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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2013-14)**

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
Forty-third Report (Fifteenth Lok Sabha) on 'Demands for Grants (2013-14)']**

FIFTY FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2013/Agrahayana, 1935 (Saka)

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*Presented to Lok Sabha on 17.12.2013
Laid in Rajya Sabha on 17.12.2013*



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2013/Agrahayana, 1935 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2013-14)**

Shri Rao Inderjit Singh - Chairman

Lok Sabha

2. Shri Rajendra Agrawal
3. Shri Raj Babbar
4. Shri Nikhil Kumar Choudhary
5. Shri Khagen Das
6. Shri A. Ganeshamurthi
7. Shri Rajen Gohain
8. Smt. Darshana Jardosh
9. Shri Baidya Nath Prasad Mahato
10. Shri Sadashivrao D. Mandlik
11. Dr. Thokchom Meinya
12. Shri Tapas Paul
13. Dr. (Prof.) Prasanna Kumar Patasani
14. Shri Abdul Rahman
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 B.K. Hariprasad
27. Shri Basavaraj Patil
28. Dr. Kunwar Deep Singh
29. Shri Sachin Ramesh Tendulkar
30. Dr. C.P. Thakur
31. Vacant

Secretariat

- | | | | |
|----|----------------------|---|---------------------|
| 1. | Shri Brahm Dutt | - | Joint Secretary |
| 2. | Shri N. C. Gupta | - | Director |
| 3. | Shri Ajay Kumar Garg | - | Additional Director |
| 4. | Shri Abhishek Sharma | - | Executive Assistant |

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2013-14) having been authorized by the Committee to submit the Report on their behalf, present this Fifty-first Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in their Forty-third Report (Fifteenth Lok Sabha) on 'Demands for Grants (2013-14)' of the Department of Telecommunications (Ministry of Communications and Information Technology).

2. The Forty-third Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 30th April, 2013. The Department of Telecommunications furnished their Action Taken Notes on the Recommendations/Observations contained in the Forty-third Report on 29th July, 2013.

3. The Report was considered and adopted by the Committee at their sitting held on 13th December, 2013.

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 Forty-third Report of the Committee is given at Annexure-II.

New Delhi
13 December, 2013
22 Agrahayana, 1935 (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 Forty-third Report (Fifteenth Lok Sabha) on 'Demands for Grants (2013-14)' relating to the Ministry of Communications and Information Technology (Department of Telecommunications).

2. The Forty-third Report was presented to Lok Sabha/laid in Rajya Sabha on the 30 April, 2013. It contained 20 Recommendations/Observations.

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

(i)	Recommendations/Observations which have been accepted by the Government Rec. Sl. Nos.:- 1,2,3,8,10,12,15,16,18,19 and 20	Total	11
		Chapter	II
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government Rec. Sl. No.: Nil	Total	Nil
		Chapter	III
(iii)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and require reiteration Rec. Sl. Nos.:- 4 and 5	Total	02
		Chapter	IV
(iv)	Recommendations/Observations in respect of which the reply of the Government are of interim in nature Rec. Sl. Nos.:- 6,7,9,11,13,14 and 17	Total	07
		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. Setting up of Specific Absorption Rate (SAR) Labs

(Recommendation Sl. No. 4)

6. The Committee had recommended as under:-

"The Committee note that SAR laboratories have been planned by the Department for verification of SAR values of mobile handsets and hand held devices as declared by the manufacturers in compliance with EMF exposure limits prescribed by DoT. Taking into consideration the existence of millions of mobile handsets of a vast variety of makes and specifications involving a large number of manufacturers, the Committee do not feel amused to note that to handle all this for the entire country, so far, only one SAR Lab has been installed and commissioned in TEC headquarters at New Delhi and the Department is in the process of setting up of another SAR Lab at RTEC Mumbai. The Committee, therefore, feel constrained to observe that such an important issue which has a serious bearing on the health of the people has not been given the kind of seriousness it deserves. The Department appears to be very casual in its approach in strictly enforcing the SAR norms and treating it as a mere formality. The Committee while deprecating such lackadaisical attitude of the Department strongly recommend that the Department should urgently undertake a thorough review with regard to the number of SAR Labs required to be set up in the country and the verification of SAR values must be made a mandatory provision for all kinds of mobile handsets, and keep the Committee informed of the progress made in this regard."

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

"Telecom Engineering Centre (TEC) has already set up a SAR lab at New Delhi, and has planned another one at Mumbai, at its regional Centre. It is submitted that according to Office Memoranda issued by this Department on SAR value of mobile phones, all the mobile handset manufacturers, both indigenous and imported, shall provide a self declaration in respect of SAR value based on certificate from internationally accredited labs [International Laboratory Accreditation Cooperation (ILAC) accredited labs] or accredited by TEC, India to TEC

with a copy to this Department for necessary action. Such self declared SAR limits shall be subjected to TEC audit as and when required. Thus the labs being set up by the TEC are mostly for audit purposes only and manufacturer/importer may get their mobile phone tested from any internationally accredited labs or TEC accredited labs.”

8. On the very important issue of compliance of Specific Absorption Rate (SAR) values of mobile handsets and handheld devices with EMF exposure limits prescribed by DoT, the committee in their original Report had strongly recommended that Department of Telecommunications must undertake a thorough review of the number of SAR Labs required in the country and the verification of SAR values must be made a mandatory parameter. The Committee are unhappy to note that Department instead of taking a concrete action on their recommendation has merely restated the existing provision and practice wherein all handset manufacturers of both indigenous as well as imported instruments are required to provide a self declaration in respect of SAR value based certificate which shall be subjected to TEC Audit. The Committee strongly feel that Department should be equipped with sufficient number of SAR Laboratories so as to keep a strict vigil on the manufacturers with regard to adhering of EMF exposure limit. The Committee therefore reiterate their recommendation and desire that DoT should undertake thorough review of SAR Labs required in the country and take expeditious steps to set up the Labs.

B. Non availability of EMF Testing Instruments

(Recommendation Sl. No. 5)

9. The Committee had recommended as under:-

“The Committee note that TERM Cells of the Department have been mandated with the work of cross checking the compliance of EMF Radiation norms in respect of telecom towers. The Committee have been informed that TERM Cell tests upto 10 per cent of New BTS sites randomly at its discretion. The Committee however, find it unbelievable to note that as on date no EMF testing instrument is available with TERM Cells and instead of procuring and using its own EMF instruments, TERM Cells are

carrying out the measurement of radiation level by using the test instruments provided by the Telecom Service Providers. The Committee are not in agreement with the response of the Department that there is no adverse effect in carrying out the measurement of radiation levels from various BTS towers on account of non-availability of EMF test equipment. Taking into consideration the increasing concerns over the harmful effects of electromagnetic radiation on human health and that the TERM Cells have been entrusted with the work of cross checking, the Committee feel deeply perturbed on this non-serious approach of the Department in dealing with such an important issue concerning radiations from BTS towers. The Committee feel that the Department owe an explanation as to under what authority it is using the instruments provided by TSP operators instead of having its own instrument and what could be the authenticity of such instruments and how such testing can be termed as authentic. Taking note of the fact that the Government have already formulated norms with respect to testing procedures and testing fee, the Committee fail to understand whether such norms permit the TERM Cells to use the equipment provided by TSP themselves instead of its own equipment. Now that the tender for procuring 69 test instruments had already been floated which shall be opened on 12 April, 2013, the Committee strongly recommend that serious efforts must be made by the Department to procure the requisite number of test instruments at the earliest to become self-sufficient in EMF testing. The Committee also recommend that efforts must be made to promote domestic production of EMF instrument instead of relying only on import."

(Recommendation No. 5, Para no. 2.10)

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

"DoT instructions issued vide letter no. 800-15/2010-VAS dated 8th April 2010 mandated vide para 3(v) that tools and equipment for testing would be provided by the concerned Mobile Service Provider to the TERM Cell. Accordingly the TERM Cells are carrying out the cross checking of the compliance of EMF radiation norms in respect of Telecom Towers by using the instruments provided by Telecom Service Provider(TSP) till such time DOT procures its own test instruments. The testing instruments provided by the TSPs are of standard make and measurements are carried out by TERM cells at BTS sites to ensure authenticity of the measurements.

To avoid the dependence on TSPs for instruments, the case of procurement of 69 sets of Test Equipment for the TERM Cells is already under process in TEC.

(Reply to Recommendation No. 5, Para no. 2.10)

11. While noting that TERM Cells of the Department have been mandated with the work of cross checking the compliance of EMF Radiation norms in respect of telecom towers which has a serious bearing on human health, the

Committee in their recommendation, were deeply perturbed to note that no EMF testing instruments were available with TERM cells and instead the TERM Cells were carrying out the measurement of radiation level of upto 10 per cent randomly selected new BTS sites set up by Telecom Service Providers using the test instruments provided by the Telecom Service Providers themselves. The Committee had therefore recommended that Department should make serious efforts to procure sufficient number of instruments at the earliest to become self-sufficient in EMF Testing. Further, noting that process for procuring 69 testing instruments had been initiated, Committee had desired that serious efforts must be made to procure these equipments.

The Committee express their serious displeasure over the fact that the Department has not shown any kind of urgency in procuring the EMF testing equipment and simply stated that the procurement of 69 sets of Test Equipments for TERM Cells is under process in TEC. The Committee take a very serious view of callous attitude of Department towards a very important issue of measuring of EMF radiations which concern with the human health and environment and strongly feel that the existing mechanism wherein the TSPs provide the equipment for monitoring the radiation at BTS sites set up by themselves puts the credibility of the entire exercise under question. The Committee, therefore, reiterate their recommendation and desire that serious efforts must be made by the Department to procure the 69 EMF testing instruments within a specific timeframe so as to enable TERM Cells to measure EMF radiations from telecom towers and to ensure that stipulated norms with regard to EMF radiations emanating from telecom towers are well within the prescribed limits.

C. Setting up of Wireless Monitoring Stations

(Recommendation Sl. No. 6)

12. The Committee had recommended as under:-

"The Committee note that Wireless Monitoring Organizations (WMO), a field unit of the Wireless Planning and Coordination wing (WPC Wing) is entrusted to ensure that interference to wireless networks, which may occur for a variety of reasons, is immediately resolved. Another concern of the WMO is to ensure spectrum availability for the introduction of new wireless networks. Protection to radio communication networks of public bodies (Government/Undertakings), security (defence, police and paramilitary organizations) and numerous networks of other agencies also carry high priority with the WMO. To carry out its responsibilities, WMO operates a country-wide network of 28 Wireless Monitoring Stations (WMSs). The Department has informed the Committee that the foremost responsibility of WMSs is to insure interference-free operations of mobile and DTH services, amongst others, affecting millions of people in the Country. Equally important for WMSs is to provide protection to safety of life related communications in the aeronautical and maritime mobile services. In the background of such important tasks being performed by WMSs, the Committee note with concern that the utilization of funds pertaining to development of WMSs is abysmally low. During 2012-13, an amount of Rs.58 crore was allocated at BE stage for WMO which was reduced to Rs.3.50 crore at the RE stage and the actual utilization upto February, 2013 was only Rs 3.97 crore. The Committee also find it contradictory that on one hand, the Department has claimed that six new Wireless Monitoring Stations were planned and established at Bhubaneshwar, Dehradun, Lucknow, Patna, Raipur and Vijaywada under Eleventh Five Year Plan, on the other, it is stating that the bid document for procurement of technical infrastructure for the WMSs is still under revision and is yet to be submitted to the competent authority. In view of such important functions being performed by WMS, the committee strongly recommend that due importance be given to the timely execution of the projects so that the procurement of requisite technical infrastructure is not delayed any further. The committee also recommend the Department to ensure timely establishment of six new WMS during the Twelfth Plan in a time bound manner and ensure optimum utilization of funds allocated under annual Plan 2013-14."

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

"1. The expenditure shown are on the minimum mandatory expenses, on account of salary, office expenses for these newly established six WMSs and civil works of the permanent established WMSs."

2. Revised draft Bid document for the procurement of technical infrastructure for the six new WMSs is already submitted to the competent authorities for the necessary approvals.

3. The case for the establishment of six new WMSs under the 12th Five Year Plan will be taken up shortly for the administrative approval of the competent authority.”

14. Taking note of the important function performed by the Wireless Monitoring Stations (WMS) in handling the wireless networks across the country and feeling concerned at the abysmally low utilization of funds by the Department in developing new WMSs, the Committee in their original Report had recommended for timely execution of projects, avoiding delays in procurement of equipment and establishment of six new WMSs as planned during the 12th Plan Period in a time bound manner.

From the action taken reply, the Committee note that though the bid document for procurement of technical infrastructure for six new WMSs has already been submitted to the competent authority for necessary approvals, the case for establishment of six new WMSs during the 12th Plan is yet to be taken up for administrative approval. The Committee would like to be apprised of the further progress made in the case as well as the time frame fixed for establishment of new WMSs during the 12th Plan, within three months of the date of presentation of this Report.

D. Under utilization of funds under USOF Scheme

(Recommendation Sl. No. 7)

15. The Committee had recommended as under:-

“The Committee observe that telecom services are important drivers for development, delivery of public services such as education, health, etc. and integration of rural areas with the rest of the country. Recognizing the importance of telecom services, Universal Service Support Policy was announced by the Government in March, 2002 under which a separate fund i.e. USOF, for providing access to telegraph services to people in the

rural and remote areas was set up. An analysis of the utilization of funds by the Department and the implementation of some of the important schemes under USOF, indicates that the efforts of the Department could not match up with the noble endeavor for which the fund has been set up. In this regard, the Committee note that the amount of Rs. 3000 Crore allocated at BE stage during 2012-13 was reduced to Rs. 625 crore at RE stage and the actual utilisation upto February, 2013 was also Rs. 625 crore. The Committee observe that as on 31.12.2012, the available balance under USOF is Rs. 24,801.56 crore and with implementation of a new scheme i.e. National Optical Fibre Network (NOFN) with a financial outlay of Rs. 20,000 and implementation of Mobile Tower in Left Wing Extremism (LWE) affected areas at an estimated sum of Rs. 3060 crore, the bulk of the accruals to USOF over the years would be utilized. The Committee recommend that the Department must pay serious attention to implementation of these two schemes as this would ensure the proper utilization of funds under USOF."

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

"1. National Optical Fibre Network (NOFN)

The Project was approved by Cabinet on 25.10.2011. The project was envisaged to be executed by a Special Purpose Vehicle (SPV). The SPV [Bharat Broadband Network Limited (BBNL)] was incorporated on 25.02.2012 and the Directors of BBNL joined in July – August 2012. In the High Level Committee (HLC) of National Optical Fibre Network (NOFN), constituted for the purpose of overseeing the implementation of the project, it was decided that a pilot be conducted to understand the ground realities before going for the main project. Three Pilot Projects have been completed on 15.10.2012 to cover all Gram Panchayats of Arain Block in Ajmer District (Rajasthan), Panisagar block in North Tripura District (Tripura), Paravada Block in Vishakhapatnam District (A.P.). Each of the 58 Gram Panchayats in these three Pilot Project Blocks have been provided with 100 Mbps Bandwidth. The response of Telecom Industry at these locations is lukewarm. To trigger Government to Customer (G2C) Services at pilot locations, Department of Electronics & Information Technology (DeitY) has embarked on counterpart funding to take connectivity to 110 Govt. institutions (Schools/ Hospitals/ Offices etc.) in these pilot locations and also provide Customer Premises Equipment (CPEs) to showcase G2C applications. A Video conference was held as 08.04.2013 with 3 pilot locations to test utilization of NOFN infrastructure.

Alongside the completion of the pilot project, the survey for main project was started which is currently under progress. The tenders for supply of material and execution of the project are also under process by BBNL and 3 CPSUs (BSNL, Railtel and Powergrid).

NOFN project is envisaged as a Centre – State joint effort. State Government are expected to contribute by way of not levying any RoW charges. This requires suitable tri-partite MoU to be signed by GOI, State Governments & BBNL. There have been delays in according the consent by some States.

Tri-partite MoU has been signed on 26.10.2012 with 13 states viz. Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Mizoram, Rajasthan, Tripura, Uttar Pradesh, Uttarakhand, and 3 Union Territories viz. Dadra & Nagar Haveli, Daman & Diu and Puducherry. Further, the tripartite MoU has been signed on 12.04.2013 with 9 States viz. Assam, Bihar Gujarat, Himachal Pradesh, Jammu & Kashmir, Maharashtra, Nagaland, Odisha and Punjab and 1 Union Territory viz. Andaman & Nicobar Islands. Tri-partite MoU has been signed with West Bengal on 11.06.2013. A total of about 2, 20, 000 Gram Panchayats will get covered in these States and UTs. Efforts are underway to sign the tripartite MoU with remaining States/ UTs.

2. Mobile Towers in LWE affected areas:

Ministry of Home Affairs (MHA) has identified and conveyed 2199 locations to DoT in 9 States which are affected by Left Wing Extremism (LWE) and do not currently have any coverage by any service provider. These locations have been identified for installing towers and mobile equipment keeping in view the security and maintenance considerations. BSNL has submitted that they have already installed Mobile Towers at 363 locations.

State-wise details of these locations are as given below:

S. NO.	Name of the State	No. of locations identified by MHA	Towers already commissioned by BSNL
1	Andhra Pradesh	227	3
2	Bihar	184	0
3	Chhattisgarh	497	351
4	Jharkhand	782	0
5	Madhya Pradesh	22	6
6	Maharashtra	60	3
7	Odisha	253	0
8	Uttar Pradesh	78	0
9	West Bengal	96	0
	Total	2199	363

Department of Telecom had sought approval of the Cabinet to extend USOF Subsidy Support to BSNL on nomination basis, for providing & managing Mobile Services in LWE affected areas, for general public as well as security personnel around these locations.

The Union Cabinet has approved USOF supported scheme to provide mobile services in areas affected by Left Wing Extremism (LWE) on 4th June, 2013."

17. Taking note of under-utilisation of funds in implementation of some of the important schemes under USOF, the Committee in their original Report had

recommended the Department to pay serious attention to the implementation of two important schemes namely, National Optical Fibre Network (NoFN) with a financial outlay of Rs. 20,000 crore and setting up of mobile towers in Left Wing Extremism (LWE) affected areas at an estimated sum of Rs. 3060 crore. In this regard, from the action taken reply, the Committee are constrained to note that very little progress has so far been achieved. This is reflected from the fact that after presentation of this Report in April, 2013, the tripartite MoU (which is signed by GoI, State Governments and BSNL) has been entered into with only one more State namely West Bengal on 11.6.2013 taking the total tally to 23 States and 4 UTs. Similarly, for the USOF supported LWE scheme, the Cabinet approval has been obtained only on 4 June, 2013. The Committee while expressing their dissatisfaction at slow progress reiterate their recommendation and also desire that implementation of both the schemes may be expedited. The Committee would like to be apprised of the progress made in implementation of these schemes within 3 months of the date of presentation of this Report.

E. Wireline Broadband Connectivity

(Recommendation Sl. No. 8)

18. The Committee had recommended as under:-

“Under the Rural Broadband (Wireline) Scheme launched on 20th January, 2009 with a roll out period of 5 years for providing wireline broadband connectivity in rural and remote areas, the Committee note that out of the target of providing 8,88,832 wireline broadband connections through BSNL by January, 2014, the achievements as on December, 2012 was only 4,33,018. During the same period, the achievements with regard to providing wireline broadband kiosks were 10,713 against the target of 28,672. The performance of broadband connectivity in North-Eastern Region is even worse as the achievement was merely 2460 against the target of 26,226. The Committee observe that the efforts of BSNL to provide wireline broadband kiosk through the exchanges have clearly not been able to match the popularity gained by Common Service Centre set up by the Department of Electronics and Information Technology under a national scheme which are based on a model where the village level entrepreneur run them. The Committee desire that efforts must be made by the Department to increase broadband kiosk through the participation

of village level entrepreneur on the lines of Common Service Centers which have proved to be a big success in the remaining span of the scheduled time for completion of the scheme.”

(Recommendation No. 8 Para no. 2.13)

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

“Under the Rural Broadband (Wireline) Scheme launched on 20th January, 2009 with a rollout period of 5 years for providing wireline broadband connectivity in rural and remote areas, as on 31st March 2013, 470299 broadband connections and 11443 Kiosks have been provided by BSNL against the total target of 888832 connections and 28672 Kiosks by January 2014. The progress has been lagging in off-take of broadband connections due to following reasons as reported by BSNL:

- (i) Cost of computer is high as compared to house hold income in rural area.
- (ii) Poor power supply condition in rural and remote areas.
- (iii) Poor English literacy in rural areas and Non availability of contents in local language.
- (iv) Lack of computer literacy in rural and remote areas.
- (v) Shortage of relevant content for rural population.

However, BSNL has assured it will put all its efforts to make the scheme more successful.”

20. The Committee are unhappy to note that under the Rural Broadband (Wireline) Scheme launched on 20th January, 2009 with a roll out period of 5 years for providing wireline broadband connectivity in rural and remote areas, out of the target of providing 8,88,832 wireline broadband connections and 28,672 wireline broadband kiosks through BSNL by January, 2014, as on 31st March 2013, BSNL has been able to provide just 470299 broadband connections and 11443 wireline broadband Kiosks respectively.

The Committee note that various impediments due to which progress has been far below the target include high cost of computers, poor power supply in rural and remote areas, poor English literacy in rural areas and lack of relevant content in local language. The Committee desire that DoT should in consultation with BSNL take remedial steps to overcome the impediments so that the Rural Broadband (Wireline) scheme becomes successful.

F. Amount owed by Private Operators To BSNL

(Recommendation Sl. No. 11)

21. The Committee had recommended as under:-

"As per the information furnished by the Department, the Committee note that as on 31.01.2013 an amount of Rs. 1111 crore is outstanding from private operators to BSNL. The Committee are dismayed to find that out of the outstanding of Rs. 1111 crore to be recovered from private operators, a sum of Rs. 986 crore is sub-judice in the Hon'ble Supreme Court and TDSAT and dispute pertaining to CDR (Call Detail Record) reconciliations and same is being pursued vigorously for an early settlement. The Committee while expressing a serious concern over such a huge outstanding amount as well as its disputed nature, strongly recommend that the company may analyse the reasons for such disputes and undertake appropriate remedial measures to avoid such disputes in the future."

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

"The amount owed by private operators to BSNL as on 31.03.2013, is given below:

(Fig. In Crores)

Name of the Operator	Gross Outstanding	Disputed Outstanding	Net outstanding
Bharti	239.46	212.03	27.43
Reliance	184.42	163.67	20.75
Vodafone	93.96	85.86	8.10
IDEA	30.99	27.40	3.59
Total	548.83	488.96	59.87
Others	580.05	485.38	94.67
Grand Total	1128.88	974.34	154.54

An amount of Rs. 974.34 crores is locked up in various types of disputes, out of which most of the amount is *sub-judice* in the ongoing legal cases before the Hon'ble TDSAT / Supreme Court. The disputes are mainly due to the following reasons:

- Reduction of tariff in respect of Interconnect Usage Charges by TRAI against which BSNL has filed an appeal in Hon'ble Supreme Court. BSNL continues billing on earlier rates for Carrier Charges, Port Charges, etc. which private operators are refusing to pay.
- Likewise, the private operators have also approached Courts seeking relief

- (i) from payment of infrastructure charges revised by BSNL.
- (ii) Against the disconnection notices of BSNL giving reasons for non-payment as CDR (Call Detail Record) mismatch/CLI (calling line identification) cases , etc. and
- (iii) Against Trunk Group Violation charges billed by BSNL for wrong routing of calls by private operators.

Out of outstanding of Rs. 1129 Crore from private operators to BSNL as on 31.03.2013, an amount of Rs. 974 Crores is locked up in various types of disputes, of which, most of the amount is sub-judice in the ongoing legal cases before the Hon'ble TDSAT/Supreme Court. BSNL is making all out efforts for recovery of its payments. Some of the reasons for these disputes and efforts made by BSNL for recovery of payments are as follows:

Payment of Interconnect Usage Charges and port charges are governed by mutual interconnect agreements between BSNL & Private Operators. However, charges payable by Private Operators to BSNL are modified by TRAI by way of Regulations issued from time to time.

For instance, TRAI has reduced the

- a) Port charges from Rs. 55,000/- per port to Rs. 39,000/- from 01.04.2007
- b) Carriage charges in respect of intra circle cellular calls from Rs. 0.65p per minute to Rs.0.15p per minute from 01.04.2009.
- c) Port charges further from Rs. 39,000/- per port to Rs. 10,000/- per port (for PSTN ports) and Rs. 4000/- per port (for GSM port) from 01.10.2012.

BSNL has challenged this huge reduction of rates by TRAI regulations in Hon'ble TDSAT & Hon'ble Supreme Court of India. These cases are pending at various levels in Hon'ble TDSAT, High Court & Supreme Court.

BSNL continued to raise the bills at old (higher) rates (so that its claim remains justifiable/claimable in these courts) leading to mounting of outstanding dues. Private Operators are not paying the outstanding amounts by taking advantage of TRAI Regulations & pending decision/judgments from Hon'ble TDSAT, High Court & Supreme Court.

Presently, BSNL is not in a position to recover the outstanding dues from the private operators because of the orders of Hon'ble Courts 'not to take any coercive against the Private Operators' in respect of disconnection notices issued by BSNL.

BSNL has been engaging Solicitor General (SG) of India, Additional Solicitor General (ASG) of India & Ex SG & ASG's to defend its cases.

23. The Committee in their original report had noted that an amount to the tune of Rs. 1129 crore was outstanding from private operators to BSNL as on 31.03.2013, out of which Rs. 974 crore was locked up in various types of disputes, of which, most of the amount is sub-judice in the ongoing legal cases

before the Hon'ble TDSAT/Supreme Court. The Committee had therefore desired that appropriate measures may be taken to recover the outstanding dues. From the Action Taken replies Committee note that as BSNL is not in a position to recover the outstanding dues from the private operators because of the orders of Hon'ble Courts 'not to take any coercive action against the Private Operators' in respect of disconnection notices issued by BSNL.

The Committee feel that the issue of long-pending disputes over huge outstanding amounts owed by private operators further exacerbates the declining financial position of BSNL and it is therefore imperative that DoT and BSNL should take stringent steps to recover the dues. The Committee have been informed that BSNL has been engaging Solicitor General (SG) of India, Additional Solicitor General (ASG) of India & Ex SG & ASG's to defend its cases. The Committee desire that DoT and BSNL should periodically hold meetings with the Ministry of Law, Solicitor General of India and Additional Solicitor General of India and urge upon them to take appropriate steps for early decision in cases pending before Hon'ble TDSAT/Supreme Court.

G. Financial performance of MTNL and Revival Plan for ITI

(Recommendation Sl. Nos . 13 & 14)

24. The Committee had recommended as under:-

"The Committee feel extremely concerned at the continuing trend of increasing losses MTNL year after year. During 2009-10, MTNL had incurred loss of Rs. 2610.92 crore which was increased to Rs. 2801.92 crore during 2010-11. The loss incurred by MTNL during 2011-12 was Rs. 4109.78 crore. The Committee also deprecate the low utilization of IEBR by MTNL during 2012-13. The Committee note that main reasons for such heavy losses being incurred by the company include overstaffing, revision of wages/arrears, provision for spectrum charges, pension payment/actuarial valuation, accounting for balance amount of VRS payments, reduction in tariffs and service area constraints etc. As a result, the MTNL is passing through severe cash flow problem and is borrowing money to meet its day to day requirements. The Committee note that most of these issues need Government intervention for their

settlement, but the same is not forthcoming. The Committee, therefore, feel that there is an urgent need for the Government to address all such issues besides chalking out a detailed strategy to restore MTNL as a viable Telecom PSU in the country. The Committee also note that the proposal of MTNL for surrendering the BWA spectrum allotted to them and refund of full price of Rs. 4533.99 crore plus interest (Rs. 766.90 crore) is pending with the Department of Telecommunications for their consideration. The Committee recommend that the Department may take a final decision on this issue at the earliest. The Committee further recommend that the Department should urgently go into the merits of the assistance sought by MTNL for other proposals viz. sovereign guarantee for raising long term bonds, monetization of land and buildings, financial assistance for excess spectrum in 2G, funding support for VRS and creation of a common Pension Trust for all groups of absorbed employees. The Committee desire that all steps necessary for revive MTNL are implemented in a time bound manner so as to prevent any further slide in the financial and physical performance of the Company. The Committee also desire the MTNL to improve percentage of utilization of IEBR component of Rs. 786.93 crore in 2013-14, as utilization during 2012-13 upto January, 2013 was very low i.e. 38.36% w.r.t. RE."

(Recommendation No. 13, Para no. 2.18)

"The Committee note that during 2013-14, the amount proposed for ITI was Rs. 1453 crore but the allocation made at BE stage was merely Rs. 1 lakh only because the revival proposal of ITI is yet to be approved by the Government and hence non-allocation of plan outlay by the Planning Commission. The Committee find it an irony that when the Indian telecom sector has seen an impressive expansion with large investments in the past several years and teledensity increasing from 28.2 percent in 2008 to more than the 70 percent in 2012, ITI Limited, the first public sector undertaking of independent India, established in 1948, to supply telecom equipments to then telecom service providers, i.e., Department of Telecommunications, is today not in a position to generate internal resources to meet the planned capital expenditure due to lack of orders and continuous losses. It could be clearly seen that ITI has not been able to compete in a highly competitive market after the liberalization of economy in the early 90s. The Committee strongly recommend that the revised Draft Rehabilitation Scheme, as a part of ITI's Revival proposal, submitted by the Operating Agency (State Bank of India) and approved by BIFR in November, 2012 may be urgently considered and approved by BRPSE so that the same may be sent to CCEA for approval at the earliest. The Committee further recommend that the Revival Plan may be urgently finalized so that adequate capital funding may be made available for upgrading manufacturing infrastructures and absorption of new technologies in all the ITI plants. The Committee also desire that BSNL and MTNL being the major customer from ITI, emphasis should also be given by them in procuring telecom equipment from ITI for their network expansion wherever possible. In this regard, the Committee trust that the policy of the Government for providing purchase preference to domestically manufactured telecom equipment as announced under NTP-2012 will definitely give a boost to the company in its revival plan."

(Recommendation No. 14, Para no. 2.19)

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

"MTNL has sought for Government support for its revival. For this purpose, MTNL has submitted a revival plan seeking government assistance in the following key areas:-

- Sovereign guarantee for raising long term bonds.
- Surrender of BWA Spectrum
- Raising resources through monetisation of fixed assets
- Financial assistance for retention of excess spectrum in 900 MHz & 1800 MHz bands.
- Funding support for rationalization of staff.
- Pension issues of all absorbed employees in MTNL in line with BSNL.

A Group of Ministers (GoM) has been constituted for revival and revitalization of Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL). The above issues are presently under consideration of the Government. MTNL has prepared a revival plan for orienting itself to the evolving telecom market to increase revenues. The revival plan has been placed before the GoM for consideration.

MTNL has submitted that the actual utilization of funds (provisional), as on March 2013, is Rs 260.49 Cr which is 58.61% w.r.t. RE of Rs 444.48 Cr. MTNL is making all endeavor to optimally and judiciously utilize the plan outlay for 2013-14 as required to meet its targets."

(Reply to Recommendation No. 13, Para no. 2.18)

"In the Revival Plan of ITI, an amount of Rs. 4156.79 Crore was forecast. The Revival Plan was forwarded on 8th March 2013 to Board for Reconstruction of Public Sector Enterprises (BRPSE) for their recommendation. The Revival plan was **taken** up by BRPSE in July 2013. After obtaining the recommendation of BRPSE the plan will be sent for approval of the CCEA.

As per the directives of DoT, BSNL and MTNL are continuing the policy of Reservation Quota orders on ITI for 30% of their requirements for products manufactured by ITI as well as on turnkey projects. This policy will remain in force for the period up to 20th September 2013. The proposal for extension of reservation Quota policy to ITI beyond 20th September 2013 is already in process.

The Revival proposal of **ITI** has been worked out looking at the opportunities emerging out of the National Telecom Policy (NTP) 2012 announced by Government of India. The market opportunity for domestic

manufacturers as a consequence have also been factored into Revival Plan of ITI Ltd.”

(Reply to Recommendation No. 13, Para no. 2.19)

26. While expressing serious concern at the continuing trend of increasing losses of MTNL year after year, the Committee had desired that all steps necessary for revival of MTNL may be implemented in a time bound manner so as to prevent any further slide in the financial and physical performance of the company. In its reply, the Department has furnished that the revival plan of MTNL seeking government assistance in a number of key areas has been placed before the GoM for consideration. The Committee desire that Department of Telecommunication should vigorously pursue the matter with GoMs and urge them for an early decision in the matter.

While finding it ironic that despite impressive growth in the Indian telecom sector in the past several years, ITI Limited, the first public sector undertaking of independent India, established in 1948, to supply telecom equipments to then telecom service providers is today not in a position to generate internal resources to meet the planned capital expenditure due to lack of orders and continuous losses, the Committee strongly recommended that the revised Draft Rehabilitation Scheme, as a part of ITI’s Revival proposal, submitted by the Operating Agency (State Bank of India) and approved by BIFR in November, 2012 may be urgently considered and approved by BRPSE so that the same may be sent to CCEA for approval at the earliest. The Committee also desired that emphasis should be given by BSNL and MTNL in procuring telecom equipment from ITI for their network expansion wherever possible. From the Action Taken replies, the Committee note that the Revival plan was taken up by BRPSE in July 2013. After obtaining the recommendation of BRPSE the plan will be sent for approval of the CCEA. The Committee emphasize that Department of Telecommunications should

vigorously pursue the matter for early recommendation from BRPSE and approval of CCEA. Thereafter, necessary action with due promptitude should be taken to revive the ITI.

H. Free nationwide roaming and full number portability

(Recommendation Sl. No. 17)

27. The Committee had recommended as under:-

"The Committee note that one of the salient features of National Telecom Policy, 2012 is to achieve one nation full Mobile Number Portability and work towards one nation free roaming. In this regard, the Committee note that the Cabinet had cleared a proposal to allow free roaming across the country and had also endorsed full number portability. The Committee while endorsing the noble objective of the National Telecom Policy, 2012 to achieve one nation full Mobile Number Portability and free roaming, recommend that consultation process initiated by TRAI for the implementation of the above policies should be completed at the earliest. The Committee are of the view that the implementation of these policies would be a big relief to the huge subscribers in the country and would constitute a milestone in the history of Indian telecom sector. They would keenly await progress made under these two components of NTP-2012."

28. The Department of Telecommunications in the action taken note have stated as under:-

"One of the objectives under NTP 2012 is to achieve "One Nation – Full Mobile Number Portability" and work towards "One Nation – Free Roaming". DoT vide letter dated 27.12.2012 has requested TRAI to provide its recommendations on the subject of "One Nation- Full Mobile Number Portability". TRAI had floated a consultation paper on this issue on 20.2.2013 seeking comments of stakeholders by the 7th March, 2013. TRAI submits the recommendations to the Government after considering the comments of the stakeholders. Further necessary actions for the implementation of full mobile number portability will be taken by DoT after considering the recommendations of TRAI which are awaited.

As per provisions of TRAI Act 1997 as amended in the year 2000, TRAI prescribes tariffs for the telecommunication services in India which inter-alia includes the issue of roaming. TRAI has floated a consultation paper on 25.2.2013 for seeking written comments of stakeholders by 18.03.2013 and counter comments by 25.3.2013 on the issue of free roaming. After considering the comments and counter comments of the stakeholders TRAI may issue a tariff order on this subject. TRAI does not submit recommendations to the Government on the tariff matters.

Therefore as explained above, action has been initiated to fulfill the objective under NTP to achieve "One Nation – Full Mobile Number Portability" and work towards "One Nation – Free Roaming".

29. On the issue of achieving 'One National-Full Mobile Number Portability' and 'One Nation-Free Roaming' as enshrined under National Telecom Policy (NTP), 2012, the Committee in their original Report had recommended that the consultation process initiated by TRAI for the implementation of the above objectives should be completed at the earliest. The Committee are constrained to observe that the action taken reply of the DoT merely state about the consultation paper issued by TRAI in February, 2013 and does not indicate the latest progress in the matter. While strongly deprecating this kind of half baked reply, the Committee desire that the latest efforts and progress made in achieving the objectives may be furnished to the Committee within 3 months of the date of presentation of this Report.

CHAPTER-II

RECOMMENDATIONS / OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation Sl. No. 1)

The Committee note that the Detailed Demands for Grants (2013-14) of the Department of Telecommunications were laid in Lok Sabha on 18th March, 2013. The Committee observe that for the 12th Five year plan against an amount of Rs. 77,221.23 crore under Gross Budgetary Support (GBS) sought by DoT, the GBS approved by the Planning Commission is only Rs. 20,825 crore. For the year 2013-14, the Department has been allocated a plan outlay of Rs. 12,239.93 crore comprising of both the GBS and IEBR components. The Committee endorse the same. However, an analysis of the information furnished by the Department reveals that the Plan allocation is Rs. 2,991.46 crore lesser than the outlay allocated at BE stage for the previous year. The analysis further reveals huge variations in the BE, RE and Actuals under IEBR + GBS outlay of the Department during each of the last two years. During 2011-12, the allocation at BE was Rs. 19,881.09 crore which was reduced to Rs. 11,878.07 crore at the RE stage and the actual utilization was only Rs. 6,290.81 crore. During the year 2012-13, again the allocation at RE was reduced to Rs. 8,286.48 crore from Rs. 15,231.39 crore of the BE allocation and the actual utilization was only Rs. 4,619.11 crore (upto February, 2013)."

(Recommendation No. 1, Para no. 2.1)

The Committee find that the under-utilization of IEBR during 2012-13 was mainly on account of lower expenditure by the PSUs. An analysis of the performance of IEBR during 2012-13 indicates poor performance by both BSNL and MTNL. For BSNL, IEBR at BE stage was Rs. 9,504 crore which was reduced to Rs. 5,409 crore at the RE stage and the actual utilization upto February, 2013 was only Rs. 2,148.85 crore i.e. 39.72 percent w.r.t. RE. In the case of MTNL, IEBR at BE was Rs. 887.39 crore which was reduced to Rs. 444.48 crore at RE stage and the actual utilization up to February, 2013 was Rs. 224 crore i.e. 50.39 percent w.r.t. RE. The main reasons cited by the Department for under-utilisation by BSNL includes lower capital expenditure than anticipated on expansion of capacity for GSM equipment, procurement of NGN equipment, UG cables & Telephone instrument, broadband equipment and Cable & Transmission equipment. Market conditions and hyper-competition in the telecom sector has also adversely affected the generation of internal resources of BSNL. In the case of MTNL, the Committee observe that the company is passing through severe cash flow problem and is under a serious debt burden. MTNL is also borrowing money to meet its day to day requirements. For the year 2013-14, the Committee note that amount of Rs. 6,439.93 crore for IEBR of PSUs (BSNL, MTNL & C-DOT) has been approved by the Planning Commission. The Committee feel dismayed at the trend of underutilization under IEBR by PSUs in the last two years and the performance of the PSUs, especially the inability of BSNL to expand its GSM networks and the financial position of MTNL where it is borrowing money to meet its day to day expenditure.

(Recommendation No. 1, Para no. 2.2)

Under GBS, the allocation of funds during 2012-13 at BE level was Rs.4800 crore which was reduced to Rs. 2393 crore at the RE stage and the actual utilisation upto February, 2013 was Rs. 2220.48 crore i.e. 92.79 percent w.r.t. RE. The Committee observe massive deductions at RE stage under schemes/ unit like WMO, WPC, TEC, C-DoT, DS, NICF, USOF etc. The Committee are of the view that the Finance Ministry had taken into consideration the poor utilization of funds by the Department that while making reduced allocation at RE stage under GBS during 2012-13. For the year 2013-14, under GBS, the Planning Commission has allocated only Rs. 5,800 crore out of the proposed Rs. 24,539.59 crore. The Department has particularly stated that funds allocated for USOF (including NOFN) would not be sufficient and the MoF would be requested to provide the same at the RE stage. The Committee feel that the aforesaid scenario reveals that there are serious lacunae in planning process of the Department and under GBS, there is an urgent need for the Department to improve its performance under the schemes/units like WMO, WPC, TEC, C-DoT, DS, NICF, USOF etc.

(Recommendation No. 1, Para no. 2.3)

The Committee are dismayed at the way in which the entire planning processes of the Department are being done. The reason why the Planning Commission had made lesser allocation at BE stage than the amount proposed by the Department and the reduced allocation made at RE stage by the Finance Ministry merit a special consideration by the Department. The Committee are of the view that the Department should first assess its ability and potential to utilise funds instead of making unrealistic projections. The Committee, therefore, recommend that the Department may undertake a review of its planning process in implementation of various schemes undertaken by it in a realistic manner. The Department also needs to focus on financial management as well as monitoring mechanism so that the funds allocated are utilized properly and the desired targets are achieved in a time bound manner. The Committee would like the Department to act on the above observations as it would definitely help the Department in proper utilization of funds in a planned manner.

(Recommendation No. 1, Para no. 2.4)

Reply of the Government

BSNL

The budget allocation under Capital Outlays made by BSNL under BE, RE and the Actual Capital Expenditure during 2011-12, 2012-13 and 2013-14 is given below:

(Fig. in Crores)			
Year	BE	RE	Actual Expenditure
2011-12	15277.63	9095.34	3853.08
2012-13	9086.22	5408.85	2519.71*
2013-14	5592.99		

Note: * The actual expenditure during the year 2012-13 is provisional and unaudited.

MTNL

The reasons for the difference in BE & RE and poor utilization of funds by MTNL in the main reply are as under:

The IEBR component of MTNL during the last two years is given below:-
(Rs. in Crore)

Year	BE	RE	Actuals	% of utilization wrt RE
2011-12	1145.46	792.25	486.69	61.50
2012-13	736.20	444.48	260.49 (provisional)	58.61

It is submitted that, in the telecom sector which is driven by very stiff competition, fast changing technologies and falling prices of the telecom equipments, it is becoming increasingly difficult to predict/ forecast the requirements well in advance. The projections are made keeping in view the future demand, technological up-gradation required in the various network elements, introduction of any new technology/ service to effectively face competition and the commitments towards completed / ongoing projects. These provisions are reviewed at the Revised Estimate stage keeping in view the spare capacity available vis-à-vis demand, availability of fund / cash flow position and status of ongoing projects.

Sometimes due to the reasons beyond the control of MTNL, the new projects for which funds are provisioned during the year do not materialize or get delayed. In such cases the funds allotted against these projects remain unutilized and results in lower expenditure as compared to outlay.

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

As regards low utilization of funds during 2011-12 and 2012-13 is concerned, MTNL would like to bring to the kind attention of the Hon'ble Committee that this is primarily due to the reasons that during this year the main planned projects like GSM/3G up-gradation/ expansion, up-gradation / expansion of M/W backhaul network of GSM/3G, Broadband expansion and migration of legacy TDM fixed line switch to NGN/IMS based technologies are deferred to the next year for the following reasons-

Enough capacity in these networks was available.

All the services were available on demand.

MTNL is passing through severe cash flow problem and is under a serious debt burden of around Rs 11,821.11 Cr.(Rs. 7,177.35 Cr long-term & Rs. 4,643.76 Cr short term / over draft). The refund of returned BWA spectrum charges along with interest which was supposed to ease the cash flow problem is expected from the Govt. during the next financial year.

With regards to lower expenditure, it is further submitted that the expected expenditure targets against ongoing projects could not be reflected despite equipments against such projects having been installed and in commercial use, as projects could not be closed due to some pending issues to be fulfilled / resolved by the vendor(s).

It is submitted that MTNL is passing through severe cash flow problem. Therefore, it becomes important for MTNL not only to continuously review its spending but also ensure that funds are utilized judiciously.

It is further submitted that MTNL generates the required funds through its internal resources / arrangements and is not taking any Gross Budgetary Support (GBS) till now. Therefore, as far as MTNL is concerned, funds earmarked are generated / managed from its' own resources. MTNL has to borrow money not only for the new projects but also for its day to day operation, as cash reserves of around Rs. 5000 Cr had been largely used in payment of spectrum charges (3G and BWA) to the Govt. Accordingly, money is withdrawn as and when needed for a project and as such there is no unspent balance available at the end of each financial year.

As compared to the GBS utilization percentage of 96.97% and 99.62% respectively in 2011-12 and 2012-13 the corresponding utilization of IEBR has been 44.31% and 47.74%. Since in terms of weightage the IEBR component of the Plan proposals far outweighs the GBS, the resultant drop in overall utilization of the plan outlay due to less than anticipated expenditure of the IEBR is far more pronounced.

Since the major part of the plan outlay is on account of the plan outlays i.e. IEBR of the PSUs (BSNL & MTNL), less than anticipated expenditure has resulted in low utilization percentage."

(Reply to Recommendation No. 1, Para no. 2.1)

BSNL:

The reduction in planned outlay from BE 2012-13 to RE 2012-13 and reduction in actual expenditure is due to the following reasons:

While framing Budget Estimate BSNL anticipated that execution of GSM project under Phase VII would be underway in all the four Zones across the country. But it could not be started out in East Zone due to delay in acceptance of advance purchase order by L-1 bidder. For West Zone the capacity was reserved for M/s ITI, but M/s ITI after taking various extension, expressed its inability to accept the reserve quota order. Subsequently a tender for 0.63 Million lines was invited, but no bids were received.

Tender for procurement of 4 Million lines of NGN Class-5 has been finalized but supply and commissioning of equipment will be done during the year 2013-14.

Also, the implementation of Phase-I of MAX-NG-CDOT project could not take off due to delay in the developments (R&D) by CDOT and pending validation tests. For migration of CDOT MAX switches to CDOT MAX NG in BSNL, CDOT equipment was tested for field trial at three places and main items of these tests took time and completed by November, 2012. Being indigenous technology developed by CDOT, an undertaking was submitted by CDOT to BSNL that the pending issues of validation tests like integration of Soft switch with Clarity / Provisioning (CDR System) and Inter-working with various existing new systems of BSNL, Traffic Report generation, etc. (which are under process of development in CDOT R&D) shall be cleared in next six months time.

BSNL had signed a MoU titled "Migration of CDOT MAX switches to CDOT MAX-NGN" on 19.12.2012 with CDOT for implementation in BSNL network. It is planned that in Phase-I, NGN (Next Generation Network) Core equipment will be commissioned at two places viz. Gurgaon and Kolkata by CDOT & 100 CDOT MAX switches will be upgraded to CDOT MAX-NGN in North & East Zone in next one year i.e. 2013-14. These NGN Core equipment will be working in geographical redundant mode. After successful completion of Phase-I, six NGN Core equipment will be installed by CDOT at different places and remaining CDOT MAX switches i.e. around 1750 nos. will be migrated to CDOT MAX-NGN in BSNL network in financial years 2014-15 and 2015-16.

Procurement of PIJF(Polyethylene insulated jelly filled) cable was also delayed as some vendors failed to supply and the cable could not be procured during Financial Year 2012-13.

BSNL has made following plans for effective utilization of IEBR and GBS:

Review allotment of funds at BE stage after consider full justifications which may be revised at RE stage on the basis of utilization.

E-tendering and Reverse- auctions are being used to streamline the procurement process.

Periodic reviews of funds utilization are being undertaken.

Further, BSNL has formulated its annual plan taking in to consideration past experience. The status of the new/upcoming projects to be taken in near future are reviewed and funds are allocated based on the expenditure likely to be booked under various heads. BSNL is trying to formulate a more realistic plan where it hopes to spend all its plan outlay for the achievement of its physical targets.

MTNL:

It is submitted that IEBR allocation during 2012-13 was Rs 736.20 Cr instead of Rs 887.39 Cr. The IEBR component of MTNL during the last two years is given below:-
(Rs. in Crore)

Year	BE	RE	Actuals	% of utilization wrt RE
2011-12	1145.46	792.25	486.69	61.50
2012-13	736.20	444.48	260.49 (provisional)	58.61

The telecom sector is driven by very stiff competition and fast changing technologies.

MTNL has been formulating its annual plan after reviewing the progress of ongoing projects and the status of the new / upcoming projects to be taken up during the next year. The reduction at RE stage is based on a revised projection of anticipated expenditure keeping in view the status of projects and the availability of internal resources. Further, the payment liabilities against various projects are also considered while reducing the Budgetary Estimates and allocating the funds for next year.

As regards low utilization of funds in 2012-13, it is submitted that during this year the main planned projects like GSM/3G upgradation/ expansion, upgradation / expansion of M/W backhaul network of GSM/3G, Broadband expansion and migration of legacy TDM fixed line switch to NGN/IMS based technologies have been deferred for the following reasons-

MTNL is passing through severe cash flow problem that constrained generation of internal resources.

All the services were available on demand.

(Reply to Recommendation No. 1, Para no. 2.2)

WPC and WMO

1. For 2012-13

1.1 WMO was allocated funds of Rs. 58.0 crore in the BE 2012-13. Major funds were to be utilized for the technical schemes. Draft Bid document/TC Memos on the technical schemes were submitted for requisite approval but the same could not materialize due to administrative reasons.

1.2 Subsequently, the entire BE funds for Technical Schemes under 2012-13 were surrendered at RE stage.

2. For 2013-14

2.1. WMO had proposed allocation of Rs. 63.22 crore for the Technical & Civil schemes in the annual plan 2013-14. However allocation from Planning Commission has been made to the tune of Rs. 50 crore.

3.1 After allocation of the funds in FY 2013-14 (Plan), WMO has taken requisite actions for effective utilization of funds under the head:

3.1.1 Technical scheme:

i) Draft Bid document prepared for procurement of Six nos.of V/UHF vehicle mounted mobile terminals and portable terminals for the six new WMSs : Rs. 28 crore

ii) Proposal for procurement of 6 nos, fixed HF monitoring facilities for six new WMSs : Rs. 04 crore

(iii) Procurement of 28 SHF terminals in a phased manner.Out of 28 SHF terminals 4 will be procured in the FY 2013-14 : Rs. 20 crore

Total : Rs 52 crore

(iv) WMO is also in a process for the procurement of Radio Network analysers in a phased manner for all the WMSs. Initially, WMO is proposing Radio Network Analysers for all five International Wireless Monitoring Stations and Wireless Monitoring Stations in Metro cities during FY 2013-14 at a cost of Rs 3.0 crore.

3.1.2 Civil Works

WMO has taken the following actions:

(i) WMO has already procured the land at Dehradun, Rajpur & Bhubaneswar and also in process of acquisition of land at Lucknow, Patna & Vijaywada.

(ii) A case for the procurement of land at Dibrugarh was initiated by WMO since long but could not be materialized due to some administrative reasons. WMO has now identified a small piece of land for establishing permanent WMS at Dibrugarh and requested the State Govt. authorities for the allocation of the same at the earliest.

Expenditure on this account will be met from the allocated funds of Rs 50 lakh under NE region.

(iii) Construction of two office buildings of WMO at Jalandhar & Siliguri and staff quarters at ISMES, Jalna is already in progress and major funds allocated under the relevant head are likely to be utilized during the FY 2013-14 only.

(iv) WMO has requested CPWD to start the construction work of boundary wall at Dehradun at the earliest and also requested CPWD to submit the preliminary estimates for the boundary wall of WMSs at Raipur and Goa.

(v) WMO is in process for finalization of the drawing for the new buildings at Mumbai, Dehradun and Goa.

WPC

WPC Wing was allocated major funds of Rs. 4.7 crore under M&E for maintenance of Equipments/facilities installed under World Bank assisted NRSMMMS project under BE 2012-13. The case for website redesigning, AMC of ASMS, Maintenance of Equipments procured under World Bank Project, has been approved for the amount of Rs. 99.76701 lakh in March, 2013. It could not be materialized due to the paucity of funds as the funds were reduced to 50 lakh at RE stage.

The recommendations of Committee has been noted and efforts would be made to improve performance.

C-DoT

The total budget allocation for C-DOT in form of GBS at BE stage was Rs. 250.00 crores. C-DOT requested to retain the same amount at the RE stage also. However, it was reduced by Ministry of Finance to Rs. 150 Crores. The total expenditure (provisional) incurred during financial year 2012-13 is Rs. 226.61 crores (against Rs. 150.00 Crores received as GBS and balance from internally generated funds), which is approx. 78% of the total outlay of Rs. 290 crores planned for the year at BE stage wherein GBS was planned as Rs. 250.00 crores and IEBR was Rs. 40 crores.

Based on the trends of the expenditure incurred during the FY 2012-13, plans have been made to fully utilize the GBS allocated for financial year 2013-14. These programs include Technology Field Implementations & Roll-outs (i.e. Centralized Monitoring System, Shared GSM Radio, etc.) and R&D activities in the cutting edge technology such as Next Generation Mobile Technology, Optical Core Network, Secure Wireless, Software Applications for Telecom Services.

NICF

This office prepared the B.E. for 2012-13 based on the number of works/projects which were to be taken up during the year. Some of these projects could not be got sanctioned in time, leading to reduced expenditure. The RE was therefore prepared in line with the estimated expenditure during the remainder of the year so as to ensure no unnecessary blockage of funds.

USO(F)

During the year 2012-13, Rs. 3000/-Cr. (BE) was allocated for USOF activities. An amount of Rs 2546.73 Cr, a major portion of BE 2012-13 was earmarked for NOFN project. Taking note of the fact that Pilot projects were completed in 3 developed blocks across 3 States and that survey work, a pre requisite as per Cabinet approval, which was then underway and noting that Tender specifications for the whole project were under finalization and that the tenders were unlikely to be finalized in the financial year, the requirement for funds for NOFN were reduced. Hence the Ministry of Finance reduced the allotment at the RE stage to Rs. 625/- Cr.

There was a liability to release Rs. 1500 Crore in favour of BSNL in F/Y 2012-13 for the activity "Sustenance of Rural Wireline Connections installed by BSNL before 01-04-2002". It was based on TRAI recommendations and its acceptance by Telecom Commission and approval by the Competent Authority. Department of Telecom had requested Department of Expenditure to revise RE from Rs. 625/- Crore to Rs. 2125/- Crore for USOF, to enable release of funds to BSNL. This request for enhanced allotment was not accepted by the Dept. of Expenditure, MoF. If the same were to be accepted at that point in time, the expenditure in F/Y 2012-13 under USOF could have been Rs. 2125 crore, which would have been over 70% of the BE of Rs. 3000 Crore (2012-13).

(Reply to Recommendation No. 1, Para no. 2.3)

USO (F)

In BE, Funds for USOF are estimated on the basis of average claims received during the last 4 quarters, pending liabilities and additional requirements for the new Schemes. Accordingly, a monthly plan is drawn to release the funds for payment of subsidy as Compensation to service providers on account of various activity of USOF during the financial year. Once a scheme has been implemented then subsidy payment is a contractual liability as per terms and conditions of USOF activities. The funds allotted to USOF are optimally utilized as may be seen in the table given below:

(Rupees in crore)

Year	Proposed	BE	RE	Actuals	% of utilization w.r.t. RE	Remarks
2008-09	2900	2000	1600	1600	100	
2009-10	3000	2400	2400	2400	100	
2010-11	3000	2400	3100	3100	100	
2011-12	2100	2100	1700	1687.96	99.29	Final allotment was

						restricted to actuals
2012-13	3000	3000	625	625	100	

During discussion with Planning Commission for F/Y 2013-14, USOF had projected total Demand of Rs. 15804/- Crore. The requirement for NOFN was Rs. 13645/- Crore as part of USOF demand projection.

For F/Y 2013-14, BE approved for USOF is Rs. 3000/- Crore. This is inadequate allocation considering the fact that the estimated cost of NOFN project (as approved by the Cabinet) is Rs. 20100/- Crore, and a time frame of 2 years has been given to execute the project.

The Department of Telecom has requested Finance Ministry and Planning Commission (at the highest level) to make adequate allocation for NOFN project in F/Y 2013-14. Keeping in view that BE is Rs. 3000/- Crore, efforts will be made during F/Y 2013-14, as the pace of the project picks up, to seek enhanced allocation for USOF to fund the NOFN project. Inadequate allocation of funds for NOFN project will inevitably lead to delay in execution of the Flagship Project.

It is furthermore stated that USOF has a liability to release Rs. 1500 Crore in favour of BSNL in F/Y 2013-14. This is for the activity "Sustenance of Rural Wireline Connections installed by BSNL before 01-04-2002" based on TRAI recommendations and after due recommendation by Telecom Commission and approval by the Competent Authority.

The annual plan is prepared after reviewing the progress of the ongoing projects and the status of the new/upcoming projects to be taken up during the next year. Scheme-wise/Unit-wise Annual plan Proposal of the Department is discussed at the Adviser and Member level meetings in the Planning Commission. The Planning Commission then makes the final scheme-wise/unit-wise allocation of GBS after thorough deliberations. Hence, at times the final scheme-wise/unit-wise allocation is less than proposed demands.

The revision at RE stage by the Finance Ministry is done based on a revised projection of anticipated expenditure keeping in view the status of projects. Similarly, the payment liabilities against various projects are also considered while projecting the BE for next year. Sometimes due to reason beyond control, the projects do not come up or get delayed. In such cases the funds allotted against such projects remain unutilized resulting in lower expenditure.

The observations of the Committee are taken note of.

(Reply to Recommendation No. 1, Para no. 2.4)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

(Recommendation Sl. No. 2)

Revenue receipts of the Department

The Committee observe that the license fee and the spectrum charges collected from the Telecom Service Providers are the major and regular sources of non-tax revenue of the Government of India. The Committee also note that on license fee and spectrum charges, the Department had received Rs. 13,719.67 crore during 2010-11 and Rs. 16,983.23 crore during 2011-12. During 2012-13, if the anticipated amount upto 31st March, 2013 is taken into consideration, the revenue receipts of the Department under license fee and spectrum charges will be Rs. 18,641.31 crore. The Committee are concerned to note that revenue collection on account of dividend payment from the CPSUs is in a declining mode on account of their pathetic financial performance. From an amount of Rs. 72.18 crore collected as dividend during 2009-10, it has declined to Rs. 16.50 crore during 2012-13. Another significant source of the revenue for the Department is the revenue generated through spectrum auction. Under this head, the Department collected Rs. 1,06,264.73 crore during 2010-11 and Rs. 1,722.24 crore during 2012-13. In this regard, the Committee note that to enhance its revenues, the National Telecom Policy, 2012 envisages delinking of spectrum in respect of all future licenses and making spectrum at a price determined through market related process. The Committee have also been informed that an amount of Rs. 23,177.66 crore has been levied on Telecom Service Providers for holding spectrum beyond 4.4/6.2 MHz in respect of GSM operators and the matter is presently under litigation. Besides, an amount of Rs. 3032.20 crore has been levied in respect of CDMA operators for holding spectrum beyond 2.5 MHz and the due date for payment is 10th April, 2013.

(Recommendation No. 2 Para no. 2.5)

Reply of the Government

BSNL

BSNL was formed on 1st October 2000. BSNL is having one of the largest switching and transmission network in the country.

Till a couple of years back, BSNL was performing well in spite of being a late entrant in mobile segment as it was given mobile license only in 2000 whereas private operators had got the license in 1994-95. BSNL was a pioneer in providing mobile services in rural areas and played an important role in the past against possible cartelization when there were only a few mobile operators. However, of late BSNL is losing its market share in Mobile. In addition, low tariff in mobile services and exponential growth in mobile connections are resulting into surrender of landlines. These have caused considerable financial strain on BSNL. Some other factors such as high manpower cost, inadequate skill set of employees, legacy systems, uneconomic service in rural areas through landlines, etc. have also led to incurring losses.

BSNL has been incurring losses since 2009-10 onwards. Hence, BSNL could not pay dividend from the year 2009-10 onwards i.e. 2010-11, 2011-12 and 2012-13.

MTNL

Since its inception in 1986 upto the year 2008-09, MTNL had been making profits and continuously paying dividend to its shareholders including Government. Further, MTNL has stated that it had contributed about Rs. 46,580 Crores to Govt. exchequer in form of various levies, taxes and fees from the year 1986 till 2011-12.

MTNL has stated that on account of payment of Rs.740 crores towards wage revisions/Arrears and Rs. 2934 crores towards Pension and provisions on actuarial basis, MTNL incurred loss in the year 2009-10. During the year 2010-11, MTNL paid Rs.

11098 crores towards 3G & BWA Spectrum Charges after taking loans from the Banks. This not only wiped out MTNL's cash reserves of around Rs.5000 crores but also led it into debt trap. Since then, due to ever increasing staff cost (which stands around 132% of revenue during the year 2012-13) and requirement of servicing the debt, MTNL has been continuously incurring losses and has not been able to pay the dividends.

TCIL has all along been paying dividend except for the years 2005-06 to 2007-08. TCIL has so far paid total dividend of Rs.177.63 crore to the Government against Government's investment of Rs.30 lakhs in TCIL in two tranches. Further, the company's Paid up Capital has also increased to Rs.43.20 crore after seven Bonus issues amounting to Rs.42.90 crore by capitalization of reserves.

The major reason for declining dividend is the company's requirements for investments in its projects through internal accruals. The post tax profit for 2011-12 has been reduced to Rs.8.03 crore as against Rs.13.57 crore during 2010-11 because the company had to provide for extra income tax liability for the assessment years 2000-01, 2005-06 and 2006-07 as TCIL has lost the appeals for these years in Income Tax Appellate Tribunal on the issue of exclusion of income from foreign projects with whom the Govt. of India has signed Double Taxation Avoidance Agreement (DTAA).

"Consequent upon complete erosion of net worth of M/s ITI Ltd, it was referred to BIFR in the year 2004 and was declared a sick PSU by BIFR. Since, then the accumulated losses of ITI Ltd have been increasing every year and stand at Rs. 3975 Cr. as on 31.03.201. The Company has therefore not been in a position to pay dividend.

However, the Revival Plan of M/s ITI Ltd. has been formulated and forwarded to BRPSE for their recommendation. After obtaining the recommendation of BRPSE the plan will be sent for approval of CCEA. It is expected that after implementation of Revival Plan M/s ITI will turn profitable".

DOT issued orders regarding levy of one time spectrum charges for CDMA above 2.5MHz to M/s Tata Teleservices Ltd. (Rs. 1152.68 crore), M/s Reliance Communication Ltd. (Rs. 1757.89 Crore), M/s MTNL (Rs. 107.44 Crore) and M/s BSNL (Rs. 15.19 Crore). M/s Tata Teleservices Ltd. and M/S Reliance Communication Ltd. have challenged these orders in High Courts at Bombay and Calcutta. Replies to these Petitions are under process.

However TTL has paid Rs. 62.910 Crore towards annual payment for Mumbai and Delhi Service Area and opted for conditional surrender in rest of the circles. M/s Reliance Communication Ltd. has not paid amount in this regard. M/s BSNL has opted surrender option for excess CDMA spectrum in Kerala Service area.

(Reply to Recommendation No. 2, Para no. 2.5)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

Taking into consideration the way the telecom sector is expanding in the country as well as the way the private telecom operators have flourished during the last few years, the Committee, are concerned to note that during the last three years, there has been a very marginal increase in the revenue receipts of the Department. The Committee are of the considered opinion that something is amiss in the revenue generation policy of the Department as the same does not appeared to be

commensurate with the growth of telecom sector. The Committee, therefore, feel that there is an urgent need for the Department to introspect its policy and procedures and evolve a long term strategy to increase its revenue receipts. At the same time the Committee would like to emphasise that such policies and procedures should be fair, transparent and legally tenable so as to not leave much scope for frequent litigation during the levy of charges of any kind, as has happened during the levy of charges for holding additional spectrum by GSM operators. The Committee would like the DoT to ensure that it carry out efforts to collect their due recoveries, monitor periodically the collection process and strengthen its accounting procedures.

(Recommendation No. 2 Para no. 2.6)

Reply of the Government

The National Telecom Policy (NTP-2012) envisages delinking of spectrum in respect of all future licences and making spectrum available at a price determined through market related process. The auction in the 2G bands of 800 MHz and 1800 MHz was conducted in November,2012.The second round of auction for 1800 MHz,800 MHz and 900 MHz has also been conducted in March,2013.

Further following prompt actions are taken to realize the Spectrum charges:-

Assessment of Spectrum Usage Charges as per rules.

Monitoring of trend of revenue on account of Spectrum Usage Charges.

Necessary action to realize the outstanding Spectrum Usage Charges.

As regards collection of Revenue, it is submitted that as per Licence Agreements the Licence Fee payable by the Licensee Companies is a percentage of Adjusted Gross Revenue of the Licensee Company. Licensee pays the said percentage of Revenue Share quarterly on self assessment basis according to Revenue accrued during the quarter. The details of Revenue are submitted in the prescribed format of Statement of Revenue and Licence Fee along with payment of Licence Fee.

The Department carries out the annual Assessment of Licence Fee dues of the Licensee Company on the basis of the Audited Profit & Loss Account, Audited Statements of Revenue and Licence Fee and other Audited Financial Statements submitted by the Licensee Company. As a result of this Assessment a Demand cum Show Cause Notice is issued to the Licensee Company. Almost all the Licensee Companies have approached different legal foras i.e. Hon'ble TDSAT, Hon'ble High Courts of Kerala, Gauhati and Madras and obtained stay against enforcement of the demands raised, thus hindering the collection process.

As regards the marginal increase in the revenue during the last three years, it is stated that Department could assess the Licence Fee dues from Financial Year 2005-06 onwards due to the Hon'ble TDSAT judgment dated 30.08.2007 in Petition No. 7 of 2003 in AGR case. The judgment of the Hon'ble TDSAT redefined the definition of Gross Revenue, which was contrary to that defined in the Licence Agreement. Department filed Civil Writ Petition No. 5059 of 2007 before the Hon'ble Supreme Court against the judgment dated 30.08.2007 of the Hon'ble TDSAT. Only after the judgment dated 11.10.2011 of the Hon'ble Supreme Court in CA No. 5059 of 2007, Department started assessing the Licence Fee dues of the Licensees. During the intervening period Licensees were paying Licence Fee on self assessment basis as per Clause 20.2 to 20.4

of the UAS Licence Agreement. Moreover, the Licenses approached various judicial foras against the Demands raised by the Department and obtained stay against the enforcement of demands.

In order to plug the arbitrage opportunity, Department has introduced payment of uniform percentage of revenue share (Licence Fee) regime across all Telecom Licences w.e.f. 01.04.2013.

(Reply to Recommendation No. 2, Para no. 2.6)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

Recoveries under Special Audit

(Recommendation Sl. No. 3)

The Committee note that the Department of Telecommunications had ordered a special Audit of Accounts for the years 2006-07 and 2007-08 of five Telecom Group companies viz. Reliance Communications, Bharti Airtel, Idea Cellular, Tata Teleservices and Vodafone. The Committee are concerned to note that it was only after conducting the special audit for the years 2006-07 and 2007-08, that the DoT had raised a demand on the said companies for Rs. 1,846.51 crore (Rs. 896.05 crores principal and Rs. 950.46 crore as interest upto November, 2012/February, 2013). The Committee however observe that all the licensee companies have approached the courts and have obtained stay against the enforcement of such demand from Hon'ble High Court of Kerala, Hon'ble High Court of Madras, Hon'ble Agartala Bench of Guwahati High Court and Hon'ble TDSAT.

(Recommendation No. 3 Para no. 2.7)

The Committee feels that the DoT should have vigilant to garner its revenue for the year 2006-07 and 2007-08 and thereafter instead of waiting and resorting to Special audit so late. It is also not clear as to why the special audit has not been conducted for the periods of 2008-09 to 2011-12. The Committee trusts that the Department would take all necessary steps to recover its due. As regards the future remedial measures, the Committee have been informed that to prevent under reporting of revenues, the Department has initiated measures like reconciliation between the revenue reported through statement of Revenue and License Fee and revenue reported in the Audited Annual Accounts of the licensees, issuing suitable instructions to the licensees for reporting items indicated in the special Audit report and introducing a uniform annual License Fee regime w.e.f. 01.04.2013. The Committee recommends the Department to evolve a transparent and accountable system so as to avoid any ambiguity in determining the real revenue earnings of the telecom licensees and in preventing under reporting of revenue and subsequent litigations.

(Recommendation No. 3 Para no. 2.8)

Reply of the Government

Clauses 22.5 and 22.6 of the UAS Licence Agreement are reproduced as under:

22.5 The LICENSOR may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the LICENSEE by appointing auditor at the cost of the LICENSEE and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of the Companies Act, 1956. The remuneration of the Auditors, as fixed by the LICENSOR, shall be borne by the LICENSEE.

22.6 The LICENSOR may also get conducted a 'Special Audit' of the LICENSEE company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the LICENSOR, shall be borne by the LICENSEE. This will be in the nature of auditing the audit described in para 22.5 above. The Special Auditors shall also be provided the same facility and have the same powers as of the companies' auditors as envisaged in the Companies Act, 1956.

Above mentioned two Clauses of UAS Licence Agreements empowers the Licensor to order Audit/Special Audit of a Licensee Company in case the Licensor comes to a conclusion that the Licensee is underreporting or misleading the Licensor in disclosing the actual revenue accrued to the Licensee.

Accordingly when the Licensor i.e. Department of Telecom in the year 2008 came to know from media reports that some of the Licensee Companies are under reporting their revenues through the Audited Statements of Revenue and Licence Fee, Department ordered a Special Audit of the major five Licensees viz. M/s Reliance Communications Ltd., M/s Bharti Airtel Ltd., M/s Idea Cellular Ltd., M/s Vodafone Ltd and M/s Tata Teleservices Ltd and their Group Companies having Telecom Licenses for the years 2006-07 and 2007-08 in the year 2009. It may be mentioned here that the Department had carried out the assessment for the year 2006-07 by then.

Regarding Special Audit from the Financial Years 2008-09 onwards, it is submitted that the Department could not proceed with the annual assessment after 2006-07 due to legal complexities. During the assessment of Licence Fee Department tries to include all the revenues that are omitted by the Licensee Companies, on the basis of the Audited Profit & Loss Account of the Company.

After the pronouncement of orders dated 11.10.2011 in the AGR case by the Hon'ble Supreme Court, the Department has been able to resume the assessment process for the post 2006-07 periods. While doing so, the Department has been seeking information from the Licensee Companies on the basis of Special Audit Report/findings which may not be easily retrievable from the Profit & Loss Account of the Company.

Since, the concerned clause of the UAS Licence Agreement lays down that Special Audit is to be got conducted when the Department forms an opinion to the effect that some revenue leakage is there, and since the Department is in process of finalizing the assessments and seeking required information from the Licensees, the Special Audit for subsequent periods has not been ordered yet. However, in case, after the furnishing of the required information by the Licensee and examination of the same, the Department concludes that there is some kind of revenue leakage, then the concerned Clause of the Licence Agreement will be invoked and Special Audit instituted.

(Reply to Recommendation No. 3 Para no. 2.7 and 2.88)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

Wireline Broadband Connectivity

(Recommendation Sl. No. 8)

Under the Rural Broadband (Wireline) Scheme launched on 20th January, 2009 with a roll out period of 5 years for providing wireline broadband connectivity in rural and remote areas, the Committee note that out of the target of providing 8,88,832 wireline broadband connections through BSNL by January, 2014, the achievements as on December, 2012 was only 4,33,018. During the same period, the achievements with regard to providing wireline broadband kiosks were 10,713 against the target of 28,672. The performance of broadband connectivity in North-Eastern Region is even worse as the achievement was merely 2460 against the target of 26,226. The Committee observe that the efforts of BSNL to provide wireline broadband kiosk through the exchanges have clearly not been able to match the popularity gained by Common Service Centre set up by the Department of Electronics and Information Technology under a national scheme which are based on a model where the village level entrepreneur run them. The Committee desire that efforts must be made by the Department to increase broadband kiosk through the participation of village level entrepreneur on the lines of Common Service Centers which have proved to be a big success in the remaining span of the scheduled time for completion of the scheme.

(Recommendation No. 8 Para no. 2.13)

Reply of the Government

Under the Rural Broadband (Wireline) Scheme launched on 20th January, 2009 with a rollout period of 5 years for providing wireline broadband connectivity in rural and remote areas, as on 31st March 2013, 470299 broadband connections and 11443 Kiosks have been provided by BSNL against the total target of 888832 connections and 28672 Kiosks by January 2014. The progress has been lagging in off-take of broadband connections due to following reasons as reported by BSNL:

- (i) Cost of computer is high as compared to house hold income in rural area.
- (ii) Poor power supply condition in rural and remote areas.
- (iii) Poor English literacy in rural areas and Non availability of contents in local language.
- (iv) Lack of computer literacy in rural and remote areas.
- (v) Shortage of relevant content for rural population.

However, BSNL has assured it will put all its efforts to make the scheme more successful.

(Reply to Recommendation No. 8 Para no. 2.13)

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

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

Financial performance of BSNL

(Recommendation Sl. No. 10)

The Committee note with concern that the financial performance of BSNL has continued to be in a declining mode over the last few years and the company is incurring heavy losses. During 2009-10, BSNL had incurred a loss of Rs. 1823 crore, which increased to Rs. 6384 crore in 2010-11 and the amount of loss for 2011-12 was Rs. 8851 crore. The Committee note that not much headway has been made to address the cause of the loss which have continued to remain the same such as decrease in revenue due to fixed to mobile substitution, stiff competition, frequent downward revision of tariff, outgo of Rs. 18,500 crore as payment towards 3G and BWA spectrum charges resulting in deduction of interest income and increase in expenditure due to huge legacy workforce resulting in payment of 50 per cent of revenue as salary and wages, inheritance of legacy wire line system, providing telecommunication in rural, remote and inaccessible areas where expenditure far exceeds revenue, etc. The Committee feel that if this trend is allowed to continue any more, it may not be very long before the company will finally collapse. Similarly, every year it is being reported by the Department / BSNL that measures like setting up of sales and marketing team; focusing on customer care services; monetizing the huge assets of land and building; towers and bandwidth; focusing in improving the quality of network and IT setup; opening of internet data centre; identification of revenue earning telecom district and regularly monitoring their performance etc. have been initiated by BSNL to arrest its increasing losses. The committee, however, do not find any visible effect of such measures on the overall financial performance of the company. The Committee feel unhappy in concluding that it is for the Government to decide as to how much further deterioration of the company should be allowed to take place before any concrete decision is taken on the issues plaguing the company. The Committee, therefore, once again strongly emphasise that there is an urgent need to revive BSNL in a time bound manner and making it a financial viable organization as it was in the past. The Committee further recommend that strong monitoring mechanism needs to be evolved and put in place for achieving the projected growth in physical parameters as envisaged during the Twelfth Five Year Plan period. The Committee also desire the BSNL to improve percentage of utilization of IEBR component of Rs. 5593 crore 2013-14, as utilization during 2012-13 up to February, 2013 was very low i.e. 39.72% w.r.t. RE."

(Recommendation No. 10, Para no. 2.15)

Reply of the Government

BSNL has taken following steps to increase the revenue:-

- (i) Broadband and Value Added Services: BSNL has made all out efforts to increase the wire line Revenue through enhanced utility by providing several Value Added Services including broadband services, Intelligent Network Services and broadband based value added services like Video/Games/Music on demand etc.
- (ii) Network Upgradation: Efforts have been made for modernization of wire line network with new technology digital switching systems.
- (iii) BSNL is making efforts to upgrade the external plants and extend connectivity to new upcoming colonies to provide wire line telephones on demand.

- (iv) Inductions of new customer care (single window) and billing platform, provisioning system.
- (v) Quality of Service (QoS): Monitoring of Quality of Service parameters for improving customer services.
- (vi) Calling Line Identification Two way speaker Phone (CLIP) handsets are being provided to the landline customers for their retention as well as for improving customer satisfaction.
- (vii) Strengthened Sales & Distribution Channel of wire line and broadband connections through Project Udaan by making aggressive marketing and sales, competitive tariff structure and optimum utilization of existing wire line capacities.
- (viii) Various attractive tariffs plans i.e. One India Plan, Sulabh Plan, Annual (12 months)/biennial (24 months) fixed charges plans for wire line service, STD Call @ local charges for call in BSNL wire line network anywhere in India etc has been implemented in order to arrest the decline of the wire line connections. New attractive bundled tariff plans such as Broadband +wire line Combo Unlimited within BSNL network and wire line + Broadband + GSM Combo Plans for specific cities, easy online payment etc have been implemented.
- (ix) Monetizing the Huge assets of Towers:
 - BSNL has signed agreement with sharing operators viz. M/s TTSL/TTML, M/s Aircel, M/s Datacom, M/s Reliance, M/s Bharti Airtel & M/s Idea Cellular for sharing of BSNL's towers on PAN-India basis and with M/s Vodafone at circle level in various circles viz. Tamil Nadu, Maharashtra, Madhya Pradesh, Orissa, Chhattisgarh, Karnataka, Bihar, Kerala, Jharkhand, West Bengal & Andhra Pradesh for sharing of BSNLs towers in the circles.
 - Physical and Financial achievements of BSNL in sharing of its Passive Infrastructure (Towers) since commencement of sharing business by BSNL are as under:

Achievement of tower sharing by BSNL		
Year	Physical (No. of towers leased out)	Revenue
FY 2009-10	341	1.8 Crore
FY 2010-11	491	29.38 Crore
FY 2011-12	609	42.67 Crore
FY 2012-13	877	53 Crore

- BSNL is seeking expert advice for assuming of strategic options, business proposal for a new company for the creation of new company (100% subsidiary or JV Company or any other suitable business model).

- (x) BSNL is also exploring possibilities of monetizing of its Land Assets:
- (xi) The revenue from Enterprise services has grown from Rs. 1352.73 Crore in 2009-10 to Rs. 2290.12 crore in 2012-13.
- Further, ten Internet data centres (IDCs) in association with M/s SIS and Dimension Data on revenue sharing business have been opened and has started working. This has resulted in generating a new stream of continuous revenue earning for BSNL.
 - Government is very much seized of the financial performance of BSNL and is taking initiatives for its revival. A Group of Ministers (GOM) has been constituted on 28.05.2013 for revival and revitalization of BSNL and MTNL.

The following short term initiatives are being taken through the aforesaid GOM for BSNL:

- Provide support to BSNL for continuing service to rural wire line subscribers before 1.4.2002 as recommended by the Telecom Regulatory Authority of India (TRAI) in its recommendations of 14.5.2012 and in accordance with the Cabinet decision on 25.9.2000 at the time of corporatization of BSNL.

Assistance for retention of spectrum beyond 4.4 MHz (GSM) and 2.5 MHz (CDMA) by BSNL.

Surrender with refund of BWA (Broadband Wireless Access) spectrum in 6 service areas held by BSNL.

Support for implementing a Voluntary Retirement Scheme in BSNL to reduce staff costs.

Preferential treatment for BSNL services in Government and PSU usage.

Financial support to BSNL for provision of socially desirable but uneconomic telecommunication services in the North East, Andaman & Nicobar Islands, Lakshadweep and Jammu & Kashmir and for continued operation of Village Public Telephones (VPTs).

Waiver of Government Loan to BSNL.

(Reply to Recommendation No. 10, Para no. 2.15)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

Mobile Number Portability Ratio

(Recommendation Sl. No. 12)

The Committee are also dismayed to note that the performance of BSNL with regard to mobile number portability and augmentation of its network has not been very satisfactory. In the case of mobile number portability the ratio of porting in to porting out is 1:1.4, which means more subscribers are porting out of BSNL. For instance as on 28.02.2013, the actual number of subscribers ported out from BSNL were 30,16,464 and only 21,44,200 subscribers ported into BSNL.

On analysis of the data furnished by the Department in respect of porting out and porting in with regard to BSNL, the Committee find that in all circles excepting Andhra Pradesh, Jammu and Kashmir, Kerala, Odisha, and Tamil Nadu, the porting out is more than the porting in and cumulative All India Ratio of porting in to porting out as on 28.02.2013 is 1:1.4. Though it had been claimed by the Secretary, DOT, during evidence before the Committee that the number of porting in is improving consistently, the Committee find that the ratio has remained the same as it was during the last year. The Committee, therefore, recommend that the company may carry out a survey for ascertaining the main reasons for porting out of subscribers and take appropriate remedial measures to address the same so that the ratio of porting in to porting out is ultimately reduced to less than one i.e. the number of porting in is more than the number of porting out.

(Recommendation No. 12 Para no. 2.17)

Reply of the Government

BSNL has asked its Circle Offices to carry out the survey for ascertaining the main reasons for the porting out of subscribers and take appropriate remedial measures to address the same so that the ratio of port-in to port-out is ultimately reduced to less than one i.e. the number of port-in is more than the number of port-out.

(Reply to Recommendation No. 11 Para no. 2.16)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B (Pt.) dated 25.07.2013)

National Telecom Policy, 2012

(Recommendation Sl. No. 15)

From the information provided by the Department, the Committee find that earlier Telecom Policy i.e. NTP, 1999 was the catalyst for growth of the telecom sector as India emerged as one of the fastest growing telecom markets in the world and constituting significantly to the country's economic growth. However, the digital divide in the country continues to be significant with rural areas accounting for only 34% of the total connections and the ability of the poor both in rural and urban areas needs to be enhanced. It was against this backdrop that the National Telecom Policy, 2012 has been conceived and approved by the Government of India on 31st May, 2012. While appreciating the achievements made by the Department under NTP, 1999, the Committee also observe that the Department has set up ambitious targets under NTP 2012, such as, increasing rural teledensity from the current level of around 39 to 100 by 2020, 600 million broadband connection by 2020, making India a global hub for

manufacturing; achieving one Nation Full Mobile Number portability and work towards one Nation-Free Roaming, etc. The Committee would like the Department to bring out the detailed guidelines to operationalise the policy at the earliest as envisaged in the Cabinet Note on NTP, 2012. The Committee hope that the Department would make utmost efforts for achieving the objectives enumerated in NTP-2012 in line with the implementation plan which has already been formulated.

(Recommendation No. 15 Para no. 2.20)

Reply of the Government

To implement National Telecom Policy-2012 (NTP-12), specific areas of NTP-12 have been assigned to each Responsibility Centre in DoT with a bi-monthly review of the progress made.

Department is taking all necessary action to achieve objectives enshrined in NTP-12.

(Reply to Recommendation No. 15 Para no. 2.20)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B (Pt.) dated 25.07.2013)

Increasing Broadband connectivity

(Recommendation Sl. No. 16)

The Committee also note that one of the objectives of NTP-12 is to provide affordable and reliable broadband-on-demand by the year 2015 and to achieve 175 million broadband connections by 2017 and 600 million by 2020. The Department has now stated that major means to achieve the target will be through assimilating the cable TV network into the broadband infrastructure and through 3G and 4G services. The Committee recommend that the Department must expedite the process so that broadband revolution picks up in the country in the same way the mobile revolution has taken place in the country.

(Recommendation No. 16 Para no. 2.221)

Reply of the Government

USOF, through BSNL, has started 'Rural Wireline Broadband Scheme' to provide wire-line broadband connectivity to rural & remote areas. As on 31st March 2013, a total of 4,70,299 broadband connections have been provided under this scheme.

National Optical Fiber Network (NOFN) scheme approved by Government is being implemented by Bharat Broadband Network Limited (BBNL) to provide Optical Fibre connectivity to 2.5 Lakhs (Approx.) Gram Panchayats in the country. State Governments are expected to contribute by way of not levying any Right of Way (RoW) charges and Tri-partite MoU has been signed with 23 States and 4 Union Territories. Non-discriminatory access to the network will be provided to all categories of service providers to launch various services including broadband service in rural area.

Roll-out obligation for 3G / BWA spectrum is that licensee of 3 G / BWA spectrum, in Metro service area shall be required to provide street level coverage using 3G Spectrum, in at least 90 % of service area within 5 years of the effective date. Effective date is the date when the right to use awarded spectrum commercially commences. For category A, B and C service area, the licensee of 3 G spectrum shall ensure at least 50 % of the District Headquarters (DHQ) will be covered, out of which at least 15 % of the DHQ should be rural Short Distance Charging Areas (SDCA) within 5 years of effective date. DHQ /town would mean that at least 90 % of the area bounded by municipal / local body should get the required street level coverage. For category A, B and C service area, the licensee of 3 G spectrum shall ensure at least 50 % of the rural Short Distance Charging Area are covered within 5 years of effective date. Coverage of rural SDCA would mean that at least 90 % of the area bounded by municipal / local body limit should get the required street level coverage.

Access to internet through authorized Cable Operator is permitted without additional licensing subject to applicable Cable Laws (The Cable Television Networks (Regulation) Act 1995)

As on 31st March 2013, there were 15.05 million Broadband connections in the country.

(Reply to Recommendation No. 16 Para no. 2.21)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B (Pt.) dated 25.07.2013)

R & D in telecom equipment manufacturing

(Recommendation Sl. No. 18)

The Committee note that in pursuance of National Telecom Policy, 2012, which includes promotion of Telecom Equipment manufacturing as one of the objectives, the Department has constituted an Expert Group on creation of Telecom Entrepreneurship Development, Telecom R&D and Telecom Manufacturing Promotion. The Expert Group is expected to submit its report shortly. The Committee have been informed that within the Government, the premier organization in the Department of Telecommunications for research is the Centre for Development of Telematics (C-DoT). R&D are being done by C-DOT for development of telecom equipment and security programme for which an amount of Rs. 1000 crore and Rs. 550 crore has been proposed respectively during the 12th Five Year Plan. Apart from Government R&D, private sector has also been carrying out R&D and coming up with different products. With regard to Import and export of telecom equipment, the committee note that the total telecom export during 2011-12 was Rs. 20070 crore, whereas during the same period, the total import of telecom equipment stood at Rs. 52441 crore. The Committee are of the view that there is an urgent need to develop telecom R&D facilities so as to ensure that not only India's Telecom equipments are procured domestically but also to facilitate emergence of India as a major telecom manufacturing hub in the world. In this regard, the committee appreciate the initiative of the Government in laying down the policy for providing preference to domestically manufactured electronic products including telecom equipment in procurement. More than the economic implications, the committee are of the view that having robust R&D facilities in telecom sector will strengthen the security requirements of the telecom networks of the country. The committee, therefore, strongly recommend that apart from R&D for indigenous development of telecom

equipment, equal efforts should also be devoted to develop test facilities and standards so as to ensure that imported telecom equipment conform to highest security standards.

(Recommendation No. 18 Para no. 2.23)

Reply of the Government

National Telecom Policy-2012 provides a roadmap for India to become a leader in cutting edge, state of the art technologies through R&D, creation and incorporation of Indian IPRs in global standards. This will require measures for boosting entrepreneurship and creating a major global manufacturing hub for telecommunication equipment to achieve self- sufficiency while squarely addressing security and strategic concerns.

The Targets for Manufacturing and R&D during 12th Five Year Plan has been proposed in Working Group report of telecom sector as under:

- (i) Making India a hub for telecom manufacturing by incentivising domestic manufacturers with thrust on IPR, product development and commercialization.
- (ii) Preferential market access for indigenously manufactured products.
- (iii) Increasing local content in manufacturing.
- (iv) Thrust for R&D, IPR and Product commercialization.

C-DOT for the 12th Plan period has already put in its technology research and development thrust towards meeting National, Strategic Security needs of the Telecom Technologies and to bridge the digital-divide in the urban and rural with a focus on establishing a sound manufacturing-echo system for the technology proliferation in the network over the next few years. Transfer of Technology have been done to about 8-10 manufacturers for some of these technologies, namely, Gigabit Passive Optical Network, Next Generation Packet Technology, Wireless etc. These manufacturers have set-up requisite infrastructure for production. Besides, significant efforts are also ongoing in the proliferation of technology for lawful interception and monitoring, secure communication network, network management, etc.

As regards the security testing of telecom equipment is concerned, Government has already mandated the Telecom Service Providers to induct only those network elements which have been security tested against the relevant national / international security standards. The Government has also decided to set up telecom testing and security certification centre for development of processes systems, formulate or adopt security standards and developed necessary test tools.

(Reply to Recommendation No. 18 Para no. 2.23)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B (Pt.) dated 25.07.2013)

Foreign telecom equipments and related security concerns

(Recommendation Sl. No. 19)

The committee note with concern that Permanent Select Committee on Intelligence of US Government in their report titled "Investigative Report on US National security issues posed by Chinese Telecommunications Companies Huawei & ZTE" had expressed the apprehension that Huawei could not establish beyond doubt that it is not a company functioning under the direct control of Chinese army and the decision making is not influenced by the same. The committee are concerned to note that without conducting any systematic study to ascertain the long term security implications due to dependence on imported equipments including Chinese Telecommunications Companies Huawei and ZTE, the BSNL had finalized tender for 14.4 million lines of GSM network in favour of M/s ZTE which is a Chinese Telecommunication company. Even though the Secretary, DoT submitted before the committee that it has come through a competitive bidding process and there is a significant price differential and also security cannot be compromised because of price, the committee are of the view that commercial interest rather than nation's security seems to have been the guiding factor in finalizing this tender by BSNL with M/s ZTE. As per the Secretary, DoT's own admission, the threat from imported telecom equipment is real and that vulnerability cannot be removed completely. The committee therefore, strongly recommends that the Department must urgently identify both the short term and long term measures to handle the threat that may arise from imported telecom equipment. Some of the short term measures may include developing a sound testing standards and setting up adequate number of test centres at the earliest for elimination of security threats to the extent possible. The long term may include R&D for indigenous manufacture of telecom equipments, especially of sensitive requirements should be urgently taken up by the Department.

(Recommendation No. 19 Para no. 2.24)

Reply of the Government

For self reliance, the NTP 2012 has objective of promoting 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. The strategies mentioned at para 2.23 are aimed at development of Indian IPR and development and commercialization of indigenous products to make country self reliant.

The Standing Committees' suggestions are noted. As regards the security testing of telecom equipment is concerned, Government has already mandated the Telecom Service Providers to induct only those network elements which have been security tested against the relevant national / international security standards. The Government has also decided to set up

telecom testing and security certification centre for development of processes systems, formulate or adopt security standards and develop necessary test tools.

(Reply to Recommendation No. 19 Para no. 2.24)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B (Pt.) dated 25.07.2013)

Enhanced and continued adoption of green policy in telecom and incentivize use of renewable resources of sustainability

(Recommendation Sl. No. 20)

The Committee note that one of the objectives enshrined in NTP, 2012 is 'enhanced and continued adoption of green policy in telecom and incentivize use of renewable resources of sustainability'. The Committee feel that this is a laudable objective as there is an acute problem of power in the far flung and rural areas of the country. The Committee are of the view that renewable energy sources particularly the solar power devices could be the best option for ensuring uninterrupted communication network in such areas which presently suffer on account of acute power shortages. As regards funding of the cost of installation of such devices, the Committee note that as on 31.12.2012, the available balance under USOF, which is primarily meant for use in the development of rural telecommunications is Rs. 24,801.56 crore. The Committee, therefore, recommend that the USOF may be utilized for installing solar power devices in the rural areas for supplying power to the telecommunication towers and other related activities. The Committee further recommend that this work may be entrusted to the BSNL which has a vast telecom infrastructure as well as expertise in the rural areas.

(Recommendation No. 20 Para no. 2.25)

Reply of the Government

1) DOT has constituted a committee in March 2013 under the chairmanship of Additional Secretary (T), consisting of members from DOT, MNRE, BSNL, Industry Associations and RESCO to examine the Renewable Energy deployment in telecom sector. The Committee to prepare a road map and propose a comprehensive programme for deployment of renewable energy options in the telecom sector.

2) As per the extant USOF rules, selection of a IP/Universal Service Provider is decided based on a transparent bidding process amongst eligible operators.

The guiding principle in selection of service provider (USP/IP etc.) and formulation of schemes so as to discharge the statutory obligation of USOF has been to ensure (a) technology neutrality & (b) operator neutrality. The implementation of 'Green Policy' for USOF funded schemes will be guided by aforementioned principle.

3) USOF is encouraging the use of RETs in all its future schemes :

- a. Mobile services in LWE-affected areas/ uncovered villages in the country and National Optical Fibre Network (NOFN) Project being implemented with funding from USOF using energy-efficient GPoN equipment at Gram Panchayats powered by solar energy.
- b. 7300 towers installed in rural areas as part of Shared Mobile Infrastructure Scheme, funded by USOF using Renewable Energy Technologies (RETs).

(Reply to Recommendation No. 20 Para no. 2.25)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B (Pt.) dated 25.07.2013)

CHAPTER –III

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

--NIL--

CHAPTER –IV

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

Setting up of Specific Absorption Rate (SAR) Labs

(Recommendation Sl. No. 4)

The Committee note that SAR laboratories have been planned by the Department for verification of SAR values of mobile handsets and hand held devices as declared by the manufacturers in compliance with EMF exposure limits prescribed by DoT. Taking into consideration the existence of millions of mobile handsets of a vast variety of makes and specifications involving a large number of manufacturers, the Committee do not feel amused to note that to handle all this for the entire country, so far, only one SAR Lab has been installed and commissioned in TEC headquarters at New Delhi and the Department is in the process of setting up of another SAR Lab at RTEC Mumbai. The Committee, therefore, feel constrained to observe that such an important issue which has a serious bearing on the health of the people has not been given the kind of seriousness it deserves. The Department appears to be very casual in its approach in strictly enforcing the SAR norms and treating it as a mere formality. The Committee while deprecating such lackadaisical attitude of the Department strongly recommend that the Department should urgently undertake a thorough review with regard to the number of SAR Labs required to be set up in the country and the verification of SAR values must be made a mandatory provision for all kinds of mobile handsets, and keep the Committee informed of the progress made in this regard.

(Recommendation No. 4 Para no. 2.9)

Reply of the Government

Telecom Engineering Centre (TEC) has already set up a SAR lab at New Delhi, and has planned another one at Mumbai, at its regional Centre. It is submitted that according to Office Memoranda issued by this Department on SAR value of mobile phones, all the mobile handset manufacturers, both indigenous and imported, shall provide a self declaration in respect of SAR value based on certificate from internationally accredited labs [International Laboratory Accreditation Cooperation (ILAC) accredited labs] or accredited by TEC, India to TEC with a copy to this department for necessary action. Such self declared SAR limits shall be subjected to TEC audit as and when required. Thus the labs being set up by the TEC are mostly for audit purposes only and manufacturer/importer may get their mobile phone tested from any internationally accredited labs or TEC accredited labs.

(Reply to Recommendation No. 4 Para no. 2.9)

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

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B (Pt.) dated 25.07.2013)

Revenue receipts of the Department

(Recommendation Sl. No. 5)

The Committee note that TERM Cells of the Department have been mandated with the work of cross checking the compliance of EMF Radiation norms in respect of telecom towers. The Committee have been informed that TERM Cell tests upto 10 per cent of New BTS sites randomly at its discretion. The Committee are, however, find it unbelievable to note that as on date no EMF testing instrument is available with TERM Cells and instead of procuring and using its own EMF instruments, TERM Cells are carrying out the measurement of radiation level by using the test instruments provided by the Telecom Service Providers. The Committee are not in agreement with the response of the Department that there is no adverse effect in carrying out the measurement of radiation levels from various BTS towers on account of non-availability of EMF test equipment. Taking into consideration the increasing concerns over the harmful effects of electromagnetic radiation on human health and that the TERM Cells have been entrusted with the work of cross checking, the Committee feel deeply perturbed on this non-serious approach of the Department in dealing with such an important issue concerning radiations from BTS towers. The Committee feel that the Department owe an explanation as to under what authority it is using the instruments provided by TSP operators instead of having its own instrument and what could be the authenticity of such instruments and how such testing can be termed as authentic. Taking note of the fact that the Government have already formulated norms with respect to testing procedures and testing fee, the Committee fail to understand whether such norms permit the TERM Cells to use the equipment provided by TSP themselves instead of its own equipment. Now that the tender for procuring 69 test instruments had already been floated which shall be opened on 12 April, 2013, the Committee strongly recommend that serious efforts must be made by the Department to procure the requisite number of test instruments at the earliest to become self-sufficient in EMF testing. The Committee also recommend that efforts must be made to promote domestic production of EMF instrument instead of relying only on import."

(Recommendation No. 5, Para no. 2.102)

Reply of the Government

DoT instructions issued vide letter no. 800-15/2010-VAS dated 8th April 2010 mandated vide para 3(v) that tools and equipment for testing would be provided by the concerned Mobile Service Provider to the TERM Cell. Accordingly the TERM Cells are carrying out the cross checking of the compliance of EMF radiation norms in respect of Telecom Towers by using the instruments provided by Telecom Service Provider(TSP) till such time DOT procures its own test instruments. The testing instruments provided by the TSPs are of standard make and measurements are carried out by TERM cells at BTS sites to ensure authenticity of the measurements.

To avoid the dependence on TSPs for instruments, the case of procurement of 69 sets of Test Equipment for the TERM Cells is already under process in TEC.

(Reply to Recommendation No. 5, Para no. 2.10)

Comments of the Committee

(Please see Para No. 11 the Chapter I)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

CHAPTER –V

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

Setting up of wireless Monitoring Stations

(Recommendation Sl. No. 6)

The Committee note that Wireless Monitoring Organizations (WMO), a field unit of the Wireless Planning and Coordination wing (WPC Wing) is entrusted to ensure that interference to wireless networks, which may occur for a variety of reasons, is immediately resolved. Another concern of the WMO is to ensure spectrum availability for the introduction of new wireless networks. Protection to radio communication networks of public bodies (Government/Undertakings), security (defence, police and paramilitary organizations) and numerous networks of other agencies also carry high priority with the WMO. To carry out its responsibilities, WMO operates a country-wide network of 28 Wireless Monitoring Stations (WMSs) . The Department has informed the Committee that the foremost responsibility of WMSs is to insure interference-free operations of mobile and DTH services, amongst others, affecting millions of people in the Country. Equally important for WMSs is to provide protection to safety of life related communications in the aeronautical and maritime mobile services. In the background of such important tasks being performed by WMSs , the Committee note with concern that the utilization of funds pertaining to development of WMSs is abysmally low. During 2012-13, an amount of Rs. 58 crore was allocated at BE stage for WMO which was reduced to Rs.3.50 crore at the RE stage and the actual utilization upto February, 2013 was only Rs 3.97 crore . The Committee also find it contradictory that on one hand , the Department has claimed that six new Wireless Monitoring Stations were planned and established at Bhubaneshwar , Dehradun , Lucknow , Patna , Raipur and Vijaywada under Eleventh Five Year Plan ,on the other , it is stating that the bid document for procurement of technical infrastructure for the WMSs is still under revision and is yet to be submitted to the competent authority . In view of such important functions being performed by WMS, the committee strongly recommend that due importance be given to the timely execution of the projects so that the procurement of requisite technical infrastructure is not delayed any further. The committee also recommend the Department to ensure timely establishment of six new WMS during the Twelfth Plan in a time bound manner and ensure optimum utilization of funds allocated under annual Plan 2013-14.

(Recommendation No. 6, Para no. 2.11)

Reply of the Government

1. The expenditure shown are on the minimum mandatory expenses, on account of salary, office expenses for these newly established six WMSs and civil works of the permanent established WMSs.
2. Revised draft Bid document for the procurement of technical infrastructure for the six new WMSs is already submitted to the competent authorities for the necessary approvals.
3. The case for the establishment of six new WMSs under the 12th Five Year Plan will be taken up shortly for the administrative approval of the competent authority

(Reply to Recommendation No. 6, Para no. 2.11)

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

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

Under utilization of funds under USOF Scheme

(Recommendation Sl. No. 7)

The Committee observe that telecom services are important drivers for development, delivery of public services such as education, health, etc. and integration of rural areas with the rest of the country. Recognizing the importance of telecom services, Universal Service Support Policy was announced by the Government in March, 2002 under which a separate fund i.e. USOF, for providing access to telegraph services to people in the rural and remote areas was set up. An analysis of the utilization of funds by the Department and the implementation of some of the important schemes under USOF, indicates that the efforts of the Department could not match up with the noble endeavor for which the fund has been set up. In this regard, the Committee note that the amount of Rs. 3000 Crore allocated at BE stage during 2012-13 was reduced to Rs. 625 crore at RE stage and the actual utilisation upto February, 2013 was also Rs. 625 crore. The Committee observe that as on 31.12.2012, the available balance under USOF is Rs. 24,801.56 crore and with implementation of a new scheme i.e. National Optical Fibre Network (NOFN) with a financial outlay of Rs. 20,000 and implementation of Mobile Tower in Left Wing Extremism (LWE) affected areas at an estimated sum of Rs. 3060 crore, the bulk of the accruals to USOF over the years would be utilized. The Committee recommend that the Department must pay serious attention to implementation of these two schemes as this would ensure the proper utilization of funds under USOF.

(Recommendation No. 7, Para no. 2.12)

Reply of the Government

National Optical Fibre Network (NOFN)

The Project was approved by Cabinet on 25.10.2011. The project was envisaged to be executed by a Special Purpose Vehicle (SPV). The SPV [Bharat Broadband Network Limited (BBNL)] was incorporated on 25.02.2012 and the Directors of BBNL joined in July – August 2012.

In the High Level Committee (HLC) of National Optical Fibre Network (NOFN), constituted for the purpose of overseeing the implementation of the project, it was decided that a pilot be conducted to understand the ground realities before going for the main project. Three Pilot Projects have been completed on 15.10.2012 to cover all Gram Panchayats of Arain Block in Ajmer District (Rajasthan), Panisagar block in North Tripura District (Tripura), Paravada Block in Vishakhapatnam District (A.P.). Each of the 58 Gram Panchayats in these three Pilot Project Blocks have been provided with 100 Mbps Bandwidth. The response of Telecom Industry at these locations is lukewarm. To trigger Government to Customer (G2C) Services at pilot locations, Department of Electronics & Information Technology (DeitY) has embarked on counterpart funding to take connectivity to 110 Govt. institutions (Schools/ Hospitals/ Offices etc.) in these

pilot locations and also provide Customer Premises Equipment (CPEs) to showcase G2C applications. A Video conference was held as 08.04.2013 with 3 pilot locations to test utilization of NOFN infrastructure.

Alongside the completion of the pilot project, the survey for main project was started which is currently under progress. The tenders for supply of material and execution of the project are also under process by BBNL and 3 CPSUs (BSNL, Railtel and Powergrid).

NOFN project is envisaged as a Centre – State joint effort. State Government are expected to contribute by way of not levying any RoW charges. This requires suitable tri-partite MoU to be signed by GOI, State Governments & BBNL. There have been delays in according the consent by some States.

Tri-partite MoU has been signed on 26.10.2012 with 13 states viz. Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Mizoram, Rajasthan, Tripura, Uttar Pradesh, Uttarakhand, and 3 Union Territories viz. Dadra & Nagar Haveli, Daman & Diu and Puducherry. Further, the tripartite MoU has been signed on 12.04.2013 with 9 States viz. Assam, Bihar Gujarat, Himachal Pradesh, Jammu & Kashmir, Maharashtra, Nagaland, Odisha and Punjab and 1 Union Territory viz. Andaman & Nicobar Islands. Tri-partite MoU has been signed with West Bengal on 11.06.2013. A total of about 2, 20, 000 Gram Panchayats will get covered in these States and UTs. Efforts are underway to sign the tripartite MoU with remaining States/ UTs.

Mobile Towers in LWE affected areas:

Ministry of Home Affairs (MHA) has identified and conveyed 2199 locations to DoT in 9 States which are affected by Left Wing Extremism (LWE) and do not currently have any coverage by any service provider. These locations have been identified for installing towers and mobile equipment keeping in view the security and maintenance considerations. BSNL has submitted that they have already installed Mobile Towers at 363 locations. State-wise details of these locations are as given below:

S. NO.	Name of the State	No. of locations identified by MHA	Towers already commissioned by BSNL
1	Andhra Pradesh	227	3
2	Bihar	184	0
3	Chhattisgarh	497	351
4	Jharkhand	782	0
5	Madhya Pradesh	22	6
6	Maharashtra	60	3
7	Odisha	253	0
8	Uttar Pradesh	78	0
9	West Bengal	96	0
	Total	2199	363

Department of Telecom had sought approval of the Cabinet to extend USOF Subsidy Support to BSNL on nomination basis, for providing & managing Mobile Services in LWE affected areas, for general public as well as security personnel around these locations.

The Union Cabinet has approved USOF supported scheme to provide mobile services in areas affected by Left Wing Extremism (LWE) on 4th June, 2013.

(Reply to Recommendation No. 7, Para no. 2.12)

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

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

National Optical Fibre Networks (NOFN) Project

(Recommendation Sl. No. 9)

Another project funded by USOF which demands attention is the National Optical Fibre Network (NOFN) which is planned to connect 2.50 lakh Gram Panchayats in the country through optical fibre which will provide various applications like e-Health, e-education, e-Governance etc. The Committee are not satisfied with the progress of implementation of this important project. While the project was approved by the Union Cabinet on 25.10.2011 with an outlay of Rs. 20,000 crore to be completed within a period of 2 years time, so far, the MoU has been signed only with 13 States and 3 UTs. In spite of the 2 years period given for completion of this project, only three Pilot Projects have been completed in Arian Block in Ajmer District (Rajasthan), Panisagar Block in North Tripura District (Tripura) and Paravada Block in Vishakhapatnam District (Andhra Pradesh). The Committee observe that since central feature of the NOFN is in bringing about broadband connectivity especially in rural and remote areas, the Department should have made maximum efforts to complete the projects within the prescribed timeline i.e. by the end of the current year. Feeling concerned at such sluggish pace of the execution of the project, the Committee, recommend that all out efforts should be made by the Department to sign MoUs with the remaining States and UTs at the earliest. Needless to emphasize that the project would not be allowed to suffer on account of shortage of funds.

(Recommendation No. 9, Para no. 2.14)

Reply of the Government

The Project was approved by Cabinet on 25.10.2011. The project was envisaged to be executed by a Special Purpose Vehicle (SPV). The SPV [Bharat Broadband Network Limited (BBNL)] was incorporated on 25.02.2012 and the Directors of BBNL joined in July – August 2012.

NOFN project is envisaged as a Centre – State joint effort. State Government are expected to contribute by way of not levying any RoW charges. This requires suitable tri-partite MoU to be signed by GOI, State Governments & BBNL. There have been delays in according the consent by various State Governments.

Tri-partite MoU has been signed on 26.10.2012 with 13 states viz. Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Mizoram, Rajasthan, Tripura, Uttar Pradesh, Uttarakhand, and 3 Union Territories viz. Dadra & Nagar Haveli, Daman & Diu and Puducherry. Further, the tripartite MoU has been signed on 12.04.2013 with 9 States viz. Assam, Bihar Gujarat,

Himachal Pradesh, Jammu & Kashmir, Maharashtra, Nagaland, Odisha and Punjab and 1 Union Territory viz. Andaman & Nicobar Islands. Tri-partite MoU has been signed with West Bengal on 11.06.2013. A total of about 2, 20, 000 Gram Panchayats will get covered in these States and UTs. Efforts are underway to sign the tripartite MoU with remaining States/ UTs.

(Reply to Recommendation No. 9, Para no. 2.14)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

Amount owned by Private Operators to BSNL

(Recommendation Sl. No. 11)

As per the information furnished by the Department, the Committee note that as on 31.01.2013 an amount of Rs. 1111 crore is outstanding from private operators to BSNL. The Committee are dismayed to find that out of the outstanding of Rs. 1111 crore to be recovered from private operators, a sum of Rs. 986 crore is sub-judice in the Hon'ble Supreme Court and TDSAT and dispute pertaining to CDR (Call Detail Record) reconciliations and same is being pursued vigorously for an early settlement. The Committee while expressing a serious concern over such a huge outstanding amount as well as its disputed nature, strongly recommend that the company may analyse the reasons for such disputes and undertake appropriate remedial measures to avoid such disputes in the future.

(Recommendation No. 11 Para no. 2.16)

Reply of the Government

The amount owed by private operators to BSNL as on 31.03.2013, is given below:

(Fig. In Crores)

Name of the Operator	Gross Outstanding	Disputed Outstanding	Net outstanding
Bharti	239.46	212.03	27.43
Reliance	184.42	163.67	20.75
Vodafone	93.96	85.86	8.10
IDEA	30.99	27.40	3.59
Total	548.83	488.96	59.87
Others	580.05	485.38	94.67
Grand Total	1128.88	974.34	154.54

An amount of Rs. 974.34 crores is locked up in various types of disputes, out of which most of the amount is *sub-judice* in the ongoing legal cases before the Hon'ble TDSAT / Supreme Court. The disputes are mainly due to the following reasons:

- (c) Reduction of tariff in respect of Interconnect Usage Charges by TRAI against which BSNL has filed an appeal in Hon'ble Supreme Court. BSNL continues billing on earlier rates for Carrier Charges, Port Charges, etc. which private operators are refusing to pay.
- (d) Likewise, the private operators have also approached Courts seeking relief
 - (iv) from payment of infrastructure charges revised by BSNL.
 - (v) Against the disconnection notices of BSNL giving reasons for non-payment as CDR (Call Detail Record) mismatch/CLI (calling line identification) cases , etc. and
 - (vi) Against Trunk Group Violation charges billed by BSNL for wrong routing of calls by private operators.

Out of outstanding of Rs. 1129 Crore from private operators to BSNL as on 31.03.2013, an amount of Rs. 974 Crores is locked up in various types of disputes, of which, most of the amount is sub-judice in the ongoing legal cases before the Hon'ble TDSAT/Supreme Court. BSNL is making all out efforts for recovery of its payments. Some of the reasons for these disputes and efforts made by BSNL for recovery of payments are as follows:

Payment of Interconnect Usage Charges and port charges are governed by mutual interconnect agreements between BSNL & Private Operators. However, charges payable by Private Operators to BSNL are modified by TRAI by way of Regulations issued from time to time.

For instance, TRAI has reduced the

- d) Port charges from Rs. 55,000/- per port to Rs. 39,000/- from 01.04.2007
 - e) Carriage charges in respect of intra circle cellular calls from Rs. 0.65p per minute to Rs.0.15p per minute from 01.04.2009.
 - f) Port charges further from Rs. 39,000/- per port to Rs. 10,000/- per port (for PSTN ports) and Rs. 4000/- per port (for GSM port) from 01.10.2012.
- BSNL has challenged this huge reduction of rates by TRAI regulations in Hon'ble TDSAT & Hon'ble Supreme Court of India. These cases are pending at various levels in Hon'ble TDSAT, High Court & Supreme Court.

BSNL continued to raise the bills at old (higher) rates (so that its claim remains justifiable/claimable in these courts) leading to mounting of outstanding dues. Private Operators are not paying the outstanding amounts by taking advantage of TRAI Regulations & pending decision/judgments from Hon'ble TDSAT, High Court & Supreme Court.

Presently, BSNL is not in a position to recover the outstanding dues from the private operators because of the orders of Hon'ble Courts '**not to take any coercive against the Private Operators**' in respect of disconnection notices issued by BSNL.

BSNL has been engaging Solicitor General (SG) of India, Additional Solicitor General (ASG) of India & Ex SG & ASG's to defend its cases.

(Reply to Recommendation No. 11 Para no. 2.16)

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

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B (Pt.) dated 25.07.2013)

Financial performance of MTNL

(Recommendation Sl. No. 13)

The Committee feel extremely concerned at the continuing trend of increasing losses MTNL year after year. During 2009-10, MTNL had incurred loss of Rs. 2610.92 crore which was increased to Rs. 2801.92 crore during 2010-11. The loss incurred by MTNL during 2011-12 was Rs. 4109.78 crore. The Committee also deprecate the low utilization of IEFR by MTNL during 2012-13. The Committee note that main reasons for such heavy losses being incurred by the company include overstaffing, revision of wages/arrears, provision for spectrum charges, pension payment/actuarial valuation, accounting for balance amount of VRS payments, reduction in tariffs and service area constraints etc. As a result, the MTNL is passing through severe cash flow problem and is borrowing money to meet its day to day requirements. The Committee note that most of these issues need Government intervention for their settlement, but the same is not forthcoming. The Committee, therefore, feel that there is an urgent need for the Government to address all such issues besides chalking out a detailed strategy to restore MTNL as a viable Telecom PSU in the country. The Committee also note that the proposal of MTNL for surrendering the BWA spectrum allotted to them and refund of full price of Rs. 4533.99 crore plus interest (Rs. 766.90 crore) is pending with the Department of Telecommunications for their consideration. The Committee recommend that the Department may take a final decision on this issue at the earliest. The Committee further recommend that the Department should urgently go into the merits of the assistance sought by MTNL for other proposals viz. sovereign guarantee for raising long term bonds, monetization of land and buildings, financial assistance for excess spectrum in 2G, funding support for VRS and creation of a common Pension Trust for all groups of absorbed employees. The Committee desire that all steps necessary for revive MTNL are implemented in a time bound manner so as to prevent any further slide in the financial and physical performance of the Company. The Committee also desire the MTNL to improve percentage of utilization of IEFR component of Rs. 786.93 crore in 2013-14, as utilization during 2012-13 upto January, 2013 was very low i.e. 38.36% w.r.t. RE.

(Recommendation No. 13, Para no. 2.18)

Reply of the Government

MTNL has sought for Government support for its revival. For this purpose, MTNL has submitted a revival plan seeking government assistance in the following key areas:-

- Sovereign guarantee for raising long term bonds.
- Surrender of BWA Spectrum
- Raising resources through monetisation of fixed assets

- Financial assistance for retention of excess spectrum in 900 MHz & 1800 MHz bands.
- Funding support for rationalization of staff.
- Pension issues of all absorbed employees in MTNL in line with BSNL.

A Group of Ministers (GoM) has been constituted for revival and revitalization of Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL). The above issues are presently under consideration of the Government. MTNL has prepared a revival plan for orienting itself to the evolving telecom market to increase revenues. The revival plan has been placed before the GoM for consideration.

MTNL has submitted that the actual utilization of funds (provisional), as on March 2013, is Rs 260.49 Cr which is 58.61% w.r.t. RE of Rs 444.48 Cr. MTNL is making all endeavor to optimally and judiciously utilize the plan outlay for 2013-14 as required to meet its targets.

(Reply to Recommendation No. 13, Para no. 2.18)

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

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

Revival Plan for ITI

(Recommendation No. 14)

The Committee note that during 2013-14, the amount proposed for ITI was Rs. 1453 crore but the allocation made at BE stage was merely Rs. 1 lakh only because the revival proposal of ITI is yet to be approved by the Government and hence non-allocation of plan outlay by the Planning Commission. The Committee find it an irony that when the Indian telecom sector has seen an impressive expansion with large investments in the past several years and teledensity increasing from 28.2 percent in 2008 to more than the 70 percent in 2012, ITI Limited, the first public sector undertaking of independent India, established in 1948, to supply telecom equipments to then telecom service providers, i.e., Department of Telecommunications, is today not in a position to generate internal resources to meet the planned capital expenditure due to lack of orders and continuous losses. It could be clearly seen that ITI has not been able to compete in a highly competitive market after the liberalization of economy in the early 90s. The Committee strongly recommend that the revised Draft Rehabilitation Scheme, as a part of ITI's Revival proposal, submitted by the Operating Agency (State Bank of India) and approved by BIFR in November, 2012 may be urgently considered and approved by BRPSE so that the same may be sent to CCEA for approval at the earliest. The Committee further recommend that the Revival Plan may be urgently finalized so that adequate capital funding may be made available for upgrading manufacturing infrastructures and absorption of new technologies in all the ITI plants. The Committee also desire that BSNL and MTNL being the major customer from ITI, emphasis should also be given by them in procuring telecom equipment from ITI for their network expansion wherever possible. In this regard, the Committee trust that the policy of the Government for providing purchase preference to domestically manufactured telecom equipment as announced under NTP-2012 will definitely give a boost to the company in its revival plan."

(Recommendation No. 14, Para no. 2.19)

Reply of the Government

In the Revival Plan of ITI, an amount of Rs. 4156.79 Crore was forecast. The Revival Plan was forwarded on 8th March 2013 to Board for Reconstruction of Public Sector Enterprises (BRPSE) for their recommendation. The Revival plan was **taken** up by BRPSE in July 2013. After obtaining the recommendation of BRPSE the plan will be sent for approval of the CCEA.

As per the directives of DoT, BSNL and MTNL are continuing the policy of Reservation Quota orders on ITI for 30% of their requirements for products manufactured by ITI as well as on turnkey projects. This policy will remain in force for the period up to 20th September 2013. The proposal for extension of reservation Quota policy to ITI beyond 20th September 2013 is already in process.

The Revival proposal of **ITI** has been worked out looking at the opportunities emerging out of the National Telecom Policy (NTP) 2012 announced by Government of India. The market opportunity for domestic manufacturers as a consequence have also been factored into Revival Plan of ITI Ltd..”

(Reply to Recommendation No. 14, Para no. 2.19)

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

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

Free nationwide roaming and full number portability.

(Recommendation SI. No. 17)

The Committee note that one of the salient features of National Telecom Policy, 2012 is to achieve one nation full Mobile Number Portability and work towards one nation free roaming. In this regard, the Committee note that the Cabinet had cleared a proposal to allow free roaming across the country and had also endorsed full number portability. The Committee while endorsing the noble objective of the National Telecom Policy, 2012 to achieve one nation full Mobile Number Portability and free roaming, recommend that consultation process initiated by TRAI for the implementation of the above policies should be completed at the earliest. The Committee are of the view that the implementation of these policies would be a big relief to the huge subscribers in the country and would constitute a milestone in the history of Indian telecom sector. They would keenly await progress made under these two components of NTP-2012.

(Recommendation No. 17, Para no. 2.22)

Reply of the Government

One of the objectives under NTP 2012 is to achieve "One Nation – Full Mobile Number Portability" and work towards "One Nation – Free Roaming". DoT vide letter dated 27.12.2012 has requested TRAI to provide its recommendations on the subject of "One Nation- Full Mobile Number Portability". TRAI had floated a consultation paper on this issue on 20.2.2013 seeking comments of stakeholders by the 7th March, 2013. TRAI submits the recommendations to the Government after considering the comments of the stakeholders. Further necessary actions for the implementation of full mobile number portability will be taken by DoT after considering the recommendations of TRAI which are awaited.

As per provisions of TRAI Act 1997 as amended in the year 2000, TRAI prescribes tariffs for the telecommunication services in India which inter-alia includes the issue of roaming. TRAI has floated a consultation paper on 25.2.2013 for seeking written comments of stakeholders by 18.03.2013 and counter comments by 25.3.2013 on the issue of free roaming. After considering the comments and counter comments of the stakeholders TRAI may issue a tariff order on this subject. TRAI does not submit recommendations to the Government on the tariff matters.

Therefore as explained above, action has been initiated to fulfill the objective under NTP to achieve "One Nation – Full Mobile Number Portability" and work towards "One Nation – Free Roaming".

(Reply to Recommendation No. 17, Para no. 2.22)

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2013-B dated 25.07.2013)

New Delhi
13 December, 2013
22 Agrahayana, 1935 (Saka)

RAO INDERJIT SINGH,
Chairman
Standing Committee on
Information Technology

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2013-14)**

MINUTES OF THE FIFTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 13th December, 2013 from 1500 hours to 1530 hours in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Rajendra Agrawal – In the Chair

MEMBERS

Lok Sabha

2. Shri Nikhil Kumar Choudhary
3. Shri A. Ganeshamurthi
4. Smt. Darshana Jardosh
5. Shri Baidya Nath Prasad Mahato
6. Shri Sadashivrao D. Mandlik
7. Dr. Thokchom Meinya
8. Dr. (Prof.) Prasanna Kumar Patasani
9. Shri Abdul Rahman

Rajya Sabha

10. Shri Joy Abraham
11. Shri Mohammed Adeeb
12. Shri Salim Ansari
13. Shri Basawaraj Patil
14. Dr. C.P. Thakur

SECRETARIAT

- | | | | |
|----|-------------------|---|---------------------|
| 1. | Shri Brahm Dutt | - | Joint Secretary |
| 2. | Shri N.C. Gupta | - | Director |
| 3. | Shri A.K. Garg | - | Additional Director |
| 4. | Dr. Sagarika Dash | - | Deputy Secretary |

2. In the absence of the Chairman, the Committee chose Shri Rajendra Agrawal, 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.....xxxxx..... Thereafter, the Committee took up for consideration two Draft Action Taken Reports on Demands for Grants (2013-14) relating to the Department ofxxxxx..... and Department of Telecommunications (Ministry of Communications and Information Technology). 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. The Committee also placed on record their appreciation for the valuable assistance provided by the officials of the Secretariat attached to the Committee in drafting of the Report.

The Committee, then, adjourned.

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

[Vide Paragraph No. 5 of Introduction]

(i)	Recommendations/Observations which have been accepted by the Government	
	Rec. Sl. Nos.: - 1,2,3,8,10,12,15,16,18,19 and 20	
	Total	11
	Percentage	55.00
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government	
	Rec. Sl. No.: Nil	
	Total	Nil
	Percentage	00.00
(iii)	Recommendations/Observations in respect of which replies of the government have not been accepted by the Committee and require reiteration	
	Rec. Sl. Nos.: - 4 and 5	
	Total	02
	Percentage	10.00
(iv)	Recommendations/Observations in respect of the reply which is of interim nature	
	Rec. Sl. Nos.: - 6,7,9,11,13,14 and 17	
	Total	07
	Percentage	35.00