were allocated. The total amount remained unutilized during the first four years of Eleventh Plan. During the year 2011-12 no outlay was allocated for the

purpose. The Committee have been informed that out of Rs. 26 crore allocated for Purchase of Land & Building of TRAI Office during the Eleventh Plan, Rs. 12 were surrendered and remaining 14 crore were transferred to Non Lapsable — TRAI General Fund. The Committee find that the problem is being faced with regard to allocating land for the TRAI office. The Department has informed that efforts are continuing with the various land owning agencies for providing a suitable land/office premises. The Committee express unhappiness over the way allocations were consistently being made even without sorting out the issue of availability of land for TRAI office resulting into non-utilization of entire allocations. The Committee strongly emphasize that the issue of allocation of land for TRAI building should be taken up by DoT with the Ministry of Urban Development so as to expedite allotment of land to TRAI office for its Office building. Besides, adequate allocation should be made to TRAI for R&D purposes.

Reply of the Government

Efforts made by DoT with Ministry of Urban Development for allocation of land for TRAI building

The following efforts have been made so far by TRAI and the Department regarding allocation of land for TRAI building:-

TRAI had registered its requirement of office space of 40,000 sq.ft. in INA General Pool Office Complex with the Dte. of Estates in July, 2003 and again in February, 2005.

Secretary, Ministry of Urban Development informed, vide D.O. letter dated 02.08.2005 that the request had been noted in the waiting list of General Pool Office Accommodation, and it would be considered along with the demands of other Ministry/Departments/organizations, when office space at INA Complex becomes available for allotment.

Secretary, Urban Development was again requested to ensure general pool office accommodation for TRAI INA Complex on 7.3.2006. In response, Ministry of Urban Development informed on 10.03.2006 that TRAI may arrange office space by hiring from open market due to non-availability of office space with Dte. Of Estates.

On following up the matter again by TRAI with Ministry of Urban Development, they advised for acquiring of office space in NBCC Plaza at Saket through National Building Construction Corporation, a PSU under the Ministry of Urban Development. The matter could not be finalized due to quoting of higher rate by NBCC and non-availability of adequate budget provision for office space with TRAI.

Ministry of Urban Development was again requested to consider long pending requirement of office space of TRAI in October, 2008. In response to the request, the Ministry asked for detailed justification vide D.O letter dated 23.12.2008.

TRAI provided adequate justification and projected a requirement of 68,858 sq.ft. of built up office space vide letter dated 27.02.2009. Since then, the matter has been pending consideration with the Dte. Of Estates, Ministry of Urban Development, and is in the process of being followed up. Meanwhile, in view of the recognition in DoT of need for providing adequate office space to TRAI for its smooth functioning, as since its inception in 1997 TRAI has been operating from leased accommodation, and had to shift to various locations, Further efforts are continuing within the Deptt., in consultation with TRAI with the objective of locating suitable land/office premises available with PSUs of the Department, for providing to TRAI.

Present space requirement projected by TRAI: Presently, TRAI is occupying about 49,800 sq. feet space and is operating from three floors, a rented accommodation, in Mahanagar Doorsanchar Bhavan, Jawahar Lal Nehru Marg since December, 2006. Over the period of time which has been elapsed, space requirement projected by TRAI have gone up.

In their DO letter dated 27.02.2009, TRAI projected a requirement of 68,858 sq. ft. of built up office space. Then in March, 2011, and again on 15th Feb, 2012, TRAI has indicated

to DoT, its requirement of office space as being about 70,000 sq. feet, likely to increase to one lakh sq. feet and had also requested DoT for providing Office space in Khurshid Lal Bhavan, a DoT property, which is at present, occupied by MTNL and TEC.

The office space occupied by TRAI vis-à-vis its staff and above mentioned revised space requirements were thereafter examined by DoT in consultation with TRAI. TRAI further informed that its office needs to be centrally located on account of frequent interaction meetings with the service providers and other stakeholders.

Further Followup steps taken by DoT:-

Secretary (T) took up the matter in a meeting with Chairman, TRAI in March, 2012.

The possibility of utilizing available vacant space of MTNL in sector 6 of their office building in Dwarka, for TRAI was also explored by this Department, (vide letter no. 10-36/2011-Restg. Dated 26.04.2012 from Joint Secretary (T) to CMD, MTNL). However, shifting TEC from its present premises in Khurshid Lal Bhavan was not found feasible.

On further follow up by DoT, MTNL, vide letter dated 14.05.2012 then offered office space of 20,000 sq. feet & 18,000 sq.ft. Approximately at 6th and 7th floor respectively of Mahanagar Doorsanchar Bhavan to TRAI to meet its immediate working requirements. The above proposal was conveyed to TRAI for their comments on 28.05.2012.

TRAI has thereafter informed having agreed to take up the matter further with MTNL regarding hiring of vacant space at 6th floor of Mahanagar Doorsanchar Bhavan and for finalizing terms and conditions of lease agreement, vide their letter dated 07.08.2012 .

Thus, in addition to, follow up with Department of Urban Development for allotment of land, the matter of arrangements for allotment of adequate office space for TRAI is, at present being actively taken up by DoT, by Exploring space options available with other PSUs/ organizations of this Department.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 22.11.2012)

Revenue Receipts of the Department

(Recommendations Sl. No. 4)

The Committee find that revenue receipts of the year 2007-08 and 2010-11 includes one time entry fee and 3G and BWA auction revenues respectively and as such there is high jump in the revenue receipts. If the one time entry fee under the head Licence Fee during the year 2007-08 is deducted, the revenue receipts comes to ₹ 13593.94 crore. Similarly, during the year 2010-11 if 3G and BWA auction revenues to the amount of ₹ 106264.73 crore are deducted, the total revenue receipts during the year 2010-11 comes to ₹ 15987.88 crore. The analysis of the total revenue receipts during each year of the Eleventh Plan, if one time revenue receipts are deducted, indicates that there is marginal increase in the revenue receipts over the years.

The Committee would like to be apprised of the head/itemwise details of the revenue receipts of the Department during each year of the Eleventh Plan so as to understand increase/decrease in revenue receipts. Besides the Committee may also like to emphasize that initiatives should be taken so as to increase the revenue receipts of the Department.

Reply of the Government

(i) Head/Item wise details of the Revenue Receipts of Licence Fee and Spectrum Charges during each year of the Eleventh Plan (2007-2012):

I. Licence Fee:

(Rs. in Crore)

Item	2007-08	2008-09	2009-10	2010-11	2011-12
(i) Telecom Licence Fee	3449.45	3995.69	4000.65	4171.87	5067.33
(ii) Universal Access	5405.80	5515.14	5777.87	6114.56	6723.60

Levy					
Total-Licence Fee	8855.25	9510.83	9778.52	10286.43	11790.93

II. Spectrum Charges

(Rs. in Crore)

Item	2007-08	2008-09	2009-10	2010-11	2011-12
CDMA	495.33	368.00	358.98	409.71	342.88
GSM	2388.84	2880.57	3160.05	2647.45	4513.16
Com. VSAT	5.27	7.78	8.99	8.87	9.98
PMRTS	1.25	0.89	1.07	0.90	0.91
Other Services	165.89	198.03	280.45	368.01	295.03
Total	3056.58	3455.27	3809.54	3434.94	5161.96

III. LF-One Time Entry Fee & Spectrum Auction Revenue

(Rs. in Crore)

Item	2007-08	2008-09	2009-10	2010-11	2011-12
Licence Fee-One Time Entry Fee	12499.43
Spectrum-Auction Revenue	106264.73	...

(ii) The Spectrum User Charge is collected on self assessment basis in advance as the rate prescribed by WPC wing of DOT.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

The overall scenario of telecom connectivity in the country

(Recommendations Sl. No. 5)

The Committee appreciate the impressive telecom growth viz.-a-viz. the targets during the Eleventh Plan. With regard to network expansion, the growth of telecom connectivity has been to the tune of 943.49 million against the target of 600 million. In the case of rural telephony also, the targets have been exceeded. The achievement is 324.68 million against the target of 200 million. With regard to the growth in rural and urban teledensity as per the data furnished by the Department, the overall teledensity as on February, 2012 has reached to 78.10 per cent. The urban teledensity has reached to the impressive level of 169.37 per cent whereas the rural teledensity is 38.53 per cent. The Committee appreciate the achievement of the Department with regard to telecom connectivity in the country. However, the Committee still feel that there is lot to be done with regard to improving rural teledensity particularly when there is huge difference between the urban teledensity and rural teledensity. The rural teledensity is less than one-fourth of the urban teledensity. The challenges before the Department are to provide connectivity to the last person of the society, particularly to those living in difficult terrains as well as to sustain the growth in urban areas. The Committee hope that more initiatives would be taken by the Department during Twelfth Plan particularly in case of the rural telephony so that the rural telephony too match the level of growth of the urban telephony. More emphasis need to be given to have optical fibre network for rural areas so as to ensure better connectivity in these areas within the stipulated timeframe.

Reply of the Government

BSNL has initiated following measures to increase rural teledensity.

- (i) During the 12th Five Year Plan (2012-13 to 2016-17), BSNL plans to provide 64.90 million Mobile Connections, and a good percentage of which shall be provided in rural areas
- (ii) BSNL has initiated process for Upgradation of its C-DOT wireline telecom network to Next Generation Network in co-ordination with C-DOT. The

Upgradation is expected to reduce various operational issues related to maintenance of network by making the core network centralized and will also enable delivery of various Value Added Services.

- (iii) Opening new sales channel in rural areas.
- (iv) Implementing agreement with Postal Department to increase rural reach.
- (v) Offering highly affordable services to cater all segment of society, specifically in rural areas.

USOF:

As per TRAI, the overall tele-density as on 31 March, 2012 is 78.66%. The urban tele-density has reached a level of 169.55% whereas rural tele-density is 39.22%. As far as Universal Service Obligation Fund (USOF) is concerned, various schemes e.g. (i) provisioning of Village Public Telephones in inhabited census villages; (ii) provisioning of mobile services in specified rural & remote areas; (iii) provisioning of wire-line broadband services in rural & remote areas; (iv) augmentation, creation and management of Intra-District SDHQ-DHQ Optical Fibre Cable (OFC) network in service area of Assam and North East (Tripura, Meghalaya, Mizoram, Arunachal Pradesh, Manipur & Nagaland) are being implemented with financial support from USO Fund which are contributing significantly to increase rural tele-density.

During 12th Five Year Plan, USOF lays specific emphasis on augmentation of Optical fibre Cable infrastructure for carrying the broadband traffic from rural areas to the core network.

i) Creation of OFC Infrastructure: This scheme has been launched in Assam, NE-1 [Meghalaya, Mizoram & Tripura] and NE-II [Arunachal Pradesh, Manipur & Nagaland] Telecom Circles to provide sufficient backhaul capacity to integrate the voice and data traffic from the access network in the rural areas to their core network by strengthening the Optical Fibre Cable (OFC) infrastructure. This scheme considers OFC network augmentation between the blocks' HQ and Districts' HQ to begin with. USOF, through this scheme, shall provide subsidy support for augmentation, creation and management of intra-district SDHQ-DHQ OFC network on the condition that it will be shared with other operators at the rates prescribed in the agreement.

ii) National Optical Fibre Network (NOFN): The optical fibre has predominantly reached state capitals, districts and blocks, at present. NOFN is planned to connect all the 2,50,000 Gram Panchayats in the country through optical fibre utilizing existing fibre of PSUs viz. BSNL, RailTel and Power Grid and laying incremental fibre wherever necessary. Size of the incremental network is Approx. 0.5 Million Km. Dark fibre network thus created will be lit by appropriate technology thus creating sufficient bandwidth at GPs level. Non-discriminatory access to the network will be provided to all the telecom service providers. These access providers like mobile operators, Internet Service Providers (ISPs), cable TV operators, content providers can launch various services in rural areas. Various applications for e-health, e-education, e-governance etc. will be provided. The project will be funded by USOF and initial estimated cost of project is Rs.20,100 Crore in 2-3 years. The project will be executed by a Special Purpose Vehicle (SPV) namely Bharat Broadband Network Limited (BBNL), which has been incorporated recently under Indian Companies Act 1956.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

Performance of schemes being implemented with USO Fund

(Recommendations Sl. No. 8)

The Committee have consistently been raising concern over shifting of deadlines with regard to various schemes being implemented with USO Fund. While reviewing the position of USO schemes during the Eleventh Plan, the Committee note that there are further slippages under various schemes. VPTs under Bharat Nirman could not be rolled out by the target date of 28.02.2012. There are still 239 VPTs to be installed. With regard to VPTs in new identified villages, 9969 VPTs are still to be set up where as the target date is 31.08.2012. The Committee have their doubts about achieving the targets with regard to new identified VPTs by the stipulated deadline. Under the shared mobile infrastructure

scheme, target date was 31.08.2011 which is already over and there are 53 towers still to be set up. In connection with the optical fibre network augmentation in area of Assam, the target date was 11.08.2012, however, the progress is not even half. The Committee exhorts the Department to take all the initiatives so as to ensure that the targets under the various schemes are achieved which would certainly improve the status of telecom connectivity in the country.

Reply of the Government

1. Regarding VPTs under Bharat Nirman, BSNL [the Service Provider who is implementing the scheme] has reported that 62,101 out of the targeted 62,302 VPTs under the scheme have already been provided. BSNL has proposed to drop 70 out of the remaining 201 VPTs for villages being untraceable, duplicate, deserted/uninhabited etc. Rest of the 131 VPTs are to be provided on DSPT (Digital Satellite Phone Terminal). BSNL has reported delay in procurement of DSPTs and requested to extend the rollout period till August 2012.

2. Regarding VPTs in newly identified uncovered inhabited villages as per Census 2001, BSNL [the Service Provider who is implementing the scheme] has reported that 52,964 out of the targeted 62,443 VPTs under the scheme have already been provided. BSNL has proposed to drop 5296 out of the remaining 9479 VPTs for villages being untraceable, duplicate, deserted/uninhabited, submerged, merged with urban area etc. Rest of the 4183 villages are located in extreme remote, tough terrains and VPTs are to be provided on DSPT (Digital Satellite Phone Terminal) in many of these villages. BSNL has reported delay in procurement of DSPTs and also delays due to road blockages in Monsoon seasons, naxal/insurgency activities etc. and requested to extend the rollout period till August 2012.

Administrator, USOF reviews the progress periodically and the last review meeting was held on 30th April 2012. BSNL has assured to put in the best possible efforts to achieve the targets of above VPTs schemes by August 2012.

3. Regarding installation of mobile towers under Shared Mobile Infrastructure Scheme, it is submitted that 7,311 out of the targeted 7,353 towers have already been set up. Remaining **38** towers are to be set up by BSNL in Manipur, Arunachal Pradesh and Nagaland and **4** are to be commissioned by M/s Reliance in Kerala. Delay in installation of these towers is due to tough terrain, frequent road blockages, bandhs, insurgency activities, delay in clearance from Forest Department etc. in the areas, which are beyond the control of Infrastructure Providers. BSNL has assured to put in the best possible efforts to install the remaining towers at the earliest. However, liquidated damages are being imposed on the respective Infrastructure Provider for the delays as per the terms & conditions of the agreement signed with them.

A Committee was set up by the Government on 15.07.2011 under the Chairmanship of Secretary (Telecom) to consider all aspects of delay in rollout of mobile services under Shared Mobile Infrastructure Scheme of USOF and suggest appropriate action that may be required to be taken in the facts and circumstances of the case. The Committee has submitted its report dated 02.11.2011 and legal opinion of the Department of Legal Affairs, Ministry of Law & Justice has been obtained on the same. The opinion of Ministry of Law & Justice is as below.

"Any unilateral action in alteration of the existing terms & conditions of the contract relating to the termination clause appears to be inflicting with the settled fundamental principles of contract law. A careful examination of clause 7 of the general conditions of the Agreement do not confer wide powers to change or modify the existing terms & conditions which may have wide financial implications unilaterally. Penal action under contract law is permissible only in the event of non-performance or discontinuation of service or termination of the contract by the Universal Service Provider. Therefore, unless the specific admitted violation or breach of license conditions is prima facie established any such action may not be legally tenable and do not withstand the judicial scrutiny".

The 'Report' is under examination.

4. USOF has entered into an agreement with BSNL on 12.02.2010 for the augmentation of OFC network between the Districts' HQ and Bolcks' HQ in Assam, at a subsidy quote of Rs. 98.89 crore. The scheme envisages to build intra-district self healing rings with capacity of 2.5 Gbps with 6-8 nodes per ring in a period of 18 months i.e. by August, 2011.

Under this scheme, about 354 nodes are to be installed covering 27 districts. As of April 2012, 190 nodes have been commissioned.

BSNL has cited the following reasons for delay in implementation of the scheme:

- (i) Due to heavy rains in Assam, underground cable laying is not possible from May to October (about six month). Even after rainy season is over, it becomes impossible to lay underground cable due to subsoil water. Thus, actual time available for execution of the project is less than six months in a year. Further, due to frequent bandhs, economic blockades, law & order problems etc. the workable time period gets further reduced.
- (ii) Limited numbers of contractors are available in Assam for laying of OFC cable. The contractors have limited resources and they mostly bring labourers from outside the region. They do not permit contractors of other area / State to take up the work in Assam.
- (iii) There is an increased tendency on part of contractors to move to courts to challenge the usual tender conditions i.e. eligibility and experience criteria. Despite offering best possible defence, the court invariably grants stays which adversely affects the time schedule. In this case about 200 Route Kms of was under litigation and as on date about 100 Route Kms involving about 5 Rings is still under litigation.
- (iv) About 500 Kms. of cable laying work is involved in North Cachar (NC) Hills District, where it is extremely difficult to take up execution work due to law and order problems. Even Assam Government is also facing difficulty to take up any project in that area.
- (v) Considerable time is lost in obtaining 'Right of Way' (RoW) permissions. The RoW permissions are normally delayed, due to the following reasons:-
 - a) The existing procedure takes long time and RoW Estimates from Road authorities are received after long delay.
 - b) Sometimes the RoW charges proposed by State Government are exorbitantly high. Such cases necessitate correspondence and follow up action with PWD, which results delay in obtaining the RoW Permission.
 - c) RoW permission is denied wherever road widening is planned. In some of the cases though road widening is planned but land acquisition process is not complete. RoW permission in such cases is given after completion of land acquisition.

In view of the reasons cited by BSNL, the scheme has been extended by another one year i.e. up to 11.08.2012. All efforts are being made to complete the scheme by 11.08.2012

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Implementation of Optical Fibre Connectivity Schemes

(Recommendations Sl. No. 10)

The Committee further find that Right Of Way (RoW) is a major constraint with regard to implementation of Optical Fibre Connectivity Schemes. Some initial initiatives to settle the issues with the State Governments in connection with the Right of Way seems to have been taken by the Department. The Department had consultations with Chief Secretaries of various States in Chief Secretaries Conference dated 3-4.2.2012 organized by Department of ARPG and Chief Ministers/State Ministers, during State Ministers conference on 29.03.2012. The Committee find that more such initiatives at the Chief Ministers/State Ministers! Chief Secretaries level are required. Besides, there is an urgent need to have coordination with the Panchayats to settle the issue of Right of Way. The Department has to ensure some

structured mechanisms to have coordination with the District level, Block level and village level authorities as well as the village Panchayats so as to ensure the effective implementation of the Programme. The Committee recommend that the initiatives on the suggested lines should be taken by the Department which would definitely result into effective implementation of the programme.

Reply of the Government

The draft tri-partite MoU for RoW, to be signed between GoI/DoT, State Governments/UTs and BBNL, has already been sent to all the State Governments/UTs. Letters have also been written by Hon'ble MOC&IT to CMs of States and from Secretary (Telecom) to Chief Secretaries of States. All efforts are being made to complete the process in a time bound manner.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

(Recommendations Sl. No. 12)

The Committee further find from the information furnished by the Department that it has been decided to seek the approval of the Cabinet to extend USOF subsidy support to BSNL for providing and managing mobile services in Left Wing Extremism (LWE) affected areas. The draft Cabinet note has been submitted for approval of the competent authority. The Committee have also been apprised that mobile services shall be available for general public as well as security personnel around these locations and BSNL would maintain these mobile sites and network for five years with USOF subsidy. The Committee appreciate the aforesaid initiatives of the Department and would like the Department to decide about the projected outlay required for the purpose so that the scheme can be implemented expeditiously.

Reply of the the Government

It has been proposed that BSNL would install 2199 mobile towers at the locations identified by MHA in the LWE affected areas and commission, operate and maintain the mobile services. USOF would fund the CAPEX and OPEX net of revenue for a period of six years. BSNL has conducted site survey and estimated that financial support required from the USOF would be to the tune of **Rs. 5809.38 Crore** for setting up of infrastructure and commissioning of mobile towers at 2199 sites in LWE affected areas and maintenance of the same for six years. The existing network of BSNL in the Licensed Service areas shall be utilized for backhaul, core network, customer care, and Billing requirements etc. Draft Cabinet Note has already been circulated for inter-ministerial consultation and comments have been received from concerned Ministries/Departments. The proposal has been placed before the Telecom Commission on 26.05.2012 for its recommendations. The Telecom Commission has desired to have Detailed Feasibility Report (DFR) of the project and BSNL has been asked to furnish the same at the earliest. Ministry of Finance has recommended that the proposal be formulated for appraisal by EFC (Expenditure Finance Committee). Cabinet approval will be sought by following due procedure.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Installation of alternate OFC network for the Defence Services

(Recommendations Sl. No. 13)

The Committee note that Optical Fibre Connectivity Network for the Air Force (AFNET) has been dedicated to nation by Air Force on 14.9.2010. With regard to the dedicated Optical Fibre Connectivity Network for the Army and Navy, the project has been considerably delayed. The information furnished by the Department indicates that initially the expected cost of the project was ₹ 2000 crore which was even approved by the Cabinet. However, at the execution stage, it was found that the cost was substantially higher than the cost approved by the Cabinet. The modifications in specifications and the several other

reasons have been cited as the reason for escalation of cost. Now, the revised projected cost is ₹ 7,500 crore. The revised proposal would now be submitted to the Cabinet Committee on Infrastructure for financial approval. Timelines provided are a period of 36 months. Draft CCI has been circulated on 24 February, 2012 for inter-Ministerial consultations. With regard to the proposals for vacation of spectrum, the Committee have been informed that vacation of 55 + 55 MHz in frequency band 1710-1785 MHz paired with 1805-1880 MHz for 2G services; by the Ministry of Defence is being considered by Empowered Group of Ministers (EGoM).

The Committee are unhappy to note the delay caused to the important project with regard to installation of alternate Optical Fibre Connectivity Network to Army and Navy. The Committee fail to understand how the initial estimates of ₹ 2000 crore could escalate to ₹ 7500 crore. The modifications in specifications alongwith some other reasons have been cited as the cause for revision of the cost of the project. The Committee would like the Department to apprise the Committee about each of the factor which resulted into more than three times of the cost of the project. Not only that the delay in execution of the project has resulted into blocking of outlay for the project during Eleventh Plan which has been cited as the main cause for under-spending of GBS component of the Department. Keeping in view the urgency of the matter, the Committee strongly recommend to execute the project expeditiously so that it is dedicated to the services within the stipulated timeframe of 36 months particularly when the vacation of spectrum which is urgently needed for expansion of telecom connectivity is contingent on providing the dedicated network to the Services.

Reply of the Government

BSNL:

In this regard, it is intimated that the original estimate submitted was:

- (a) Rs. 8098 Crore for Defence Network of Army and Navy.
- (b) Rs. 1077 Crore for Air Force Network.

This was approved by Cabinet on dated 03.12.2009.

The work for Air Force Network has been completed and dedicated to the Nation by Indian Air Force on 14.09.2010.

As regards, the OFC laying for Army, Navy for the Core network, BSNL had floated the tender. While the estimated cost of OFC was Rs. 2000/- Crores, the tendered cost came around Rs. 7500 Crores. The additional cost of Rs.4957.03 Cr for Army & Navy Network over & above estimated cost of Rs.2000 Cr has come up due to the change in specifications of the Network, RoW charges and CENVATable amount to be reimbursed to BSNL. During floating of tender, Army submitted the specifications of OFC as 48F/96F (G.655 & G.652D) with Intrusion proof and Armoured features along with other specifications as given below:

- (i) Power cable for remote power supply.
- (ii) GIS based Optical Fiber Network Management System.
- (iii) Intrusion Proof System.
- (iv) Remotely Managed Optical Patch Panels.
- (v) Test and Measurement Equipments.
- (vi) Cable Locating and Avoidance Systems.
- (vii) Project Management and other Professional services.
- (viii) Three years warranty.

BSNL forwarded a proposal to DoT on 09.11.2010 seeking enhancement of budget. The proposal of enhancement of budget was considered by Telecom Commission in its meeting held on 30.11.2010, and it was decided that Ministry of Defence (MoD) be requested to vet and authenticate the changes in specifications & requirements including turnkey solution, for laying of 'Alternate Communications Network' for Defence services. A request was accordingly made to Secretary, Ministry of Defence by Secretary, DoT on 13.12.2010. On 01.02.2011, Secretary, MoD requested DoT to refer the matter to IMG. The IMG-2011 submitted its report to DoT on 23.08.2011. The issue was placed before Telecom Commission on 28.10.2011 for taking a view on BSNL's proposal seeking budget enhancement of Rs 5503 Crores, over and above the budget of Rs 8098 Crores. The Telecom Commission desired that the IMG should certify that the specifications and estimates for the proposed Defence Network have been optimized with reference to the scope of work and the requirements of the defence services.

Matter was then referred to IMG and the IMG submitted the optimization report on 23.01.2012. The Draft Note for Cabinet Committee on Infrastructure (CCI), for financial approval of Rs. 5236 crore over and above Rs 8098 crore, already approved by Cabinet Committee on Infrastructure on 03.12.2009, for laying of alternate communication network for Defence Services in a period of 36 months and provision of the same in the budget of DoT was circulated on 24.02.2012 for inter-ministerial consultations. After incorporating the comments of the concerned departments/ Ministries, the final CCI note was submitted to Cabinet Secretariat on 20th June 2012 for CCI approval. The CCI has approved the proposal in its meeting held on 3rd July 2012.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Position of connectivity in the border areas

(Recommendations Sl. No. 15)

The Committee would further like to strongly recommend that the position of connectivity in the border areas should particularly be monitored by the Department in consultation with the defence personnel posted on the borders. Keeping in view the strategic importance of these areas, all the initiatives should be taken to provide the requisite telecom infrastructure and also to maintain the telecom infrastructure provided on our borders, Not only that there should be some structured mechanism with the Department of Telecommunications and BSNL to review the position of connectivity on our borders. The action on the suggested lines should be taken by the Department and the Committee informed accordingly.

Reply of the Government

BSNL is planning and providing coverage in border areas as per the guidelines issued by DOT from time to time. This is being reviewed by Planning Cell of individual circles periodically and action for installation of towers is being taken up according to feasibility, availability of equipment as well as adherence to DOT guidelines. The monitoring of status of connectivity in the Border Area is regularly done by BSNL.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Multi-layer connectivity on our border and strategic areas; maintenance of the infrastructure

(Recommendations Sl. No. 16)

The Committee would further like to recommend that the Department as well as BSNL should ensure that there is multi-layer connectivity on our border and strategic areas to avoid the situation of total blackout at the time of natural calamities or war like situation. Besides providing connectivity, there is an urgent need to ensure the maintenance of the infrastructure as well as contingency exercises so that our systems function in any of the emergent situation.

Reply of the Government

Multilayer connectivity in general in border area may not be feasible and same has to be examined on case to case basis. Satellite is the appropriate technology for providing connectivity to isolated and remote places. The steps taken by BSNL to ensure that communications in border and strategic areas remain open during the periods of crisis are:

- i. BSNL has issued instructions to handle natural disasters including formation of Committee at BSNL Corporate Office as well as at Circle level for providing emergency telecom services.
- ii. BSNL is having complete infrastructure of Ku Band VSAT network with Hub at Mumbai and Delhi for meeting emergency communications across the country during natural

calamities. Over and above, BSNL is keeping number of DSPT (Digital Satellite Phase Terminal) Terminals which can be easily deployed anywhere in the country during such natural calamity for meeting the crisis.

iii. In addition to the above infrastructure of VSAT and DSPT, most of the communication links across the country are connected through optical fiber rings which re-route the traffic automatically in case of cut on one side wherein the chances of communication getting disrupted during such disaster become very less. Over and above, as a media diversity in NE, J&K & Himachal Pradesh, microwave links are provided as an alternate mode of communication in case of failures of OFC routes.

iv. The BSNL network, in general, has been designed with decentralized architecture i.e. switching points are spread at multiple locations so that re-routing of traffic can be done. In addition, Disaster Recovery sites for Key network elements like Billing system, IN (Intelligent network) system, SSTP (Stand Alone Single Transfer Point) HLR (Home Location Register), etc are put in place and are kept in operative condition. The Transmission media connectivity between BSNL network elements are in ring topology to ensure continuity of communication with one side cut.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

Undersea cabling in Lakshadweep

(Recommendations Sl. No. 18)

The Committee observe that there was a proposal for laying of submarine cable of 955 kms. for which the project estimate for connectivity of Ernakulam with various Islands of Lakshadweep including Kavarati was sent to DoT with an estimated cost of Rs. 435.69 during the Eleventh Plan. The Committee during the course of deliberations on Demands for Grants of the previous year had been apprised that USOF is evaluating options for augmentation of bandwidth to various Islands of Lakshadweep. The Committee understand that the decision in this regard has still not been taken. The Committee observe that Lakshadweep is strategically located area. For providing effective connectivity to various Islands, there is an urgent need to reconsider the issue of laying of submarine cable. The concrete initiatives in this regard should be taken and the Committee informed accordingly.

Reply of the Government

The options of augmentation of backhaul connectivity between Kerala mainland and 10 inhabited Islands of Lakshadweep, i.e. sub-marine OFC & satellite backhaul, were discussed in detail. After detailed discussion and considering the fact that the population of Lakshadweep Island is about 66,000, it was agreed upon that the telecom demand of this population, even in the next five years, may be met by satellite connectivity.

The difference in Capex between provision of submarine OFC connectivity (Rs. 500 Crore) and Satellite connectivity to Lakshadweep (Rs. 25 Crore) is very huge whereas Opex is almost of the same order. The implementation time of the sub-marine OFC will also extend over a longer period while satellite network roll-out may be done quickly. Accordingly USOF is working on a scheme for augmentation of satellite connectivity to Lakshadweep islands.

A plan is being considered to upgrade all the 10 inhabited islands to 34 Mb IDR but ISRO was having a paucity of satellite bandwidth on INSAT as well as on foreign satellites. The matter was taken up with ISRO by DoT. Now ISRO has recently informed that they are planning a satellite in C-Band with wide coverage to cover the Lakshadweep Islands. This satellite is expected to become operational in 2013-14. However, in the meantime, they can hire transponder from foreign satellites to meet the present requirement of the Islands. With the confirmation from ISRO regarding availability of bandwidth on foreign satellites, USOF is

working on upgradation of bandwidth to all the 10 inhabited islands. BSNL has been asked to submit the details of support required along with committed period of availability on foreign satellite and contingency plan in case of non-availability of the same. The scheme will be formulated thereafter.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Waiting list for Wireline and WLL

(Recommendations Sl. No. 20)

The Department during the course of examination of Demands for Grants of the current year have furnished the waiting list for all the circles in case of Wireline and WLL. Analysing the statement, about waiting list for Wireline and WLL, it is seen that with regard to WLL, there is no waiting in all the circles except in Karnataka and Maharashtra. However, under wireline, the waiting list is in every circle except for Chhattisgarh, North East-2, Uttarakhand, Uttar Pradesh (East and West) and Chennai. The Committee fail to understand huge waiting list under the wireline in most of the Circles. With regard to wireless segment, the Committee are unable to comprehend waiting list in Karnataka and Maharashtra which are the progressive States. While deploring the waiting list in wireline and WLL segment, the Committee strongly recommend that BSNL should take all the initiatives to clear the waiting list so that the telephones are provided on demand to the customers.

Reply of the Government

In MTNL telephone are available on Demand and the waiting list of telephones is "NIL".

BSNL:

- (a) BSNL telecom circles are assigned targets to clear the outstanding waiting list under wire line phones with techno-commercial viability. Accordingly circles are making all out efforts to reduce the waiting list, which can be seen from the table given below:

As on	Urban	Rural	Total
31.03.2011	46,476	21,657	68,133
31.03.2012	34,478	14,281	48,759
30.04.2012	32,957	13,937	46,894

The waiting list wherever technically feasible is cleared on priority and pendency is due to non-feasibility.

- (b) WLL services are available on demand.

As on date (i.e.20 June 2012), there is no waiting list.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Port IN/Port OUT

(Recommendations Sl. No. 21)

The Committee find from the information furnished by the Department that in all the Circles except Jammu and Kashmir Odisha, Kerala, Andhra Pradesh and Tamil Nadu including Chennai the porting out is more than porting in. The Committee would like to recommend that the Department as well as BSNL and MTNL should study the positive trends with regard to porting in and porting out and other parameters in the good performing Circles and replicate the good practices being followed by these Circles in the poor performing Circles. Such an initiative would certainly result in improving the overall performance of PSUs.

Reply of the Government

MTNL:

The port in port out details for MTNL as on 31.03.2012 since the implementation of MNP in Jan 2011 is as under :

	Port IN	Port OUT
Delhi	19940	58302
Mumbai	7501	57787
Total	27441	116089

Following remedial measures are being taken by MTNL to retain its customers:

- (i) MTNL has introduced new and attractive tariff plans for the existing customers.
- (ii) New Plans have also been introduced to excite interest of customers of others operators to port in to MTNL's network.
- (iii) Extensive marketing is being done for MTNL's services.
- (iv) Close monitoring of faults is being maintained. Emphasis has been given on the improvement of the quality of service.
- (v) Emphasis is being given on the redressal of subscriber's complaints by increasing number of positions in Customer Care Centre, providing single window at the Sanchar Haats.

BSNL:

The good practices observed in good performing circles are as follows:

- (a) Monitoring of Quality of Service of Mobile Network through
 - Monitoring of Loading of Network elements and undertaking re-arrangement based on traffic for enhanced utilization.
 - Replacement of life expired/worn out batteries to improve up time of the network.
 - Commissioning of Digital Microwave and Optical fiber communication media links to strengthen media connectivity.
 - Optimization of Radio network to reduce interference and to optimize performance.
 - Special emphasis on promptly resolving customer complaints and take action on feedbacks of customers to improve performance.
- (b) Monitoring of Performance of field units on regular basis (daily, weekly and monthly basis) based on Statistical reports of Ported in and Ported out subscribers from the MNP gateway and taking corrective action.
- (c) Training of concerned staff and sales channels about MNP so as to serve customers properly.
- (d) Provide additional incentives to sales channels and introduce new tariff schemes matching with competitors.
- (e) Ensure adequate inventory of new SIM cards (SIM cards not pre-configured with Mobile No.) with sales outlets so as to accept MNP requests from customers.

These instructions have been conveyed to CGM in-charge of territorial circles where Port-Out is more than Port-In.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

The officers on deputation in BSNL**(Recommendations Sl. No. 23)**

The Committee during the course of deliberations have been apprised by the Secretary, DoT that the higher management cadres of BSNL are occupied by officers on deputation from the Department of Telecommunications. The Committee understand that

the decision on the issue of absorption of a small number of officers could not be taken and even when the issue went to Cabinet on a couple of occasions The Committee express unhappiness over the way such an important issue has been dealt with by the Department. The Committee emphasize that the issue need to be sorted out expeditiously, particularly when these officers on deputation are holding the higher management cadres of BSNL. The delay in taking policy decision in this regard definitely has an effect on the overall functioning of BSNL.

Reply of the Government

Pursuant to formation of MTNL and BSNL, Group 'A','B','C' and 'D' employees of the Department of Telecommunications were transferred to these PSUs on 'as is where is basis' on *deemed deputation*. About 3,97,000 Group B, C & D employees already stand absorbed in BSNL/MTNL.

2. Options were invited vide letter dated 24.03.2005 from Group A officers including ITS officers for absorption in BSNL/MTNL or continuation in Government service as per decision of the Cabinet dated 2.2.2005. Consolidated General Terms and Conditions of absorption were also issued on 4.10.2005. Out of a total of 3088 working Group 'A' officers, only 744 working Group 'A' officers (ITS – 135, TTS – 6, TFS – 37, P&TBWS – 379 and IP&T AFS – 187) officers sought absorption.

3. In order to complete the absorption process, Department of Telecommunications continued dialogue with the Indian Telecom Service Association (ITSA). Based on these deliberations, the Department submitted a note for consideration of the Cabinet. Based on the decisions taken by GoM on 10.6.2008, the matter was decided by the Cabinet in its meeting held in 24.07.2008. Pursuant to the Cabinet decision, revised option letter dated 26.08.2008 calling option for absorption of Group A officers in MTNL/BSNL was issued by the Department which incorporated the revised/modified terms and conditions approved by the Cabinet. Pursuant to this offer, only 17 working Group 'A' officers (ITS – 10, P&T BWS – 4 and IP&T AFS – 3) sought absorption.

4. The position was reviewed on 18.12.2008 as follows:

- (a) Deployment of all Group 'A' Officers in BSNL/MTNL on deemed deputation but not opting for absorption in BSNL/MTNL will not be disturbed.
- (b) The developments will be brought to the notice of Cabinet Secretariat and it will be informed that this Department will be approaching that Secretariat shortly with a proposal for extension of period of deemed deputation by a reasonable period beyond 22.12.2008 with a view to giving another opportunity to the Group 'A' Officers for exercising their option for absorption in BSNL/MTNL.

Accordingly, Cabinet Secretariat was informed on 12.1.2009.

5. A fresh draft Note for the Cabinet was prepared and sent for inter-Ministerial consultations in October, 2010 to Department of Expenditure, DoP&PW, Deptt. of Legal Affairs and Department of Public Enterprises. The said Cabinet Note included some additional benefits/incentives like allowing option for absorption till 31.12.2010 and eligibility for pro-rata pension from a prospective date etc. However, none of the Departments supported the main proposals.

6. In the meantime, an O.A. No. 3124/2009 was filed by BSNL Group 'A' Executive Association & another vs. UOI & others before the Central Administrative Tribunal, Principal Bench in which it was, inter-alia, prayed to declare the process of absorption of Group A officers in BSNL/MTNL as complete and to direct DoT to repatriate the non-optee officers working in BSNL forthwith back to DoT. The said OA was decided by the Tribunal by its order dated 1st June, 2011, inter-alia, with the direction to the respondent DoT not to give any further opportunity to the officers of the Department of Telecommunications, who continue to be on deemed deputation to BSNL and to repatriate them to their parent Department forthwith.

7. The above position was reviewed in a meeting held under the chair of Hon'ble MOC&IT on 12th September, 2011.

8. In pursuance of the decisions taken with the approval of MOC&IT, 4 option letters dated 22.09.2011 on identical lines were issued by DoT calling for option for absorption from Indian Telecom Service (ITS)/Telegraph Traffic Service (TTS)/Telecom Factories Service (TFS), General Central Service (GCS), Indian P&T Accounts and Finance Service (IP&T A&FS), P&T Building Works Service (P&T BWS). Last date for exercising option for officers working in DoT or on deputation to organizations other than BSNL/MTNL was prescribed as 28th October, 2011. Such date for officers on deemed deputation to BSNL/MTNL was 8th November, 2011.

9. An application explaining and submitting that the DoT is taking all action on urgent basis for complying with the order dated 1st June, 2011 by the Hon'ble Tribunal was also filed in CAT, Principal Bench, New Delhi on 28th September, 2011. The said application has since been disposed of by the Tribunal by its order dated 04.11.2011 with the observation that there was no positive act involved to be done by the respondents and hence the application is dismissed.

10. An O.M. dated 3rd November, 2011, was issued by the Department of Telecommunications whereby Group 'A' officers working on deemed deputation in BSNL/MTNL who have either not exercised their option or have opted for Government service or have exercised conditional option by the last date prescribed for exercising option i.e. 8.11.2011, were ordered to be reverted to Government from 9th November, 2011 onwards. Officers numbering 109 who approached the Courts and where the Courts, as per records obtainable in DoT, have granted interim stay or given interim directions were asked to continue in BSNL/MTNL.

11. After issue of the above O.M. dated 3.11.2011, a Status Note on absorption of Group A officers in BSNL/MTNL was also sent to Secretary, Department of Expenditure, Secretary, DOP&T, Secretary, DOP&PW, Secretary, DPE and Secretary, Department of Legal Affairs on 15.11.2011 with copies endorsed to JS, Cabinet Secretariat and JS, PMO. A copy of the said Status Note was also sent to PS to Finance Minister for kind perusal of the Finance Minister.

12. In pursuance of Rule 37-A (6) of CCS (Pension) Rules, 1972, two separate OM's dated 27.12.2011 were issued by this Department for constitution of Surplus Cell Establishment (SSE) for referring the names of Group A officers of ITS and IP&T AFS who have opted for Government service and are identified to be in excess of the requirement of DoT to the Surplus Cell of the Government for their redeployment.

However, the SSE for Group 'A' officers of IP&T AFS is not required since none of the officers of the cadre are continuing on deemed deputation in BSNL/MTNL and all the officers of the cadre are working against sanctioned Government posts.

The question of constitution of SSE for P&T Building Works Service is under consideration in this Department.

The aforesaid OM dated 27.12.2011 for constitution of SSE for ITS has been stayed by CAT, Jaipur Bench in OA No. 77/2012 and by CAT, Hyderabad Bench in OA Nos. 69/2012 and 465/2012. Necessary action is being taken to defend these OAs and to get the stay vacated.

DOT has filed a Transfer Petition in the Principal Bench of CAT, New Delhi for clubbing and transferring the above OAs to the Principal Bench for adjudication and decision. The Transfer Petition has been admitted and is listed for hearing on 5th September, 2012.

13. Suitable contingency plans have been worked out in consultation with CMDs of BSNL and MTNL to deal with the issues arising from repatriation of officers with a view to ensuring that the services of BSNL and MTNL are not disrupted and their organizational needs do not suffer.

14. In this context, it may also be mentioned that when the process of absorption of Group A officers in BSNL/MTNL was initiated by DoT in 2005, a number of cases were filed by Group 'A' officers/ their Associations before different Benches of Central Administrative Tribunal challenging the terms and conditions of absorption. These cases were got transferred to the Principal Bench of the Central Administrative Tribunal and were disposed of by the said Bench by its orders dated 31.10.2005 and 28.2.2006.

15. The above orders passed by CAT, Principal Bench were challenged by some of the petitioners/ their Associations by filing writ petitions before the High Court of Delhi. These writ petitions have since been disposed of by the High Court of Delhi by its order dated 17.4.2012. In the said order, the High Court has, inter-alia, allowed the petitioners to exercise a fresh option within two weeks from the date of this order, to revert to the Government or to seek permanent absorption in BSNL/MTNL as the case may be. The High Court has also directed that BSNL/MTNL shall relieve such of the petitioners, who opt to revert to Government service within 2 weeks of receipt of options from them.

16. BSNL & MTNL filed petitions before Hon'ble High Court of Delhi for extension of date of relieving unabsorbed Group 'A' officers back to DOT. The Hon'ble High Court in its order dated 18.5.2012 extended the date for relieving these officers in BSNL/MTNL till September, 2012.

A review petition was also filed by some absorbed ITS officers before the Hon'ble High Court of Delhi praying for revision/correction of the deemed date of absorption as ordered by the Hon'ble High Court for the petitioners in its judgement dated 17.4.2012. This review petition was also dismissed by Hon'ble High court.

17. Opinion of Additional Solicitor General of India and Department of Legal Affairs, Ministry of Law has been obtained on the above judgement dated 17.4.2012 pronounced by Hon'ble High Court of Delhi.

18. A Contempt Petition has also been filed by BSNL Executive Association before CAT, Principal Bench against Secretary (Telecom) and CMD, BSNL for non-compliance of the above-mentioned order dated 1.6.2011 passed by CAT Principal Bench, New Delhi in OA No. 3124/2009 whereby Tribunal had directed DoT not to give of any further opportunity to the Group 'A' officers on deemed deputation to BSNL/MTNL and also to repatriate them immediately. The next date of hearing of the Contempt Petition is 17.08.2012.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

Indian Telecom Industry (ITI)

(Recommendations Sl. No. 24)

The Committee appreciate that losses of ITI in the year 2011-12 were to the tune of Rs. 357 crore against the loss ranging from Rs. 600 crore to Rs. 700 crore last year as informed to the Committee by the representative of the ITI. On the issue of revival Plan of ITI, the Committee note that the case is being considered by BIFR. The representative was confident that with the support of the Ministry, the revival plan would be approved in the second week of June. The Committee are further pleased to note that Palakkad Unit of ITI has achieved this year an all time high turn over of Rs. 451 crore and have reported profit. The Committee in this regard would like to recommend for early approval of the revival plan of ITI. The Committee would also like to emphasize that all the initiatives being taken to contain the losses should be continued so as to make the ITI a profit making company. Besides, more emphasis need to be given to diversify activities by the various Units of ITI.

Reply of the Government

The Revival Plan of ITI is under the consideration of BIFR and the next hearing has been fixed on 17th September 2012.

Regarding initiatives on diversification, ITI has already diversified into manufacturing of non-telecom products as detailed below:

- (i) **National Population Register (NPR) and Socio Economic & Caste Census (SECC) projects:** ITI is one among the consortium of three PSUs selected for the execution of prestigious NPR project. The job involves collection of citizen data including biometrics followed by issue of ID cards. ITI has already received an order to the tune of Rs. 750 Crores against this project from RGI for data collection including Biometrics which is under execution.

An order to the tune of Rs. 450 Crores has also been received for SECC (Socio Economic Caste Census) project from the ministry of Rural Development, which is also under execution by the same consortium. This project involves collection of additional census data of all the citizens in the country.

Citizen ID cards: As part of National Population Register, ITI, along with its consortium partners, looks at the huge opportunity of manufacturing Smart card based citizen identity cards for all the citizens of the country.

- (ii) **Solar Project:** There has been special emphasis by the Government of India to implement the renewable energy sources like solar. ITI is having requisite expertise and experience for implementing solar energy solutions. BSNL and other Service Providers are planning to upgrade their outdoor GSM-BTS sites with solar power, specially in rural areas where power supply position is not good. ITI is planning to address this requirement.
- (iii) **LED lighting:** LED lighting is an environment friendly option due to non-use of mercury. Market potential for this product is good. ITI is planning to address this market. Potential areas of business opportunities are expected from National Highway Authority. State Governments and Municipal Corporations, CPWDs/PWDs, Railways, Hotels and Hospital Industry.
- (iv) **Data Centre:** ITI has already established Tier 3+ state-of-art Data centre at Bangalore on PPP model. Presently this Data Centre is fully booked for co-location services. Scope exists in the market of Data centre considering the immense potential in the Government Sector to store data for projects of national importance like NPR, UIDAI etc. ITI is planning to build its own Data Centers as part of its revival strategy.
- (v) **IT Projects:** All the State Governments are pursuing-Governance projects for taking the benefit of IT to the grass root level. ITI is aggressively pursuing this market segment. ITI has already executed SWAN (State Wide Area Network) projects of Maharashtra, Odisha and Mizoram. ITI is also executing Accelerated Power Development and Reform Programme (APDRP) of Tamil Nadu state. E-Tendering is another major project being executed by ITI.
- (vi) **Defence Projects:** ITI has supplied telecom equipment like Ruggedized Telephones and Telephone Exchanges, Transmission equipments, VSAT etc. to the Defence sector. ITI has successfully implemented communication network to Indian Army viz. ASCON Phase-I,II,III on turnkey basis and also maintaining the project under AMC. ITI is the major supplier of Encryption equipment to Defence for its communication networks.

Considering the expertise of ITI in the manufacture of Defence telecom equipments and huge manufacturing & service infrastructure available with ITI which can be utilized to manufacture other Defence products, DOT has recommended to award the Defence PSU status to ITI, which is under the active consideration of MoD.

To enhance product portfolio in Defence segment following technologies are being planned by ITI:

- Satellite Trans-Receiver and Access equipments
- RADARs and Allied Equipments
- Weapon control systems

- Missile systems and Equipments
- Electronic fuzes
- Software Defined Radio (SDR)
- Home Land Security.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Synergies between various telecom units viz. BSNL, MTNL, TCIL, ITI, C-DoT, etc.

(Recommendations Sl. No. 25)

The Committee have been apprised that a Committee headed by Member (Services) Telecom Commission was constituted on 20 May, 2011 to look into the various issues to bring about synergies between various telecom units viz. BSNL, MTNL, TCIL, ITI, C-DoT etc. The said Committee examined and analyzed the inputs received from these telecom units and other divisions of DoT and submitted its report in the month of October, 2011. The Committee would like to be apprised about the recommendations made by the aforesaid Committee headed by the Member (Services) Telecom Commission. Besides, the Committee would also like the Department to consider and implement the recommendations of the aforesaid telecom Committee so as to improve the coordination and synergy between various telecom units.

Reply of the Government

The Committee on synergy among various units of DOT has already submitted its report to Ministry. The Recommendations of the Committee will boost the manufacturing activity in ITI, assure increased orders for ITI and helps in its turn around. ITI can have a long term tie-up with C-DOT/ C-DAC for transfer of technology for the products designed by them and take up manufacturing of such products.

The Committee has recommended the following for optimum utilization of resources amongst alliance members.

- (i) The products and services available with the alliance units may be preferentially considered for implementation of telecom and infrastructure projects funded by USOF/ Government of India. Preferential treatment of procurement of products and services amongst the various units under alliance may be considered.
- (ii) For the execution of projects of national importance like Network for Defence, National Knowledge Network, National Optical Fibre Network (NOFN) etc., the alliance should generally be entrusted with job of implementation, operation and maintenance.
- (iii) The available indigenously developed and manufactured products need to be extensively deployed as it would ensure security and scalability of such deployed products.

The implementation of recommendations has been initiated by DOT.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Roll Out Obligations of 2G Spectrum

(Recommendations Sl. No. 26)

The Committee in the Twenty-first Report had recommended the Department to compile the data with regard to approximately 260 existing UAS licensees issued notices for not agreeing to the various obligations as per the Licence Agreement. When the issue was pursued further during the course of examination of Demands for Grants of the current year, the Department in a vague manner has furnished some information whereby it has been stated that demand notice for imposition of liquidated damages had been issued to 125 licensees due to delay in compliance of roll out obligations. Many of them had approached the Hon'ble Telecom Disputes Settlement & Appellate Tribunal (TDSAT) against the calculation of delay in compliance of rollout obligations & imposition of LD. It has also been mentioned that the Department has received ₹ 318.91 crore out of ₹ 529.00 crore from the

above referred Licensees against LD till 31-3-2012. The Committee are not satisfied with the sketchy information furnished by the Department. The Committee strongly recommend that the data with regard to violation of different licence obligations by the Services providers and the penalty imposed, penalty collected should be appropriately maintained by the Department after collecting the same from the concerned technical Departments of DoT and TRAI. Not only that the information should be placed on the website of the Department for greater transparency. The suggested procedure would ensure the Department to monitor the position of violation of various obligations by licensees as well as collection of penalty thereto. The concrete action in this regard should be taken and the Committee apprised accordingly.

Para no. 26 of Thirty-first Report of Standing Committee on Information Technology (2011-12) on 'Demands for Grants (2012-13)'.

Reply of the Government

It is submitted that, after collecting the required information from various Cells/Divisions/ Wings of DoT and TRAI, details of the established violations by the CMTS/UAS Licensees in last two years were furnished to the Committee in reply to Point no. 51 of the List of Points for Oral Evidence of the Department of Telecommunications on Examination of Demands for Grants for 2012-13, Standing Committee on Information Technology of the Ministry of Communications and Information Technology (DoT). The copy of the same is enclosed again.

In respect of set procedure to maintain the details of established violations of various licences and action against them, it is to intimate that process for development of a centralized IT application has been initiated by the Department in which all such details would be maintained & information would be placed on website of the department for greater transparency.

(Recommendations Sl. No. 27)

The Committee in their Twenty-first Report had strongly recommended for strict action against the defaulter licensees for not meeting their rollout obligations in respect of 2G spectrum. Subsequently, the Supreme Court in its judgement has ordered for quashing of 122 licences. With regard to status of the matter, the Committee understand that the Department is grappling with certain legal complications and seeking legal opinion. The Government has filed Interlocutory Application and Review Petition on 1st and 2nd March, 2012 respectively. However, the Committee have been apprised that the Review Petition does not challenge the quashing of licences. On the issue of allocating of 2G spectrum to be vacated by the licensees whose licences would be cancelled, the Department has informed that Central Government is considering the recommendations of TRAI and would take appropriate decision within the next one month.

The Committee conclude from the aforesaid position that cancellation of licences for violation of rollout obligation is being delayed due to certain reasons. The Committee are of the firm opinion that spectrum is a scarce resource. With the situation of licensees not complying the rollout obligations, it results into blocking the scarce resource. The Committee would like the Department to study such cases so as to understand the problems/intention of these defaulter licensees. Besides, when the National Telecom Policy, 2011 is going to be finalized, the Committee would like the Department to ensure that the policy addresses the challenges being faced by the Department on several contentious issues.

Para no. 27 of Thirty-first Report of Standing Committee on Information Technology (2011-12) on 'Demands for Grants (2012-13)'.

Reply of the Government

As regard to observation of the Committee for the need to have a study on the problems/intention for delayed rollout obligations resorted to by TSPs resulting in blocking the scarce resources of spectrum, it has been decided to get a study conducted by National

Telecom Institute for Policy Research, Innovation and Training (NTIPRIT). It is also to inform that NTP 2012 has been announced.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 22.11.2012)

Roll Out Period in Case of 3G Spectrum

(Recommendations Sl. No. 28)

The Committee disapprove the way the Department has dealt with one of the important recommendations made by the Committee in the Twenty-first Report. The Committee in the said Report while observing that the prescribed period of five years for rollout obligations for 3G spectrum as compared to 52 weeks in case of 2G spectrum would result into blocking of the scarce resource had strongly recommended to review the position. The Department instead of taking the recommendations seriously has tried to sidetrack the issue by insisting that the rollout obligation in case of 3G spectrum being part of Notice Inviting Application (NIA) cannot be altered at this stage. Even when it was made clear in the action taken report as well as during the course of examination of Demands for Grants of the current year that the intention of the Committee was with regard to future policy, the Department tried to insist their stand. When the matter was again pursued during the course of deliberations, the Secretary, at last, understood the issue and assured the Committee that the desirability of having shorter period and the recommendation of the Committee would be kept in mind when the Department go forward with the auction process. The aforesaid response of the Secretary again indicates the insensitivity of the Department towards the important recommendation of the Committee. Even when the Department is going to finalize the new Telecom Policy, the important issue has not been considered as part of the long-term policy process. Not only that the ignorance of the representatives of the Department with regard to international practice in this regard further substantiates casual attitude of the Department towards important policy issues particularly when these are raised by the Parliamentary Committee. The Committee may like to reemphasize that spectrum is the scarce resource. The period of five years in case of 3G spectrum would result into blocking of resources particularly with the situation of rollout of 2G spectrum whereby the licensees have not rolled out services even within the prescribed 52 weeks and which has resulted into further blocking of resources and controversies. The Committee as such strongly recommend that the period of five years in case of 3G spectrum should be reviewed after looking into all the aspects as well as international practice in this regard. The Committee would also like to be apprised of the basis of fixing five years for rollout in case of 3G spectrum so as to understand the matter in detail.

Reply of the Government

It is intimated that no auction on 3G Spectrum has been held since the last auction held in the year 2010. Further, it is intimated that presently auction of 2G spectrum is under way. EGoM in its meeting on 18.07.2012 has decided that for 2G spectrum auction at least 10%, 20% and 30% of the Block Headquarters of the LSA shall be covered by each winner of spectrum within three, four and five years, respectively from the effective date of license or date of assignment of spectrum won in the auction process, whichever is later. Details of roll out period is as given below:-

Roll Out Period in case of 3G Spectrum

1. As per Notice Inviting Applications (NIA) for auction of 3G & BWA spectrum dated 25.02.2010, which is legal document and mentioned that the licensee to whom the spectrum is assigned shall have a network rollout obligation. The obligation reflects the need both to ensure the efficient use of spectrum and provide a reasonable level of service to a wide cross-section of customers. Copy of the relevant extracts of NIA relating to roll out obligations for 3G Spectrum & BWA spectrum is given below.

1.1. Roll-out obligations for 3G Spectrum

Metro service area

The licensee to whom the spectrum is assigned shall be required to provide required street level coverage using the 3G Spectrum in at least 90% of the service area within five years of the Effective Date.

Category A, B and C service areas

The licensee to whom the spectrum is assigned shall ensure that at least 50% of the District Headquarters ("DHQ") in the service area will be covered using the 3G Spectrum, out of which at least 15% of the DHQs should be rural Short Distance Charging Areas ("SDCA")⁶, within five years of the Effective Date. Further:

- the operator shall be permitted to cover any other town in a District in lieu of the DHQ;
- coverage of a DHQ/ town would mean that at least 90% of the area bounded by the municipal/ local body limits should get the required street level coverage;
- the DHQ shall be taken as on the Effective Date;
- the choice of DHQs/ towns to be covered and further expansion beyond 50% of DHQs/ towns shall lie with the operator.

The Effective Date shall be the later of the date when the right to use awarded spectrum commercially commences and the date when the UAS licence, if applicable, is granted to the operator.

If the licensee does not achieve its roll out obligations, it shall be allowed a further period of one year to do so by making a payment of 2.5% of the Successful Bid Amount (i.e. spectrum acquisition price) per quarter or part thereof as liquidated damages. If the operator does not complete its roll out obligations even within the extended period of one year, the spectrum assignment shall be withdrawn.

1.2. Roll-out obligations for BWA Spectrum

Metro service area:

The licensee to whom the spectrum is assigned shall be required to provide required street level coverage using the BWA Spectrum in at least 90% of the service area within five years of the Effective Date.

Category A, B and C service areas:

The licensee to whom the spectrum is assigned shall ensure that at least 50% of the rural SDCAs are covered within five years of the Effective Date using the BWA Spectrum. Coverage of a rural SDCA would mean that at least 90% of the area bounded by the municipal/ local body limits should get the required street level coverage.

The Effective Date shall be the later of the date when the right to use awarded spectrum commercially commences and the date when the UAS licence or the ISP category 'A' licence, if and as applicable, is granted to the operator.

If the licensee does not achieve its roll out obligations, its spectrum assignment shall be withdrawn.

Roll Out Obligations for 1800 MHz/800 MHz bands:

1. Further, the roll out obligations for spectrum in 1800 MHz and 800 MHz band to be allotted through auction, have been decided by the EGoM in its meeting held on 18.07.2012 as detail given below:

2.1. The new entrant will have to fulfil roll out obligation as provided in the existing UAS license with sharing of passive infrastructure as presently permissible.

2.2. Over the above rollout obligation mentioned in para 2.1, the new entrants as well as the incumbent licensees acquiring spectrum in the auction, will have following rollout obligations:

(i) At least 10%, 20% and 30% of the Block Headquarters of the LSA shall be achieved within three, four and five years, respectively from the effective date of license or date of assignment of spectrum won in the auction process, whichever is later.

(ii) Coverage of Block Headquarter would mean that at least 90% of the area bounded by the local body limits should get the required street level coverage by setting up of Base station (for example a BTS / node B/ e-node B) in the Block Headquarter.

(iii) Incumbent licensees may offer coverage of Block Headquarters already achieved in accordance with Para 2.2(ii) above as compliance towards rollout obligation.

(iv) The choice of Block Headquarters to be covered and further expansion beyond 30% Block Headquarters shall lie with the Licensee depending on their business decision.

(v) In case of dual technology operators, the roll out obligation shall be applicable in respect of the network deployed using the spectrum acquired through auction. Accordingly, the roll out already achieved shall be counted in same spectrum band.

2.3. while obligation under Para 2.1 will have to be met by setting up owned infrastructure with sharing of passive infrastructure as presently permissible, the new entrants and the incumbent licensees will have the flexibility to meet the roll out obligation mentioned in Para 2.2 (i) & (ii) through shared infrastructure to the extent permissible as per guidelines/instructions applicable from time to time.

2.4. In the case of Metro Service Area, there will be no obligation relating to Block Headquarters for the new entrants as well as incumbent licensees.

2.5. The number of Block Headquarters will be taken as existing on the date of issue of the Notice Inviting Applications (NIA) for auction of spectrum.

2.6. Liquidated Damages: Suitable clauses for imposition of liquidated damages in case of delayed roll out, time taken for Standing Advisory Committee on Radio Frequency Allocation (SACFA) clearance, provision of termination of license and with drawl of spectrum in case of failure in roll out etc. will be worked out separately by DoT and incorporated in the NIA.

2.7. DoT will suitably incorporate the above mentioned provisions by taking into account any other incidental provisions, as necessary, for compliance of roll out obligation.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 22.11.2012)

Import of telecom equipments

(Recommendations Sl. No. 30)

The Committee find that telecom equipments is a major share of country's electronic hardware import. The data furnished by the Department indicates that the substantial part of the total import relating to telecom equipments come from China. Out of 50,94,529.30 lakhs of total imports during 2010-11, 30,41,588.17 lakhs were from China. Not only that the telecom equipments imports from China are increasing year after year. On the issue of security concerns involved in this regards the Committee have been apprised that the Government, vide Notification No. 8(78)/2010-IPHW dated 10th February 2012, has laid down the policy for providing preference to domestically manufactured electronic products in procurement of those electronic products (including telecom equipment) which have security implications for the country and in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale. For the implementation of above notification, the Department has constituted a Committee under the Chairmanship of Member(T) to recommend telecom product or products having security implications for the country and other actions to be taken by the Department for the implementation of various provisions mentioned in the notification.

The Committee emphasize that there are serious security issues related to import of SIM cards and telecom equipments. As such telecom products having security implications for the country should be identified expeditiously by DoT. The requisite policy initiatives in this regard should be taken expeditiously so as to address the issue of security concerns in

import of SIM cards and telecom equipments. Besides the Department of Telecommunications and other R&D agencies should pay more attention to ensure indigenous production of telecom equipments and SIM cards so as to attain the level of self sufficiency in the matter.

Reply of the Government

With a view to attain self sufficiency with regard to telecom equipment including SIM cards, following steps has been taken:

1. Department of Information Technology (DIT), vide Notification No. 8(78)/2010-IPHW dated 10th February 2012, has laid down the policy for providing preference to domestically manufactured electronic products, in procurement of those electronic products which have security implications for the country and in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale. It is proposed to cover SIM cards under electronic products having security implications. For the implementation of above notification, this department has constituted a Committee under the Chairmanship of Advisor (T) to recommend telecom product or products having security implications for the country and other actions to be taken by this department for the implementation of various provisions mentioned in the notification. The Committee is understood to be in the final stage of consultations/deliberations and the final ATN will be submitted after the receipt of their recommendation, acceptance as well as issue of notification by the Deptt. of Telecommunications.

2. For promoting R&D, Manufacturing and Standardization of Telecommunication Equipment in the country, National Telecom Policy – 2012, inter-alia, has following provisions under Objectives and Strategies:

Objectives:

Promote innovation, indigenous R&D and manufacturing to serve domestic and global markets, by increasing skills and competencies.

Promote the ecosystem for design, Research and Development, IPR creation, testing, standardization and manufacturing i.e. complete value chain for domestic production of telecommunication equipment to meet Indian telecom sector demand to the extent of 60% and 80% with a minimum value addition of 45% and 65% by the year 2017 and 2020 respectively.

Provide preference to domestically manufactured telecommunication products, in procurement of those telecommunication products which have security implications for the country and in Government procurement for its own use, consistent with our World Trade Organization (WTO) commitments.

Strategies:

- 2.1. To promote R&D, design, development and manufacturing in the domestic telecom equipment manufacturing.
- 2.5. To assist entrepreneurs to develop and commercialize Indian products by making available requisite funding (pre-venture and venture capital), management and mentoring support.
- 2.6. To create fund to promote indigenous R&D, Intellectual Property reation, entrepreneurship, manufacturing, commercializing and deployment of state-of-the art telecom products and services.
- 2.8. To notify specific guidelines for according preference to domestically manufactured telecommunication equipment and products either for reasons of security or for Government procurement in accordance with relevant government decisions and policies in this regard.

- 2.10. To support Electronic Design and Manufacturing Clusters for design, development and manufacture of telecommunication equipment.
- 2.11. To facilitate provision of appropriate fiscal incentives through a Modified Special Incentive Package Scheme (M-SIPS) in manufacturing of telecom equipment.
- 2.15. To facilitate putting in place a stable tax regime for telecom equipment manufacturing.
- 2.16. To provide appropriate incentives to the Indian product manufacturers for domestic deployment and exports.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

Cases of having SIM cards issued against false identity

(Recommendations Sl. No. 31)

The Committee are concerned to note that approximately 16.7 lakh cases have been found non-compliant to the norms till 16.02.2012 and penalty of approximately ₹ 1800 crore have been imposed on the telecom ser for violation of norms on the matter of issue of SIM cards against false identity. The Committee feel that the penalty of ₹ 1800 crore itself indicates the quantum of irregularities on the matter of issue of SIM cards. This may be a tip of the iceberg as the actual ground situation may further be alarming. The Committee strongly emphasize that the issue of SIMs on a false identity is a security threat to the country. The Committee strongly recommend that besides taking action against the individuals, strict penalty measures should be taken against the service providers. The Department should consider the issue seriously and new initiatives in this regard should be taken.

Reply of the Government

Looking into the laxity on part of telecom service providers in verification of identity of subscriber while providing SIM cards it was decided to sample check the compliance of instructions in respect of subscriber verification with a sample size of 0.02% on monthly basis and a penalty of Rs 1000/- was prescribed for non-compliant cases. The size of sampling was discussed with National Sample Survey Organization (NSSO) and was raised to 0.1% w.e.f. 01.05.08 as per the inputs received from NSSO. To bring more seriousness amongst the TSPs system of graded penalty was introduced vide DoT letter dated 24.12.2008 According to the said scheme, the correct subscriber verification percentage vis-à-vis financial penalty per unverified subscriber shall be as per table below:

Correct subscriber verification percentage in a service area	Amount of financial penalty per unverified subscriber
Above 95%	Rs 1000/=
90%-95%	Rs 5000/=
85-90%	Rs 10000/=
80-85%	Rs 20000/=
Below 80%	Rs 50000/=

The penalties are being imposed on regular basis and penalty amounting to Rs 1800/- Crores has been imposed against non-compliant cases found since beginning of CAF verification activity i.e. April 2007. As a result of this exercise the compliance %age which was approx 81% in 2007 has now gone upto approx 96% as per latest data.

A Public Interest Litigation (PIL) was filed by Mr. Avishek Goenka against Union of India by way of Writ Petition No. 285/2010 before the Hon'ble Supreme Court of India. This PIL sought implementation of the subscriber verification guidelines seriously and to make physical verification compulsory for securing mobile connection. During pendency of this PIL, the Government had decided to revise the existing guidelines for verification of customer's identity. However, when these instructions were about to be issued, the Hon'ble Supreme Court during the hearing on 14.03.2011 asked the Government to file these guidelines before it and to issue the same only after clearance from the Hon'ble Supreme Court. In the

judgment dated 27.04.12 passed in Writ Petition Hon'ble Supreme Court has directed the Government to constitute a Joint Expert Committee under the Chairmanship of Secretary (Telecom) having 2 members each from Department of Telecom (DoT) and Telecom Regulatory Authority of India (TRAI). The issue whether there is any need for enhancing the penalty for violation of instructions/ guidelines by TSPs including sale of pre-activated SIM cards is also to be examined by this committee. Consequent upon decision of this committee, further actions will be initiated

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

CHAPTER –III

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

Universal service obligation fund (USOF) - The issue of allocations lesser than the revenue earned

(Recommendations Sl. No. 7)

The resources for meeting the Universal Service Obligation (USO) are generated through a Universal Service Levy (USL), which is a percentage of the revenue earned by the operators under various licenses. Keeping in line with National Telecom Policy, 1999, the Universal Service Support Policy came into effect from 1st April, 2002. The Committee have consistently been raising the issue of allocating resources under USO Fund which has to be commensurate to the level of revenue generated through USL (Universal Service Levy). The data furnished by the Department indicates that from the year 2002-03 to 2011-12 ₹ 40574.16 crore of revenue was earned under USO Fund by levy, out of which the BE allocation under USO Fund is ₹ 13700 crore against the proposed allocation of ₹ 26853.61 crore. The expenditure met out of USO Fund is to the tune of ₹ 15159.4 crore for the said year.

The Committee find that the Department on the recommendation of the Committee took up the aforesaid issue with the Ministry of Finance. The Committee are not inclined to accept the response of, the Ministry of Finance in this regard where it has been stated that resources cannot be blocked as Government is committed to finance various flagship programmes of the Government.

The Committee emphasize that Universal Service Obligation (USO) Fund is being generated through a Universal Service Levy to meet the social obligation related to telecom sector as per the Telecom Policy, 1999. There is no reason to justify the allocations that do not commensurate with the revenue generated through Universal Service Levy (USL). The Committee may further like to highlight the findings of the study undertaken by the Department in association with the Internet Mobile Association of India whereby it has been stated that 10 per cent increase in internet subscribers delivers on an average of 1.08 per cent increase in GDP. Keeping in view the status of broadband connectivity whereby broadband penetration is just 1.44 per cent when compared to the teledensity of 78.10 percent in the country, the Committee emphasize that much more needs to be done to improve the growth of broadband connectivity particularly when the growth in broadband connectivity can help the country achieve high level of GDP. Moreover providing allocations commensurating to revenue generated through USL are justified as the allocations being made are being fully utilized. The Committee as such exhort the Government to provide allocations for USO activities of the Department commensurating the Universal Service Obligation (USO) Fund generated through USL. The concerns of the Committee in this regard should again be duly communicated to the Ministry of Finance.

Reply of the Government

In compliance of recommendations/observations of Standing Committee/ PAC, the Department of Telecommunications had taken up the matter with Ministry of Finance from time to time. The Ministry of Finance vide their letter No F-2(35)-B (AC)/ 2009 dated 3rd May 2012 have intimated as below:

“The Observation/recommendations of PAC made in their 49th Report have been examined. After careful reading of the paragraph 7 and 8 of 49th Report, it is observed that the Committee is highlighting the position viz. “proceeds from USO Fund are made available for USO activities in general and for provision and expansion of rural telephony in particular, in accord with the provision of the Indian Telegraph (Amendment) Act, 2003”. If the committee are referring to the proceeds from USOF, it may be held that the funds transferred to USOF are only available for USO activities and expansion of rural telephony in accordance with the provisions of the Indian Telegraph (Amendment) Act, 2003.

If, however, the Committee are referring to the Universal Access Levy, collected as part of licence fee and credited to the Consolidated Fund of India under the Major Head

'1275-Other Communication Services', for being transferred to the USOF kept in the Public Account of India, the following are the comments of this Ministry:

- (a) In terms of Indian Telegraph (Amendment) Act, 2003, Government may credit such proceeds to the Universal Service Obligation Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation. Keeping this in view, funds are being provided in the Demands for Grants of Department of Telecommunications for transfer to USOF. Further, provisions for transfer to USOF are made based on the requirement and ability of the Department to spend in any financial year. This practice is being followed over the years. It may be noted that the unutilized funds kept in the Public Account add to the liability of the Government. It may also be recalled that while approving the amendment to IT Act, 1885, Cabinet has directed that Department of Telecommunications to consult Ministry of Finance while finalizing the amount to be transferred to USOF;
- (b) Department of Telecommunications has, recently, obtained the approval of Cabinet for implementation of a new scheme called 'National Optical Fiber Network' (NOFN) for providing broadband connectivity to Panchayats with a financial outlay of 20,100 crore over a period of 3 (three) years by utilizing the USOF. Thus, the bulk of the accruals to USOF over the years would be utilised in financing and implementing NOFN.

Keeping the above points in view, Department of Telecommunications is requested to apprise PAC of the rationale in not keeping the entire accruals in the Public Account idly".

The committee has emphasized on the growth of broadband in the entire country. As far as USOF's efforts are concerned, for expansion of Broadband Services in rural and remote areas of the country, USOF has adopted a two pronged strategy i.e. launching of scheme for provision of broadband to the end users (such as Wireline/ Wireless Broadband Schemes) as well as augmentation of OFC backhaul media for carrying the broadband traffic from rural areas to the core network. Accordingly, for rural and remote areas, the following schemes have been undertaken by USOF:

1. Rural Wireline Broadband Scheme, the estimated cost of Rs 1500 Crore
2. Rural Wireless Broadband Scheme, the estimated cost of Rs 1000 Crore
3. Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in ASSAM, the estimated cost of Rs 99.90 Crore
4. Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in NE-I Circle (comprising states of Meghalaya, Mizoram & Tripura), the estimated cost of Rs 68.05 Crore
5. Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in NE-II Circle (comprising states of Arunachal Pradesh, Manipur & Nagaland), the estimated cost of Rs. 226.86 Crore
6. National Optical Fibre Network (NOFN) Rs. 20100.00 Crore

(Total 1 to 6) Rs. 22994.81 Crore

From the position stated above it is stated that credits to the fund shall be the amount as received through Parliamentary approvals are made available for USO activities in general and for provision and expansion of rural telephony in particular, in accordance with the provisions of the Indian Telegraph (Amendment) Act, 2003. The fund is to be utilised exclusively for meeting the Universal Service Obligation. It is expected that the bulk of the accruals to USOF would be utilised in the span of 2-3 years.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Use of Non-conventional energy

(Recommendations Sl. No. 29)

The Committee have consistently been recommending in their Reports for the use of non-conventional energy sources for powering the mobile infrastructure sites. The Committee find that enhanced and continued adoption of green policy in telecom and incentivise use of, renewable energy sources for sustainability is one of the objectives of the draft National Telecom Policy, 2011. The Committee may like to emphasize that power supply is the major constraint in expanding the telecom network in rural areas. Moreover, the use of non-conventional energy sources for telecom sector would address the environmental concerns as rightly emphasized in the new proposed Telecom Policy. The urgent steps for promoting and incentivizing use of non-conventional energy sources for telecom sector in line with the policy document should expeditiously be taken by the Department for sustained telecom growth in an environment friendly environment.

Reply of the Government

BSNL has planned Solar Power / Solar cum wind Power (hybrid) at 20 USOF sites for which subsidy was provided by USOF. Out of these 20 sites, 14 are planned as Solar Powered and 6 are planned as Solar cum Wind Powered (Hybrid) sites. Out of these 20 sites, 16 sites have been commissioned and remaining four sites are expected to be commissioned shortly.

For subsequent sites, the tender for providing Solar Power systems at 100 Nos BTS amounting to Rs 22.05 Crores has been finalized and Purchase Order [SITC (*Supply, Installation, Testing and Commissioning*) of Solar Power systems] issued for 100 No BTS. Subsidy to the tune of Rs 18 Crores shall be provided for installation and commissioning of these solar power systems from Ministry of Non-Renewable Energy (MNRE) under Jawahar Lal Nehru National Solar Mission.

USOF: As far as USOF is concerned, it has been decided that all future USOF supported schemes would encourage use of Renewable Energy Resources, wherever feasible.

It is further stated that TRAI had issued recommendations dated 12.04.2011 on "Approach towards Green Telecommunications. TRAI Recommendations had been accepted by DoT. Accordingly, directions have already been issued to all the telecom service licensees vide letter dated 23.01.2012 for implementation of Green Technologies in Telecom Sector.

As per the said directions, at least 50% of all rural towers and 20% of the urban towers are to be powered by hybrid power {Renewable Energy Technologies (RET) +Grid Power} by 2015, while 75% of rural towers and 33% of urban towers are to be powered by hybrid power by 2020.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

CHAPTER -IV
RECOMMENDATION / OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT
HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Under Utilization of allocations made under IEBR and GBS Components

(Recommendations Sl. No. 1)

The Committee note that for the year 2012-13, the Department have been allocated a Plan Outlay of ₹ 15231.39 crore which comprises of ₹ 10,431.39 crore as Internal and External Budgetary Resources (IEBR) and ₹ 4,800 crore as Gross Budgetary Support (GBS). The Plan allocation is ₹ 4649.70 crore lesser than the outlay allocated at Budget Estimates stage of the previous year. The analysis of the data further reveals that the Plan allocation to the tune of ₹ 19881.09 crore allocated at Budget Estimates stage during the year 2011-12 was reduced to ₹ 11878.07 crore at Revised Estimates stage. The Department could utilize only ₹ 4949.22 crore i.e. 41.67 per cent of the allocations upto February, 2012. If the percentage utilization of IEBR and GBS components during the year 2011-12 is analyzed, the Committee find that under IEBR, BSNL and MTNL have performed badly. Whereas the percentage utilization with regard to RE under IEBR during the year 2011-12 has been stated as 32.57 per cent, BSNL's financial achievement is 33.67 per cent. MTNL has performed in a worst manner whereby the financial achievement is just 15.97 per cent. With regard to GBS performance during the year 2011-12, the percentage utilization has been stated to be 87.98 per cent.

While reviewing the financial achievement of the Department during the Eleventh Plan as a whole which has come to a close on 31st March, 2012, the Committee find under utilization in both IEBR and GBS components. During the five years, the allocations under IEBR and GBS components were made for ₹ 101228.78 crore at BE stage which were reduced to ₹ 75556.45 crore at RE stage and the utilization is ₹ 50003.68 crore which indicates that almost 50 per cent of the allocations made at BE stage remained unutilized. If the performance under IEBR and GBS components separately is reviewed, the allocations under IEBR component during the Eleventh Plan were made to the tune of ₹ 94664.78 crore at BE stage, the expenditure reported to be ₹ 46821.97 crore which is lesser than 50 per cent of the BE allocations. Under GBS component, total Eleventh Plan allocations at BE stage were ₹ 6564 crore and the utilization was ₹ 3181.71 crore. Another repetitive trend noticed is huge variation between BE, RE and actual during each year of the Eleventh Plan. The allocations made at BE stage have considerably been reduced at RE stage and even the reduced allocations could not be utilized resulting into under-spending during each of the years.

The Committee have consistently been raising the issue of variation of allocations at various Estimate Stages as well as under-spending of the scarce resources. In spite of that the trend is repetitive during each of the years. With regard to the reasons, the Department is repetitively stating fiercely competitive market as well as mid-term corrections depending upon the market needs and changing scenario as reasons for under-spending under IEBR. Another reason subscribed for low utilization under IEBR by BSNL is delay in completion of the procurement process under various projects and delay in completion of the various ongoing projects. With regard to under-spending under GBS component, the problems with the major schemes i.e. Defence Service Network, A&N project have been cited. The aforesaid scenario clearly indicates unrealistic projections made by the Department. Not only that there are serious problems with the Public Sector Undertakings. The projections for the bigger projects are being made unrealistically without analyzing the bottlenecks coming in the way of implementation and huge resources are being blocked, particularly when the important projects of the Government are starving for funds.

The Committee deplore the way the projections are being made by the Department under both IEBR and GBS components. The Committee strongly recommend that the allocations for the major projects should be projected only when all the preliminary work for implementation has been done, clearances are in place thereby not repeating the situation of blocking scarce resources of the Government. The Committee caution the Department to keep into consideration the aforesaid observations of the Committee while projecting allocations for the projects during the Twelfth Plan.

Reply of the Government

MTNL:

The financial performance of MTNL during the last five years since 2007-08 to 2011-12 is given below:-

	(Rs. in Crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Budget Estimates	2309.00	2430.97	1725.02	1204.10	1145.46
Revised Estimates	1692.33	1304.28	1352.01	1281.84	792.25
Actual utilization	932.46	871.12	1194.70	1257.07	167.94
Percentage of utilization w.r.t. Revised Estimates	55.10%	66.79%	88.36%	98.07%	21.20%

MTNL is operating only in Delhi and Mumbai which are the most fiercely competitive markets characterized by high saturation and low ARPU (Average Revenue Per User) and having more than 150% tele-density. In view of the rapid developments / changing scenario in the fiercely competitive telecom sector it is very difficult to forecast the exact requirements well in advance. Therefore, the plans are very dynamic in nature and require not only continuous review but midterm corrections depending upon the market needs, future demand and changing scenario.

At the time of initial planning, provision of funds have also to be kept for the new and upcoming projects likely to come in future. However, the projects do not come up or are delayed due to unavoidable circumstances. In such cases the funds allotted against such projects remain unutilized and results in lower expenditure as compared to outlay. In case of some projects, although equipment has been installed and is in commercial use, full payment could not be released due to some pending points / features to be demonstrated.

MTNL has been continuously making conscious efforts to make plans with realistic and achievable targets as well as to minimize the gap between planned outlay & expenditure. Due to conscious efforts, the percent utilization of funds for the year 2010-11 has progressively increased to 98% (Planned outlay: Rs 1281.84Cr, Expenditure: Rs 1257.07Cr) from 88.36% during 2009-10 & 67% & 55% during 2008-09 & 2007-08 respectively.

The expenditure during the year 2011-12, however, has been low (21.20%). In this context, it is submitted that currently MTNL is passing through severe cash flow problem and is borrowing money to meet its day to day requirements. Therefore, it becomes important for MTNL not only to continuously review its spending but also ensure that funds are utilized judiciously. Since enough capacity is available the plan size was reduced at RE stage and further expenditure has been made as per the requirement. However, none of the schemes have been affected due to low expenditure.

It is further submitted that all the services which are being provided by MTNL to its' customers are available on demand and there is no waiting list for any of the services. MTNL generates the required funds through its internal resources / arrangements and does not get any assistance from the Govt. The money is withdrawn as and when needed for a project and hence there is no unspent balance available at the end of each financial year and funds available / unutilized continue to remain invested as per DPE guidelines.

MTNL has drafted its 12th five year Plan taking into consideration the experience it had gained during the previous years. Meetings were held with the units to review the progress of the ongoing projects. Further, the status of the new / upcoming projects to be taken up during the next 5 years were reviewed and provision of funds have been made based on the expenditure likely to be booked under various heads.

BSNL:

The revised IEBR component in respect of BSNL during Eleventh Five Year Plan was Rs. 65218 Crores. The aggregated expenditure is Rs. 42947 Crores which works out to 66%. Since BSNL does not receive any General Budgetary Support (GBS) from Government, all projections are funded out of internal accruals / external sources funding.

BSNL Management is very much concerned about the shortfall in the utilization of allocation under IEBR and is committed to address the issues which contribute to under utilization of Outlay on continuous basis.

BSNL has examined the reasons for shortfall in utilization of allocation outlay and has initiated corrective actions to address the same as given below:

- (i) Delay in tender finalization has been one of the main reason attributed to underutilization of outlay. To address the same, BSNL has started inviting all centralized tenders through e-tendering which has not only improved transparency with the vendors but also has speeded up / reduced the time in finalization of tender.
- (ii) Earlier the requirement of fund was projected on yearly basis which used to undergo changes because of many reasons including the delay in finalization of tenders. To obviate the same, the requirement of fund will now be made, project wise, on quarterly basis spanning various milestones of the project. This projection will be suitably fitted in the annual plan for giving BE and RE based upon actual project performance, which will also be reviewed on quarterly basis.

It is expected that with the aforesaid initiatives, BSNL will be in a position to formulate a realistic plan where it intends to spend a significant percentage of plan outlay for the achievement of its physical targets.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

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

Broadband expansion in the country

(Recommendations Sl. No. 6)

The Committee observe that whereas the Department has exceeded the targets of telecom connectivity, the progress with regard to broadband expansion has not been to the desired level as could be seen from the data furnished by the Department. There are 13.54 million broadband connections by February, 2012 against the target of 20 million broadband subscribers by 2010. The broadband penetration is just 1.44 per cent when compared to the impressive teledensity of 78.10 per cent. The major initiative proposed to be taken during the Twelfth Plan to address to the problem of broadband connectivity particularly in the context of rural areas is the National Optical Fibre Network (NOFN) for providing broadband connectivity to 2.50 lakh village Panchayats. The Committee feel that with the implementation of the aforesaid project, the constraint of non-availability of backhaul connectivity up to the villages would be addressed. The other constraints enumerated by the Department are non-availability of content in vernacular languages, low English literacy, affordability of customer premises equipment (CPE), Right of Way (RoW), International bandwidth prices, affordability of broadband, low level of digital literacy etc. To address the various issues the Department need to act in coordination with respective Union Departments as well as the State Governments. The coordination with the State Governments is utmost necessary to address the issue of Right of Way (RoW). With regard to the constraint of content in vernacular languages, the Department should take up the matter with the sister Department i.e. Department of Information Technology and the research organizations like C-DAC and C-DoT. On the issue of low English literacy, low level

of digital literacy certain schemes are being implemented by the various Departments including the Department of Information Technology. There is an urgent need to look into the matter on affordability of computers as well as on affordability on broadband. The initiatives need to be taken with the private sector service providers as well as with the private industry as a whole. More emphasis need to be given to R&D so as to make the computer equipments and maintenance of computers cheaper. The Committee would like the Department to take up the various issues with the respective Ministries/State Governments/Industry as an integrated approach need to be taken to address the various issues. The Committee exhort the Department to take the desired initiatives during the Twelfth Plan so as to address the constraints so that the broadband connectivity scenario in the country improves and the growth matches to the impressive telecom growth in urban areas of the country.

Reply of the Government

MTNL: As far as MTNL is concerned, it is providing broadband on both wireline as well as on wireless. Wire-line connections are currently being provided by MTNL using ADSL 2+ technology on its existing legacy fixed line copper network. The wireless broadband connections are provided by MTNL through its 3G network. MTNL has presently, over 1.05 million broadband connections on landline against a deployed capacity of over 1.6 million line. Further for wireless services MTNL has enable all its 2G customers for 3G services Broadband services which means that any customer having a 3G handset can have access to wireless Broadband services. The Broad Band services both through land line & wireless are available to the customers on demand.

To meet the ever increasing demand for the bandwidth, achieve higher level of customer satisfaction and providing wide range of services to its customers MTNL is aggressively laying and extending the reach of optical fiber in its network and is deploying GPON based FTTH network. It is a centrally managed network designed to provide reliable fiber routes to cover all possible destinations within MTNL. This will help in meeting the increased bandwidth requirement for both data and video applications.

In the Greenfield areas MTNL is laying fiber to provide the broadband band connectivity. However in the areas of existing legacy network MTNL has planned to provide high speed broadband using VDSL (Very High Data Rate Digital- Subscriber Lines) technology where copper loop length will be reduced. With these initiatives the quality of Broadband services will improve and also MTNL will be able to provide higher bandwidths (20 Mbps +) to its customers.

USOF:

For expansion of Broadband Services in rural and remote areas of the country, USOF has adopted a two pronged strategy i.e. launching of scheme for provision of broadband to the end users (such as Wireline/ Wireless Broadband Schemes) as well as augmentation of OFC backhaul media for carrying the broadband traffic from rural areas to the core network. Accordingly, for rural and remote areas, the following schemes have been undertaken by USOF:

1. Rural broadband Schemes: undertaken/planned by USOF

The Indian Telegraph Rules have been amended, and stream IV has been added under the title "Provision of broadband connectivity to villages in a phased manner" to bring provisioning of broadband connectivity to the rural areas under the purview of the USOF. The rural broadband connectivity will cover Institutional Users, such as Higher secondary schools, Public Health Centres etc., as well as Individual Users, located in the villages. The Schemes are as under:

a) Ongoing Scheme: Rural Wireline Broadband Scheme

Brief and background note: For providing broadband connectivity to rural & remote areas, USOF has signed an Agreement with BSNL on January 20, 2009 under the Rural Wireline Broadband Scheme to provide wire-line broadband connectivity to rural & remote areas by

leveraging the existing rural exchanges infrastructure and copper wire-line network. This scheme is being implemented at pan-India level. The objective is to make the rural and remote areas broadband enabled by facilitating the service providers in creating Broadband

The speed of each of the broadband connections shall be at least 512 kbps always on, with the capability to deliver data, voice and video services in the fixed mode. The rural broadband connectivity will cover Institutional Users, such as Gram Panchayats, Higher Secondary Schools and Public Health Centres, as well as Individual Users, located in the villages.

Under this scheme, BSNL will provide 8, 88,832 wire-line Broadband connections to individual users and Government Institutions and will set up 28,672 Kiosks over a period of 5-years, i.e., by 2014. The subsidy disbursement is for (i) broadband connections, Customer Premises Equipment (CPE), Computer/Computing devices (ii) setting up of Kiosks for public access to broadband services. The estimated subsidy outflow is Rs. 1500 crore in 5 years time that includes subsidy for 9 lakh broadband connections, CPEs, computers/computing devices and Kiosks.

Present Status: Under this scheme, as of April 2012, a total of 3,60,966 broadband connections have been provided.

Roadmap ahead with target dates: The scheme has an overall target to provide 8, 88,832 wire-line Broadband connections by 2014.

b) Planned Schemes: Rural Wireless Broadband Scheme

USOF is working on a scheme for providing financial assistance by way of subsidy for building up the wireless broadband infrastructure such as Base Stations by utilizing the existing infrastructure available with the Telecom service providers. This scheme envisages to provide broadband coverage to about 5 lakh villages at a speed of 512 kbps. This scheme is envisaged to provide Broadband in all states of India.

The scheme has been approved by the competent authority and the draft tender document has been prepared and uploaded in the public domain for comments/suggestions of stakeholders on 21.04.2011. The stakeholders have raised some issues and DoT has been requested to give directions to resolve the policy issues raised by stakeholders.

Present Status: The Scheme has been put on hold due to roll out obligations of 3G/BWA operators

Roadmap ahead with target dates: The planned scheme has an overall tentative target to cover 5 lakh villages

2. General Infrastructure Augmentation - Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network for backhauling

Salient Features of the Schemes:

For provision of broadband in rural areas, sufficient back-haul capacity is required to integrate the voice and data traffic from the access network in the rural areas to their core network by strengthening the OFC network. Accordingly, this scheme considers OFC Network augmentation between the blocks' HQ and Districts' HQ to begin with. The States of Assam, Meghalaya, Manipur, Tripura, Mizoram, Arunachal Pradesh, & Nagaland have been taken up for implementation.

This OFC Schemes would be undertaken on BOO model, i.e. build, operate & own basis, and accordingly, the Telecom Service Providers, implementing the schemes would build, operate, own and manage all the equipment/infrastructure for the execution of the scheme.

All locations shall be connected on physical OFC Ring Route(s) with the DHQ node ensuring the cable route diversity and ring capacity of at least 2.5 Gbps, with the capability to

efficiently transport various protocols, including TDM, IP, Frame Relay, etc., for integrated voice, data and video signals in all the specified districts.

The following Optical Fibre Network schemes have been taken up:

a) "Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in ASSAM"

Brief and background note: The State of Assam has been taken up first for implementation. As per the outcome of the tender for implementation of this scheme in Assam, BSNL has been declared the successful bidder at a 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 in a phased manner during the current Five Year Plan (2007-2012).

This OFC Scheme would connect 354 total locations in Assam in total 27 Districts within 18 months from the date of signing of the Agreement. The Agreement shall be valid for a period of seven years from the effective date

At least 70% of the subsidized bandwidth capacity, created under the scheme, shall be shared with the licensed service providers in the area of ASSAM at a rate not more than 26.22 % of the current TRAI ceiling tariffs.

Present Status: As of April 2012, about 190 nodes have been installed so far (Out of 354).

Roadmap ahead with target dates: The scheme has an overall target to install 354 nodes in Assam.

b) "Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in NE-I Circle (comprising states of Meghalaya, Mizoram & Tripura),"

Brief and background note: The States of Meghalaya, Mizoram & Tripura have been taken up for OFC augmentation in this scheme. As per the outcome of the tender for implementation of this scheme, Agreement has been signed with M/s RailTel Corporation of India Limited at their subsidy quote of Rs. 89.50 Crore on 16.01.2012.

This OFC Scheme would connect 188 locations in 19 Districts within 24 months from the date of signing of the Agreement. The Agreement shall be valid for a period of eight years from the date of signing of agreement i.e. 16.01.2012.

At least 70% of the subsidized bandwidth capacity, created under the scheme, shall be shared with the licensed service providers in the area at a rate not more than 12% of the current TRAI ceiling tariffs.

Present Status: Network roll out is yet to start.

Roadmap ahead with target dates: This OFC Scheme would connect 188 locations in 19 Districts within 24 months from the date of signing of the Agreement.

c) "Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in NE-II Circle (comprising states of Arunachal Pradesh, Manipur & Nagaland),"

Brief and background note: The States of Arunachal Pradesh, Manipur & Nagaland have been taken up for OFC augmentation in this scheme. As per the outcome of the tender for implementation of this scheme, Agreement has been signed with M/s RailTel Corporation of India Limited at their subsidy quote of Rs. 89.50 Crore on 16.01.2012.

This OFC Scheme would connect 407 locations in total 30 Districts within 30 months from the date of signing of the Agreement. The Agreement shall be valid for a period of eight years from the date of signing of agreement i.e. 16.01.2012.

At least 70% of the subsidized bandwidth capacity, created under the scheme, shall be shared with the licensed service providers in the area at a rate not more than 27% of the current TRAI ceiling tariffs.

Present Status: Network roll out is yet to start.

Roadmap ahead with target dates: This OFC Scheme would connect 407 locations in total 30 Districts within 30 months from the date of signing of the Agreement.

3.National Optical Fibre Network

Brief and background note: The optical fibre presently has predominantly reached state capitals, Districts and blocks and there is plan to connect all the 2,50,000 Gram Panchayats in the country through optical fibre utilizing existing fibre of PSUs viz. BSNL, RailTel and Power Grid and laying incremental fibre wherever necessary. Size of the incremental network is Approx. 0.5 million km. Dark fibre network thus created will be lit by appropriate technology thus creating sufficient bandwidth at GPs level. This will be called National Optical Fibre Network (NOFN). Thus prevailing connectivity gap between GPs and Blocks/Districts will be filled. Non-discriminatory access to the network will be provided to all the telecom service providers. Further the broadband connectivity to 2.5 lakh GPs for various applications like e-health, e-education and e-governance etc. will be provided by NOFN as closed user group. The network is proposed to be completed in 2 years' time. The project will be funded by Universal Service Obligation Fund (USOF). The project will be executed by a Special Purpose Vehicle (SPV) which will be a company incorporated under Indian Companies Act 1956 and initially will be fully owned by Central Government, with equity participation from Government and interested Central Public Sector Units (CPSUs) (BSNL, Railtel, Powergrid,). The cabinet Note for the same has been approved and the Special Purpose Vehicle (SPV) named Bharat Broadband Network Limited (BBNL) has been incorporated on 25.02.2012 to execute the project.

Present Status: The Network roll out is yet to start.

Roadmap ahead with target dates: The network proposed, under the scheme, is to be completed in 2 years' time.

With regard to Right of Way (RoW) , it is stated that the draft tri-partite MoU for RoW, to be signed between GoI/DoT, State Governments/UTs and BBNL, has already been sent to all the State Governments/UTs. Letters have also been written by Hon'ble MOC&IT to CMs of States and from Secretary (Telecom) to Chief Secretaries of States. All efforts are being made to complete the process in a time bound manner.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

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

National Optical Fibre network (NOFN) for broadband connectivity to 2.50 lakh village Panchayats of the Country

(Recommendations Sl. No. 9)

The Committee find that out of ₹ 8600 crore allocated at Budget Estimates stage for the year 2012-13, the major component of BE i.e. ₹ 8000 crore has been proposed for the scheme creation of National Optical Fibre Network (NOFN) for broadband connectivity to 2.50 lakh village Panchayats of the country. Out of ₹ 3,000 crore USO allocation made during the year 2011-12, ₹ 2547 crore have been allocated for this scheme. The overall approval of ₹ 20,000 crore for the project has already been accorded The Committee find that the aforesaid scheme would bridge connection gaps between Gram Panchayats and Blocks. The Committee further note that project is envisaged to be completed within two years. From the information furnished by the Department, the Committee find that although the scheme has been approved by the Cabinet, the bid for the project would be by September, 2012 and

the award of work would then commence from September, 2012 onwards. While appreciating the ambitious programme of the Department, the Committee have their own doubts about the completion of the project within two years particularly when the award of work would commence from September, 2012. Nevertheless, the Committee strongly recommend that the Department should take all the initiatives so that the allocations made for the project are meaningfully utilized for the year 2012-13.

Reply of the Government

The SPV named Bharat Broadband Network Limited (BBNL) has already been incorporated on 25.02.2012 to execute the project. Amendment to Indian Telegraph rules has been notified in order to fund the project by USOF. Currently, each of the 3 CPSUs (BSNL, Railtel and Power Grid) is conducting pilot project in one Block to understand the issues which may arise during the execution of the main project. All initiatives are being taken to complete the project within the stipulated period of 2 years.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

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

Performance of PSUs, BSNL and MTNL

(Recommendations Sl. No. 19)

The Committee find from the information furnished by the Department that more and more subscribers are preferring private service providers over the public service providers. The growth of private sector during each year of the Eleventh Plan is higher than the growth in the public sector. The share of public sector under wireless category is gradually declining. Not only that the public sector is also losing their place in the wireline segment predominantly occupied by them earlier. What is more disappointing is the fact that MTNL and BSNL could not take the benefit of mobile number portability scheme of the Government which is evident from circlewise data with regard to porting out and porting in with regard to BSNL telephone connections. The analysis of the data indicates that in all the circles excepting Jammu and Kashmir, Odisha, Kerala, Andhra Pradesh and Tamil Nadu including Chennai, the porting out is more than the porting in.

The Committee are constrained to observe that issues related to unsatisfactory performance of BSNL and MTNL when highlighted by the Committee during the course of deliberations, the Secretary instead of enumerating the measures taken so far tried to justify the position by giving various reasons. The reasons enumerated by him include high cost of the staff which is 50 per cent in case of PSUs as compared to 4 to 5 per cent in case of private companies Rs. 28000 crore paid by BSNL and MTNL for 3G spectrum and the issues related to delay in procurement. The justifications given by the Secretary are totally unacceptable. The Committee may like to highlight that besides the problem of growing losses, the PSUs have not been able to leverage the support provided by the Government through GBS and various policy initiatives. The allocations provided through GBS component remained underspent due to the internal problems of PSUs. Not only that the recent request of BSNL for partial surrender of BWA spectrum speaks volume of the inability of the Public Sector Organisations to leverage the Government support. Allocation of 3G spectrum much before the auction to the Public Sector Organisations which could have provided them an edge in the market and lured the customers have proven to be a liability as stated by the Secretary according to whom Rs. 28,000 crore was paid by BSNL and MTNL in spectrum and there is a little business case for that Rs. 28,000 crore. To add to the problem of the Public Sector Undertakings their profits have shrunk over the years and the companies are now on losses.

The Committee conclude from the aforesaid scenario that both the PSUs BSNL and MTNL are ailing from various types of maladies. There is an urgent need to take immediate initiatives to reenergize these organizations. Moreover, the PSUs are working in a typical Government set up which has become their main impediment limiting their ability to

compete in the market. The PSUs have not been able to provide quality services to their customers in spite of having huge trained workforce. The trained workforce which could have been their asset have now converted into liability. Moreover, the Committee are not able to comprehend the system of purchases whereby purchase orders could not be placed for the last four years as explained by the representatives of the Department during the course of deliberations in the context of setting up of towers in strategic area of Sikkim. The Public Sector Undertakings MTNL and BSNL falls under the administrative jurisdiction of the Department of Telecommunications and as such the Department has the great responsibility to reenergize these organizations. The system of working of PSUs need to be reviewed immediately followed by certain concrete corrective actions. There is an urgent need to reform the system of acquisition/procurement in the Department. The system need to be made simple, transparent, e-enabled and decentralized. Besides, there an urgent need to fix the accountability for delay in purchases. Above all, the working of the staff of these organizations need to be reviewed. There is an urgent need to sensitize and motivate the huge workforce of PSUs through periodic reviews and the system of incentivizing the good performing staff. The Committee strongly recommend that the urgent initiatives as suggested above should be taken by the Department and Public Sector Org so as to improve their financial position as well as their place in the telecom industry.

Reply of the Government

MTNL:

Some of the reasons for the under performance of MTNL vis-a-vis private players are as under :

1. MTNL is operating telecom services only in two cities of Delhi and Mumbai and does not have a PAN India presence therefore it becomes difficult for MTNL to match the various service / tariff packages as can be done by a Pan India Operator.
2. MTNL is confined to Delhi and Mumbai and is not able to operate in Tier-II and Tier-III cities where maximum growth is taking place. This restriction on service area also impacts MTNL in another way. While its competitors having Pan India presence can offer discount on calls to their network elsewhere in the country, MTNL cannot offer similar discounts being restricted to Delhi and Mumbai service areas.
3. Being a Public Sector Company, MTNL has to follow the Govt. guidelines on the procurement for new equipment and expansion / up gradation of existing equipment. This results in multiplicity of vendor for the same kind of equipment leading to inter operability/integrations issues thus resulting in delay in commencing. Further, since technology is changing very fast in the telecom sector and new applications / services are being developed very frequently, it is not possible for MTNL to induct the new developments due to absence of price reference in the tender.

MTNL had to pay Rs 4533.97 cr towards one time spectrum fee for BWA spectrum based on auction prices received by the Govt. Since the one time amount of spectrum charges BWA spectrum as a result of the auctions were unexpectedly high, to pay such unexpectedly large amounts, short term loans had to be taken by MTNL. In comparison to the spectrum charges of WA Services, the potential revenue is low because of low tariffs due to cut throat competition.

MTNL is the only operator who had been allotted the spectrum only for Delhi & Mumbai Metros after matching the highest bid for these two cities. Other Telecom operators who have a Pan India presence have purchased the Spectrum for these two cities along with other telecom circles also. This way they are able to average out the exorbitant high cost of spectrum for these two cities.

The BWA spectrum has not been put to use by MTNL. The expression of Interest (EOI) floated by MTNL twice to identify franchisee on revenue share basis, could not result in any suitable party being identified. In fact in the second EOI, no bid was received as the market found it to be a weak business case requiring very deep pockets whereas MTNL is cash stripped. As a result MTNL is now serving heavy debt without receiving returns out of the BWA Spectrum.

Delhi and Mumbai are the most competitive telecom licence service areas. In Delhi, there are 15 mobile operators (GSM+CDMA) and 4 basic operators whereas in Mumbai, there are 14 mobile operators (GSM+CDMA) and 4 basic operators.

The subscriber base for the MTNL's various services for the past 5 years is as under:

	2007-08	2008-09	2009-10	2010-11	2011-12
Total Wire-line Connections (including WLL fixed connections)	38,07,081	36,94,970	36,23,110	35,81,148	35,65,896
Total Wireless Connections including WLL mobile	34,02,767	43,60,748	49,67,660	53,61,827	57,24,231
Broadband on landline	5,70,591	6,95,500	8,15,830	9,42,317	10,40,191

Although there is some decline in the MTNL's market share for different services but it can be seen that the number of customers are growing for MTNL's Mobile and Broadband services which means that the growth of MTNL is less compared to its competitors in absolute terms.

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 our competitors has also declined. It is submitted that due to continuous efforts, MTNL has been able to reduce the net churn of its wireless customers under MNP from 9,256 in April 2011 to 2,153 in March 2012.

To further increase the market share the strategy conceived are as under:

- Accelerate the pace of expansion of Data services and Mobile services with up-gradation of technology.
- Use triple play (Voice, video and data) as an instrument of retention of fixed subscribers and revenue growth.
- Make services more customer- friendly.
- Leverage data services to increase customer's base and revenues. For this purpose adopt two types of strategies .One to provide higher bandwidths using wire line network Secondly provide data capabilities to mobile subscribers using 3G,Wi-Max etc technologies.
- Expanding the reach of fiber network near to the customer premises particularly in apartment complexes through FTTH in order to meet the ever increasing bandwidth requirement for both data and video applications.
- Phasing out of old technology.
- To improve customer care by reducing fault rate, upgrade Sanchar Haats, stream lining billing / delivery and to take other measures to improve customer convenience and satisfaction to achieve international best practices.
- Strengthening of franchisee model for giving connectivity in the last mile & meeting customer requirements, provision of value added services including contents & marketing on fixed & mobile networks.
- MTNL has been continuously making its best efforts to arrest the surrender of land line connections. Present day fixed line network does not support many value added services like video call etc whereas the same are available in the GSM. This is one of the reasons for the churning of the landline subscribers. To revert this trend MTNL is planning to introduce Class V NGN / IMS based services in its fixed line network which will enable it to provide all the various types of values added services.

Future Plans of MTNL

MTNL is giving major thrust on the expansion of capacity for GSM and Broadband to cater the further demand. Following actions are being taken to generate fresh demands by

providing quality services, customer care & satisfaction, introduction of new services / schemes and innovative marketing strategies.

(i) Expansion / augmentation of existing 3G network to (High Speed Packet Access (HSPA+): At present MTNL's 3G network is HSDPA (High Speed Data Packet Access) with download speeds up to 3.6 Mbps and uploads speed upto 384 Kbps. After upgradation download speed upto 21.1 Mbps and upload speed upto 5.76 Mbps will be supported by the network.

(ii) Deployment of new technology state of art exchanges and Next Generation Networks (NGN)/ IP Multimedia Subsystem (IMS) : MTNL has planned to replace its TDM (Time Division Multiplexing) Fixed line switches with NGN / IMS switch in phased manner during 12th Five year plan. Introduction of NGN / IMS based services will not only help MTNL in saving Opex, space but also enable MTNL to offer all data / video centric services which are currently enjoyed by Mobile subscribers to the fixed line subscribers also ultimately leading to convergence of fixed and mobile services.

(iii) To bring optical fiber near / to subscriber's premises by introducing FTTC (Fibre to the Curve) and reaching homes thereafter with FTTH (Fibre to the Home) on PON (Passive Optical Network) technology: MTNL is adding optical fibre in its access network and is deploying FTTH based on GPON (Gigabit Passive Optical Network). This will enable MTNL to provide access to this latest technology to its' esteemed customers with very high bandwidth.

(iv) Expansion of broadband network to provide bandwidth on demand by deployment of ADSL (Asymmetric Digital Subscriber Line) / VDSL (Very High Data Rate Digital Subscriber Line) , MLDN (Managed Leased Data Network) / PON etc. Introduction of more broadband services such as video on demand, video conference for public.

(v) Expansion of high capacity IP-MPLS (IP Multiprotocol Label Switching) based backbone network to migrate to NGN (Next Generation Network) for establishing unified network for speech and data. Introduction of VOIP in the backbone and access network.

BSNL:

Initially Govt. had allowed only private operators to enter wireless market. Accordingly, only private operators were rolling out wireless network from 1996 till 2000. BSNL rolled out its GSM Mobile Services in October, 2002. Growth of Market Share of private operators is as under:

S. No.	Name of major operator	Market share as on 31-3-2002 (%)	Market share as on 31-3-2012 (%)
1	Bharti Airtel	21.32	19.70
2	Vodafone	14.07	16.35
3	Idea	11.74	12.25
4	Aircel	3.87	6.80

From the above table, it may be seen that market share of most of the major PAN India operators has either come down or remained at the same level. Whereas, in case of BSNL, the services were rolled out in March, 2002 wherein the Market Share was 3.11% which stands at 10.71 % as on 31-3-2012. It had gone up to 20.0% in 2006. However, due to non-augmentation of capacity because of cancellation of tenders, the Market Share has come down. Now, the latest 15 Million tender has been finalized and POs have been placed on successful vendors, which should help in capacity augmentation in the network.

From the above, it can be seen that private operators in wireless market, being incumbent operators, have individually lost the market share over a period of time and this has been picked up by other operators. The same trend is seen in case of wired segment also where PSUs were incumbent operators when the competition was opened, and private sector picked up market share.

When MNP (Mobile Number Portability) was launched in January, 2011, a very aggressive marketing was done by private operators to migrate customers and also attractive free bees were given, that too selectively for individual networks. Private operators were also blocking

the request of customers porting out from their network. This was brought to the notice of TRAI which took action to prevent this subsequently. Because of this, there was a large port out of customers as compared to the port in customers. However, BSNL Telecom Circles took following measures to prevent large scale churning.

- (i) Personal address by CGM to all sections of staff and unions.
- (ii) Competition among SSAs (Secondary Switching Areas) to become positive on MNP and daily monitoring of figures.
- (iii) Holding of press conferences and coverage of the same in media to get publicity without expenditure.
- (iv) Training to staff through virtual class room sessions.
- (v) Identification of service quality, tariff plan and customer services as key areas and continuous monitoring of the same.
- (vi) Briefing to franchisees and retailers and ensuring availability of SIMs at all locations.
- (vii) In depth analysis of QoS parameters and corrective actions.

Some of the Circles like Andhra Pradesh had done extremely well right from the beginning because of certain innovative steps taken by them. These measures were conveyed to other Circles and after following the steps, there was an overall positive trend from most of the Circles because of which the number of ported out customers, as compared to ported in, reduced. This is evident from the ratio of ported out to ported in which has been gradually reduced from July, 2011 onwards and it stands at 1.4: 1 approx. The reasons for large port out were analyzed based on the feedback received from customers.

They are given below:

- (i) Congestion in the network
- (ii) Attractive tariffs given by other operators; and
- (iii) Poor customer service.

Following measures have been taken to address these issues:

- (a) Tender for augmenting the capacity of mobile network for 15 Million lines has been finalized and the orders are placed. This will improve the coverage as well as reduce the congestion in the network;
- (b) New tariff schemes matching with competitors are being launched periodically which includes:
 - (i) Forgoing porting fees from customers coming into BSNL network
 - (ii) Introduction of aggressive data plans both for GPRS and 3G network.
 - (iii) Additional incentives were given to sales channels.
 - (iv) Publicity is being given through special ring back tones of mobile number portability as well as giving Radio Jingles specific to MNP. SMSs also were given to all the customers.
- (c) 11 call centres have been established to address the customer complaints. The customers willing to port out from BSNL network were asked the reasons for porting out. Many of the complaints of the customers were solved during the feedback given by customers which prevented the porting out of customers from BSNL network.

All these measures have resulted in positive achievement because of which the port out to port in ratio in all Telecom Circles has reduced considerably.

With a view to motivate the BSNL employees and measure their performance in the most objective manner, Performance Management System (PMS) has been introduced in the organization. PMS has been split into three types, namely, Group Performance Management System (GPMS), Individual Performance Management System (IPMS) and Field level Performance Management System (FPMS). GPMS aims to measure performance at Group level, viz Corporate Office Business Units, Territorial and non-Territorial Circles, SSAs etc. FPMS caters to the BSNL's workforce posted in the field units across the length and breadth of the country. The objective of FPMS is to recognise the performance of employees at SSA level and motivate them to work effectively and efficiently. For this purpose, five job families critical to the organisation and covering a large number of employees, have been

identified. Employees associated with sales in fixed line, as channel management team members in mobile business or as key account managers in Enterprise segment are given incentives. Employees working in Customer Service Centres, Exchange Operation (indoor as well as outdoor) and Mobility Operation are given quasi financial awards like trophies and certificates based on performance so that they put in their best efforts to achieve the prescribed targets, which are in line with the organisational objectives.”

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

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

E-waste

(Recommendations Sl. No. 33)

The Committee find that handling of e-waste is the major area of concern for any of the country. Since the Department of Telecommunications is finalising new Telecom Policy, the Committee would like to emphasise that the issue of e-waste should be addressed in a comprehensive manner in coordination with the other concerned Ministries like Department of Electronics and Information Technology and Ministry of Environment and Forests. The Committee would also like to be apprised about the quantum of e-waste in the country during each year of the Eleventh Plan.

Reply of the Government

Ministry of Environment & Forests (MoEF) is the nodal agency for policy, planning, promoting and coordinating the environmental programmes and is involved in enacting laws, guidelines referring to e-waste. DeitY, being the nodal Department for issues related to electronics, is involved in the process of developing technological solutions to the e-waste management.

Department is interacting with MoEF from time to time to get necessary data, status of present E-waste Rules etc. The MoEF, however, informed earlier that, a survey carried out by the Central Pollution Control Board (CPCB), estimated that 1.47 lakh Metric Tons (MT) of e-waste was generated in the country in the year 2005, which would reach about 8.00 lakh MT by 2012.

In order to have a structured and sustained mechanism to address various issues on e-waste, the Department is in the process of setting up a Working Group on e-Waste, involving MoEF, DoT, industry associations like ELCINA, MAIT and other possible stakeholders.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

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

CHAPTER –V

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

Telecom Coverage to Naxalite Affected Areas

(Recommendations Sl. No. 11)

The Committee find that the Ministry of Home Affairs (MHA) has identified 2199 locations in nine States which are affected by Left Wing Extremism (LWE) and do not have any coverage by any service provider in these States. BSNL has installed towers at 363 locations. The Committee would like to be apprised about the requisite towers to cover the 2199 locations as identified by MHA so as to understand the extent of coverage by BSNL. The Committee may also like to emphasize that the remaining locations should be covered within the stipulated timeframe. The Committee would also like to emphasize that utmost priority should be given to providing connectivity in the Naxalite affected States.

Reply of the Government

It has been proposed that BSNL would install 2199 mobile towers at the locations identified by MHA in the LWE affected areas and commission, operate and maintain the mobile services. USOF would fund the CAPEX and OPEX net of revenue for a period of six years. BSNL has conducted site survey and estimated that financial support required from the USOF would be to the tune of Rs.5809.38 Crore for setting up of infrastructure and commissioning of mobile towers at 2199 sites in LWE affected areas and maintenance of the same for six years. The existing network of BSNL in the Licensed Service areas shall be utilized for backhaul, core network, customer care, and Billing requirements etc. Draft Cabinet Note has already been circulated for inter-ministerial consultation and comments have been received from concerned Ministries/Departments. The proposal has been placed before the Telecom Commission on 26.05.2012 for its recommendations. The Telecom Commission has desired to have Detailed Feasibility Report (DFR) of the project and BSNL has been asked to furnish the same at the earliest. Ministry of Finance has recommended that the proposal be formulated for appraisal by Expenditure Finance Committee (EFC). Cabinet approval will be sought by following due procedure.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

Laying of Optical Fibre Cable/better connectivity in the border areas

(Recommendations Sl. No. 14)

The Committee during their Study visits to the border areas of the country which include Study visit to Nathula and Andaman and Nicobar Islands have noted the severe problem of connectivity. The Members of the Committee were moved to learn from the jawans posted at Nathula that they are not able to remain in touch with their family members. More disappointing is the fact that even when the Committee were assured of setting up of mobile tower and upgradation of exchange at the Army camp in Nathula by the representatives of BSNL who were present at the site during the study visit on 6 July, 2011, the promises are yet to be fulfilled. Now the representatives of the Ministry after passage of 8 months have informed that the mobile tower and upgradation of exchange could not be done due to the procurement problems. The Committee disapprove the way the BSNL has acted on such an important issue particularly when the assurance was given to the Parliamentary Standing Committee during the on-site inspection. The Committee emphasize that keeping in view the strategic location of the area the mobile tower and upgradation of the exchange should be done without any further delay and also within the stipulated timeframe.

Reply of the Government

(a) The Parliamentary Standing committee on Communication and IT discussed/reviewed the telecom facilities near Nathula Pass during July 2011. A demand was received

from Army for providing mobile and broadband facilities in the adjoining areas near Nathula Pass.

(b) As a follow up, a meeting was held by CGM, West Bengal, BSNL with officials of Army and it was decided to install GSM BTS and Wi-Max BTS to upgrade the telecom facility near Nathu La Pass.

(c) The necessary equipments for the installation of GSM and Wi-Max BTS including allied items have already been arranged by BSNL.

However, to install and commission the GSM and Wimax BTS, BSNL is facing the following problems :

- (i) The commercial AC supply of Thegu is highly unreliable.
- (ii) To install the BTSs near the International border, BSNL has to get permissions from concerned Army authorities. These permissions generally take longer time.
- (iii) To provide back-hole connectivity to BTSs near International borders, permission to lay OF Cables take longer time.

BSNL has intimated that it will commission the proposed BTS within a period 6 to 8 months after receipt of clearance from the Army authorities for installation/commissioning of the following infrastructure required for telecom facilities in Nathula Pass:

- (a) Provisioning of commercial Three Phase AC Mains Supply (15KW) by the Army.
- (b) Installation of 22 meters of Ground Base Tower.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2012-B dated 02.08.2012)

The issues related to connectivity in A&N Island and the project regarding undersea cabling between Mainland and Andaman and Nicobar Island

(Recommendations Sl. No. 17)

The Committee express unhappiness over the way the project related to undersea cabling between Mainland and Andaman and Nicobar Island has been shuttled between Union Government and the UT Administration resulting into huge delay. Not only that the specific allocations for the project were earmarked during the Eleventh Plan which remained unutilized due to the aforesaid reasons. The aforesaid shuttling of the project has further resulted into non-involvement of BSNL and MTNL in implementation of such an important project. The project was initially to be executed by M/s Millennium Telecom Limited a joint venture company of BSNL and MTNL. Now, the project being funded by Planning Commission under UT Plan Budget is being implemented by ANIIDCO (a PSU of A&N Islands Administration). Nevertheless, keeping in view the importance of the project, the Committee would like to emphasize early execution of the project so as to improve the connectivity scenario in various islands of Andaman and Nicobar.

Reply of the Government

As decided by Planning commission, the project "Sub Marine Optical Fiber Cable to A&N Islands" is being implemented by A&N Administration through one of its Corporation.

Andaman & Nicobar Islands Administration (A&NI) has decided to implement the project through Andaman and Nicobar Integrated Island Development Corporation (ANIIDCO).

As per PIB Memo, ANIIDCO has submitted the following implementation schedule :-

Sl No.	Activity	Project implementation schedule
1.	Award of work and signing	Nov-Dec 2012

	of contract	
2.	Cable landing station for Port Blair	Nov-Dec 2013
3.	Cable Landing station for other Islands	May-Jun 2014
4.	Commissioning of other Islands	Jul-Aug 2014

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

BSNL and National e-Governance Plan (NeGP)

(Recommendations Sl. No. 22)

It has come out during the course of deliberations on Demands for Grants (2012-13) of the Department of Electronics and Information Technology that various components of e-Governance programmes are suffering due to connectivity constraints. The Committee have been apprised that out of 74457 Common Service Centres (CSCs) locations enabled for connectivity, only about 21426 CSCs have availed BSNL connectivity primarily because of delay on the part of BSNL Circle Officers in providing connectivity. With regard to the implementation of State Wide Area Network (SWAN), non availability of leased line connectivity has been cited as reason for the delay in implementation of SWAN by the Department of Information Technology. The Committee during the course of their study visits to various parts of the country have also got the feedback that the important e-governance projects are suffering due to connectivity constraints. The Committee emphasize that National e-Governance plan is one of the flagship programme of the Government which when implemented would revolutionize the delivery mechanism of the various programmes of the Government. The Committee deplore the aforesaid situation whereby telecom connectivity constraint has become the biggest impediment in the implementation of various component of NeGP. The Committee strongly recommend that the Department of Telecommunications should look into the matter in coordination with the various State Governments so that NeGP is implemented expeditiously. Not only that the system of fixing accountability in case of delay on the part of the officials of PSUs/DoT need to be enforced. The urgent initiatives in this regard should be taken and the Committee informed accordingly.

Reply of the Government

BSNL:

(i) Broadband Connectivity to CSCs:

- a) As on 30.04.2012, BSNL has enabled 76,484 CSCs through broadband connectivity from various technologies i.e. Landline Broadband, Wi-Max etc.
- b) BSNL has also provided broadband connections to 21426 CSCs. BSNL has provided all connections at CSCs wherever Village Level Entrepreneurs (VLEs) has applied on prescribed format. All request received upto 31.05.2012 has been complied and no such request is pending.
- c) To further increase the Broadband connectivity to the CSCs, the field units have been asked to co-ordinate with Concerned State IT departments and provide all the feasible CSCs Broadband connectivity on Top Priority. BSNL targets to provide connectivity to all willing CSCs by July, 2012.

(ii) Implementation of SWAN:

BSNL has implemented and commissioned SWAN projects in almost all the State Governments (with the exceptions indicated below):

- Nagaland: Out of 49 sites (DHQ/BHQ) under this project, BSNL has provided media connectivity to 38 sites.

The media connectivity via OFC to the 3 sites will be provided by 30.08.2012.

The remaining 8 sites are planned on VSAT for which the payment of Rs. 32 lakh approximately is awaited from State.

- Mizoram: Out of 41 sites (DHQ/BHQ) under this project, BSNL has provided media connectivity to 28 sites.

The media connectivity via OFC to the 5 sites will be provided within three months..

The remaining 8 sites are planned on VSAT for which the payment of 50 percent payment amounting to Rs. 26 lakh approximately is awaited from State.

- Rajasthan: Agreement has been signed and implementation of the SWAN Project is being pursued.
- Jammu and Kashmir: Agreement has not yet been signed.

Further, it is informed that there are 35 SHQ (State Headquarters) POPs (Point of Presence), 610 DHQ (District Headquarters) POPs and 7000 BHQ (Block Headquarters) POPs working for SWAN across the country.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Dispatch of SIM cards through Post

(Recommendations Sl. No. 32)

The Department should consider sending SIM cards through Post which may address the issue of SW cards on false identity. The action in this regard should be taken and the Committee informed accordingly.

Reply of the Government

The joint expert committee constituted by Hon'ble Supreme Court of India to examine the new guidelines proposed to be issued by DoT, is also examining the issue of delivery of SIM cards through post and which is the best mode of delivery of SIM cards to provide due verification of identity and address of a subscriber.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

Illegal telecom operations

(Recommendations Sl. No. 34)

On the illegal telecom operations, the Department has informed that 540 cases of raids were conducted by Vigilance Branch of DoT and the cases were handed to the Law Enforcement Agency (LEA) on spot for further actions including prosecution of the culprits. The detailed data furnished by the Department with regard to the specific cases indicates that some of the raids were conducted even in the year 2000-02 which means that almost 10 years have passed since the raids have been conducted and cases handed over to LEAs. Against some of the cases of 2005, it has been mentioned that these are under examination of police. Against some of the cases it has been mentioned that these cases are untraceable by police.

The Committee fail to understand how the cases can remain under investigation with the police for more than 6 to 7 years. The Committee would like the Department to clarify the position in this regard. The Committee would also like the Department to clarify how the cases would remain untraceable by police as informed by the Department. The Committee have consistently been raising the issue of operation of illegal telecom towers in the country in the various reports. The Committee again emphasize that illegal telecom networks besides causing the great loss to the Government are security threat to the country. There is an urgent need to have intelligence mechanism with DoT to find out such cases. Besides, the Department need to follow up cases with the investigation agencies so that these cases reach to the logical conclusion and the culprits are penalized which may be deterrent for others to follow such unlawful activities which are a threat to the security of the country.

Reply of the Government

The data indicating date of raid and date of handover to LEA has been collected from TERM Cells and is enclosed as Annexure. In respect of untraceable cases old records/ files are being scrutinized so that any additional information may also be passed on to the LEA for tracing the cases.

In order to proactively identify any such illegal network and their locations regular analysis of data/ CDRs is being carried out by TERM Cells. Besides this following sources are also being relied upon for detecting and curbing the grey market activities.

- *Public telephone no. 1800-110-420 of DOT.*
- *Complaint by any other means.*
- *Analyses of unusual traffic*
- *Social contacts.*
- *Already investigated/ under investigation cases.*
- *Security/Law enforcement Agencies.*

When presence of any illegal network is suspected, a team of field officers rackies the area and once its presence is confirmed, raid is conducted with the help of concerned Law Enforcement Agency (LEA) on location of the network. While conducting raid the equipments being used in the setup are seized by the LEA. The culprits identified during raids are also taken into custody by LEA along with all the evidences for further actions by them. The illegal setups caught so far stand closed and no setup out of these is working at present. Regarding present status of the cases TERM Cells are pursuing with the concerned LEA. Further, MHA is also being requested to ask the concerned LEA for keeping the track of the case and provide the information to TERM Cell periodically.

It has been observed that cases of illegal routing of international calls are on the decrease, since 2005-06. Some of the main reasons are strict monitoring by TERM Cells, increased public awareness and dropping of ISD call rates and ISD termination charges.

(Ministry of Communications & Information Technology/Department of Telecommunications
O. M. No. 16-3/2012-B dated 02.08.2012)

New Delhi
December, 2012
Agrahayana, 1934 (Saka)

RAO INDERJIT SINGH,
Chairman
Standing Committee on
Information Technology

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2012-13)**

MINUTES OF THE THIRD SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 13th December, 2012 from 1500 hours to 1630 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Rajendra Agarwal – In the Chair

MEMBERS

Lok Sabha

2. Shri Abdul Rahman
3. Shri Nikhil Kumar Choudhary
4. Shri A. Ganeshamurthi
5. Shri Rajen Gohain
6. Shri Baidya Nath Prasad Mahato
7. Dr. Thokchom Meinya
8. Smt. Seema Upadhyay

Rajya Sabha

9. Shri Joy Abraham
10. Shri Salim Ansari
11. Dr. C.P. Thakur

SECRETARIAT

- | | | | |
|----|-------------------|---|------------------|
| 1. | Shri Brahm Dutt | - | Joint Secretary |
| 2. | Dr. Sagarika Dash | - | Deputy Secretary |

2. In the absence of the Chairman, the Committee chose Shri Rajendra Agarwal, a Member of the Committee to act as the Chairman for the sitting in accordance with Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration of the Draft Action Taken Reports on Demands for Grants (2012-13) relating toxxxxx... and the Department of Telecommunications. After some discussion, the Committee adopted the same without any modification. The Committee, then, authorized the Chairman to finalize and present the reports to the House during the ongoing Session of Parliament.

4. xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.

5. xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.

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

The Committee, then, adjourned.

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

[*Vide* Paragraph No. 5 of Introduction]

(i)	Recommendations/Observations which have been accepted by the Government	
	Rec. Sl. Nos.:- 2, 3, 4, 5, 8, 10, 12, 13, 15, 16, 18, 20, 21, 23, 24, 25, 26, 27, 28, 30 and 31	
	Total	21
	Percentage	61.78
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government	
	Rec. Sl. No.:- 7 and 29	
	Total	02
	Percentage	5.88
(iii)	Recommendations/Observations in respect of which replies of the government have not been accepted by the Committee and require reiteration	
	Rec. Sl. Nos.:- 1, 6, 9, 19 and 33	
	Total	05
	Percentage	14.70
(iv)	Recommendations/Observations in respect of the reply which is of interim nature	
	Rec. Sl. Nos.:- 11, 14, 17, 22, 32 and 34	
	Total	06
	Percentage	17.64