15

STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2014-15)

SIXTEENTH LOK SABHA

MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DEPARTMENT OF TELECOMMUNICATIONS)

[Action Taken by the Government on the Observations /Recommendations of the Committee contained in their Third Report (Sixteenth Lok Sabha) on 'Demands for Grants (2014-15)']

SIXTEENTH LOK SABHA

LOK SABHA SECRETARIAT
NEW DELHI

August, 2015/Shravana, 1937 (Saka)

FIFTEENTH REPORT

STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2014-15)

(SIXTEENTH LOK SABHA)

MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(DEPARTMENT OF TELECOMMUNICATIONS)

[Action Taken by the Government on the Observations /Recommendations of the Committee contained in their Third Report (Sixteenth Lok Sabha) on 'Demands for Grants (2014-15)']

Presented to Lok Sabha on 13 August, 2015
Laid in Rajya Sabha on 13 August, 2015

LOK SABHA SECRETARIAT
NEW DELHI

August, 2015/Shravana, 1937 (Saka)

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*Not appended with the cyclostyled copy.

COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2014-15)

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2. Shri L.K. Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
* 5. Dr. K.C. Patel
6. Shri Hemant Tukaram Godse
7. Dr. Anupam Hazra
8. Dr. J. Jayavardhan
9. Shri P. Karunakaran
10. Shri Virender Kashyap
11. Shri Harinder Singh Khalsa
12. Smt. Hema Malini
13. Shri Keshav Prasad Maurya
14. Ms. Mehbooba Mufti
15. Shri Paresh Rawal
16. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
17. Shri Abhishek Singh
18. Shri D.K. Suresh
19. Shri Ramdas C. Tadas
20. Smt. R. Vanaroja
@21. Shri Raosaheb Danve Patil

Rajya Sabha

22. Shri Javed Akhtar
23. Shri Salim Ansari
24. Smt. Jaya Bachchan
25. Shri Vijay Jawaharlal Darda
26. Shri Santiuse Kujur
27. Shri Derek O'Brien
28. Dr. K.V.P. Ramachandra Rao
29. Shri Sachin Ramesh Tendulkar
30. Mahant Shambhuprasadji Tundiya
\# 31. Shri Meghraj Jain

Secretariat

1.	Shri K. Vijayakrishnan	Additional Secretary
2.	Shri J. M. Baisakh	Director
3.	Shri Shangreiso Zimik	Under Secretary

* Nominated to the Committee w.e.f. 11.09.2014 *vice* Shri Feroze Varun Gandhi, M.P., *vide* Bulletin Part – II w.e.f. 11.09.2014.
@ Nominated to the Committee w.e.f 15.07.2015 vide Bulletin Part-II dated 17.07.2015
\# Nominated to the Committee w.e.f. 14.01.2015 *vide* Bulletin Part – II dated 16.01.2015.

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2014-15) having been authorised by the Committee, do present this Fifteenth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Third Report (Sixteenth Lok Sabha) on 'Demands for Grants (2014-15)' of the Ministry of Communications and Information Technology (Department of Telecommunications).

2. The Third Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 22nd December, 2014. The Department of Telecommunications furnished their Action Taken Notes on the Observations/Recommendations contained in the Third Report on 16th April, 2015.

3. The Report was considered and adopted by the Committee at their sitting held on 11th August, 2015.

4. For facility of reference and convenience, Observations/Recommendations 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 Observations/Recommendations contained in the Third Report of the Committee is given at Annexure-II.

New Delhi;
11 August, 2015
20 Shravana, 1937 (Saka)

ANURAG SINGH THAKUR,
Chairperson,
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 Observations/Recommendations of the Committee contained in their Third Report (Sixteenth Lok Sabha) on 'Demands for Grants (2014-15)' relating to the Ministry of Communications and Information Technology (Department of Telecommunications).

2. The Third Report was presented to Lok Sabha/laid in Rajya Sabha on the 22nd December, 2014. It contained 22 Observations/ Recommendations.

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

(i) Observations/Recommendations which have been accepted by the Government
Rec. Sl. Nos.:- 1,2,3,4, 5, 6, 7,8,9, 10,11, 12, 13, 14, 15,16, 17,18,19,20,21 and 22

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government
Rec. Sl. No.: NIL

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration
Rec. Sl. No.:NIL

(iv) Observations/Recommendations in respect of which the reply of the Government are of interim in nature
Rec. Sl. No:NIL

4. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. The Committee further desire that Action Taken Notes on the Observations/ Recommendations contained in Chapter-I 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. Telecom Enforcement and Resource Monitoring (TERM) Cells: Curbing of Illegal Telecom Operations

(Recommendation Sl. No. 19)

6. The Committee had recommended as under:-

"One of the major purposes of the creation of the Telecom Enforcement and Resource Monitoring (TERM) Cells is to curb illegal operations (not permitted under the Indian Telegraph Act) and to catch hold of those who violate the provisions of the Act. As per section 4 of the Indian Telegraph Act, 1885, within India, the Central Government shall have exclusive privilege of establishing, maintaining and working telegraphs. Any person providing telegraph services in violation of the provisions of the Telegraph Act falls under the category of illegal operations. The Committee have been informed that 559 cases of illegal telecom operations have been unearthed so far. The total notional loss due to such illegal telecom operations is approximately Rs. 780 crore. Apart from the financial loss, what is of serious concern, is the fact that such illegal operations pose a security threat as well to the nation because such activities may not be traced by the Law Enforcement Agencies (LEAs). Considering the wide ramifications of illegal operations, the Committee are of the firm view that the existing mechanism needs to be strengthened and made foolproof. At present, TERM Cells identify the clandestine activity/grey market operation through complaint/information, observation of unusual traffic, social contacts, cases under investigation, Law Enforcement Agencies etc. To ensure that such activities are curbed, all Telecom Service Providers have also been mandated to monitor bulk connections users, Call Detailed Report (CDR) analysis in respect of heavy callers, mandatory transmission of Caller line Identification (CLI) and customer premise inspection and verification. The Committee recommend that TERM Cells should come out with an effective mechanism to identify such illegal activity suo-motu rather than been dependent on other sources as mentioned above so as to initiate timely corrective action. The· Committee also note that the TERM Cells are seriously handicapped by shortage of manpower and IT Infrastructure in identifying and raiding such illegal set-ups. To overcome these problems, the Committee have been informed that the issue of posting of adequate manpower in the DoT to carry out the assigned functions in an effective and time bound-manner is under examination in DoT, taking into consideration requirements/justification of work. Observing that shortage of manpower and IT Infrastructure in the TERM Cells are not only affecting their vital responsibility of unearthing illegal set-ups but also hampering monitoring activities to enforce of adherence to mandatory guidelines by TSPs, the Committee recommend that the

issue of posting of adequate manpower and upgradation of infrastructure of the TERM Cells need urgent attention of the Department."

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

"TERM Cells broadly have following sources/methods to find out the clandestine activity/grey market operations:

(i) Through complaint/information received by any means
(ii) Through Observation of unusual traffic in operators networks.
(iii) Through already investigated/under investigation cases.
(iv) Through Security/Law enforcement agencies.

It is stated that out of the above mentioned methods for unearthing the illegal telecom operations, mechanisms envisaged under point number (ii) and (iii) to identify illegal activity are suo-motu mechanisms followed by TERM Cells. In addition to above mentioned mechanisms, there is also provision of Toll Free Number "1800110420" on which any person can register complaint while receiving international calls, if local or STD or no number displayed on his phone. All the TSPs have been instructed to make aware public of this facility through SMS. A list of such complaints received through Toll Free Number is then forwarded to corresponding TERM Cells to carry out the analysis to detect any bypassing of legal ILD operator and take suitable action. All these mechanisms are in suo-moto methods of unearthing grey market operations. With regards to posting of adequate manpower, Establishment Wing at this HQ is looking into the matter of induction of below JTS level staff at TERM Cells. This HQ is also examining the requirement and provisioning of both hardware and application software for automation of various activities related to TERM Cells."

8. The Committee had noted that the TERM Cells were seriously handicapped by shortage of manpower and IT infrastructure in identifying and raiding illegal telecom operations. Accordingly, the Committee had recommended that the Department should give urgent attention to the issue of posting adequate manpower and upgradation of infrastructure of the TERM Cells. The Committee are, however, concerned to note that no headway has been made by the Department in this very important matter. The issue of posting of adequate manpower and upgrading of infrastructure of the TERM Cells which need urgent attention are still under examination in DoT. In view of the Department's own submission that shortage of

manpower hinders effective functioning of TERM Cells, the Committee urge the Department to expedite posting of adequate manpower for TERM Cells.

B Status of manufacturing of telecom equipment in the country

(Recommendation Sl. No. 20)

9. The Committee had recommended as under:-

"The Committee note that with the emergence of newer technology, the demand for telecom equipment has increased rapidly in the country. As per TRAI Report dated 12th April, 2011, the total demand for various categories of telecom equipment is projected to be about Rs. 1,08,000 crore in 2015-16 and Rs. 1,70,000 crore by 2019-20. During the year 2013-14, the total import of telecom equipment by India was for Rs. 74,115 crore, whereas the total export of telecom equipment from India was for Rs. 22,800 crore only. The Committee note that the major impediments in the path of the telecom manufacturing industry are high cost disability due to high cost of financing, poor infrastructure, stiff competition from big established companies, lack of domestic IC manufacturing ability and lack of R&D fund. The Department have notified the National Telecom Policy (NTP) with a vision to provide secure, reliable, affordable and high quality converged telecommunication services. The Committee also note that the Department of Telecommunications, in coordination with the Department of Electronics and Information Technology, have taken several initiatives, such as imposition of basic custom duty on specified telecom products, preference to domestic manufactures for 23 notified telecom products, providing financial assistance under the Electronics Manufacturing Clusters (EMC) Scheme and the Modified Special Incentive Package Scheme (M-SIPS), approval for setting up of two Semiconductor Wafer Fabrication (FAB) manufacturing facilities, proposal for promotion of Fabless design industry, FDI upto 100 per cent in manufacturing of telecom products, etc. The Committee further observe that out of the 51 proposals involving investment of about Rs. 16441 crore, only 22 proposals involving investment of Rs. 2407 crore have been approved under M-SIPS. Under the EMC scheme, final approval has been accorded only to two Greenfield Electronics Manufacturing clusters and 'in-Principle' approval has been accorded to 10 applications, and Letter of Intent (LoI) have been issued to two consortia for setting up of two Semiconductor Wafer Fabrication Manufacturing facilities. Keeping in view the fact that excessive dependence on import of telecom equipment is not in the interest of nation, the Committee recommend that a coordination mechanism may be worked out with DeitY to urgently review the implementation status of

the various initiatives under the National Telecom Policy (NTP) (2012) and the National Electronics Policy (NEP) (2012) so that these initiatives do not remain only in paper but are translated into specific action and clear cut result, helping to promote domestic telecom equipments manufacturing capabilities. Since 50 per cent of the Bill of Material (BoM) of telecom equipment is constituted by semiconductor based discreet and integrated circuit devises, the bulk of which is imported, the Committee also recommend that special emphasis must be given towards developing manufacturing capabilities for semi-conductor and integrated circuit devices. In this regard, the Committee would like the Department to take urgent measures for setting up of two semiconductor wafer fabrication manufacturing facilities for which the Government have already given their approval. The progress made on the above initiatives should be intimated to the Committee."

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

"As noted by the Committee, the Department is working in close coordination with the Department of Electronics and Information Technology for the promotion of domestic manufacturing of electronic and telecom equipment in the country, and has taken several initiatives, such as imposition of basic custom duty on specified telecom products, etc.

The Department shall continue to work in active coordination with the Department of Electronics and Information Technology towards the promotion of Domestic manufacturing of Telecom Equipments and other important issues. Besides the steps being taken by DoT in coordination with DeitY as already mentioned above by the Committee, the Department wishes to bring to the kind knowledge of the Committee that the Cabinet has approved for setting up of Electronics Development Fund (EDF) in the nature of Venture Capital Fund in December, 2014. The EDF will be a "Fund of Funds" to participate in "Daughter Funds" in the area of electronic, nano-electronics and Information Technology (IT), which includes Telecommunications too. A fund for telecommunications will be set up under the EDF as per the framework approved. The supported Daughter Funds will promote innovation, R&D, product development and within the country in the specified fields of ESDM, nano-electronics and IT including Telecom.

The present status of the two semiconductor wafer fabrication manufacturing facilities is as under:

	M/s Jaiprakash Associates Limited (with IBM, USA and Tower Semiconductor Limited, Israel as partners; JIT consortium)	M/s HSMC Technologies India Pvt. Ltd. (with ST Microelectronics and Silterra Malaysia Sdn. Bhd. as partners; HSS consortium)
1	INR 34,399 Crores	INR 29,013 Crores
2	90/65/45/28 nm	90/65/45/28/22 nm
3	40,000 WSPM of 300 mm	40,000 WSPM of 300 mm size
4	Yamuna Expressway,	Prantij, Gujarat

For demonstration of commitment, both consortia were required to submit the Detailed Project Report (DPR) along with detailed costing and implementation plan. While Detailed Project Reports were submitted by both M/s HSMC Technologies India Pvt. Ltd and M/s Jaiprakash Associates Ltd., on behalf of their respective consortia, however, both the consortia are yet to submit the other documents."

Preliminary assessment of Detailed Project Reports submitted by both consortia was undertaken by DeitY. Several deficiencies were observed in the Detailed Project Report which have been pointed out to them.

Subsequently, both M/s HSMC Technologies India Pvt. Ltd. and M/s Jaiprakash Associates Ltd. sought time till 31.03.2015 and 31.01.2015 respectively for submission of deficiencies in DPR and other documents required for demonstration of commitment, which has been provided with the approval of Empowered Committee. Both the consortia are yet to submit the requisite information/documents.

11. The Committee note that the Department of Telecommunications are working in close co-ordination with the Department of Electronics and Information Technology (DeitY) for the promotion of domestic manufacturing of electronic and telecom equipment in the country. From the Action Taken Note, the Committee note that the Cabinet had approved the setting up of an Electronics Development Fund (EDF) in the nature of Venture Capital Fund in December, 2014, which will be a 'Fund for Funds' to participate in 'Daughter Funds' in the area of electronics nano-electronics and Information Technology, including telecommunications. With regard to setting up of two semiconductor wafer fabrication manufacturing facilities, the Committee have been informed that several deficiencies were noted in the initial Detailed Project Reports (DPRs) submitted by M/s Jaiprakash Associates Limited (with IBM, USA and

Tower Semiconductor Limited, Israel, as partners, with proposed location at Greater Noida, Uttar Pradesh) and M/s HSMC Technologies India Private limited (with ST Micro electronics and Silterra Malaysia Sdn. Bhd. as partners with proposed location at Prantij, Gujarat). Both the consortia had sought time till 31.03.2015 and 31.01.2015, respectively, for rectification of deficiencies and submission of DPR. The two consortia are yet to submit the requisite information/documents. The Committee are of the view that there is an urgent need to promote and increase domestic manufacturing of telecom equipment. The Committee hope that the setting up of 'Electronic Development Fund' which has been approved by the Cabinet will definitely help in promoting innovation, R&D and product development in the country. The Committee also desire that the Department should also take up the matter with the two consortia for submission of new DPR and other documents which are already due, so that two semiconductor wafer fabrication manufacturing facilities may be set up at the earliest. The Committee are of the view that several initiatives taken by the Government will bear fruit only if focused attention is paid towards their effective implementation. Some of these policies should start exhibiting tangible results by now. In view of this, the Committee desire that sincere efforts should be made by the Department in this direction and apprise them of the outcome.

C. <u>Security concerns related to import of telecom equipment</u>

(Recommendation Sl. No. 21)

12. The Committee had recommended as under:-

> "The Committee note that during the period from April 2013 to March, 2014, out of the total of Rs. 74,115.40 crore telecom equipment imported by the country, 61.18 per cent of the telecom import amounting to Rs. 45347.03 crore was from China, mainly because of competitive prices offered by China. The Department have also conceded that at present India has very little capability to manufacture hi-tech telecom equipment as compared to China and that modern age telecom equipment is vulnerable to spyware/malware, etc. in the hands of anti-national, anti-social or other miscreants. The Committee note that to safeguard the security interest of the nation associated with import of telecom equipment, the DoT have already issued comprehensive security

guidelines in the form of Licence amendments in May/June 2011 that have been included in the terms and conditions of the Unified Licence which, *inter-alia*, provide for mandatory testing of telecom equipment before inducting them into Indian telecom network and periodic security audit. The Committee are, however, concerned to note that except for one SAR Lab and one NGN Lab presently working at TEC, New Delhi, there is no other lab for testing of telecom equipment. The Committee have been informed that there is a proposal for establishment of various labs in TEC, such as Security Lab for security testing of various elements and Green Passport Lab for certifying telecom products equipment and services on the basics of Energy Consumption Rating and Customer Premises Equipment and Terminal Lab to enable testing of various equipment, etc. The Committee are given to understand that the Project Estimates for setting up of the Security Lab is under approval in DoT and Project Estimates of the other labs are under preparation. Considering the fact that the extensive use of foreign made telecom equipment poses serious threats to national security, the Committee have serious apprehensions about the satisfactory testing of telecom equipment in the country in the absence of adequate security labs. Now that the Department of Telecommunications have issued guidelines for mandatory testing of telecom equipment before inducting them into the telecom network, the Committee stress that there is an urgency for the early setting up of the security labs. The Committee, therefore, recommend that the Project Estimates of the Security Lab which is under approval and the Project Estimates of the Green Passport Lab and CPE&TL Lab which are under preparation should be finalized at the earliest."

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

"Security Lab: The estimate for security lab of amounting Rs. 10 Crore (approx.) has been sanctioned by DoT on 17.10.2014. The tender is in the process of approval at DoT and will be floated shortly.

Green Passport Lab: The estimate for Green Passport Lab of amounting Rs. 1.09 Crore is in the process of approval at DoT.

CPE &TL Lab: The estimate for CPE&TL Lab of amounting Rs. 6 Crore has been sanctioned by DoT on 22.01.2015. The tender documents in the process of preparation and approval."

14. During the examination of the Demands for Grants (2014-15), the Department had conceded that at present India has very little capability to manufacture hi-Tech

telecom equipment as compared to China and that modern age telecom equipment is vulnerable to spyware/malware, etc. in the hands of anti-national, anti-social or other miscreants. Observing that not even a single Security Lab has been set up for testing of telecom equipment in the country, the Committee had recommended that the Project Estimate of the Security Lab which was under approval and the Project Estimates of the Green Passport Lab and CPE and TL Lab which were under preparation should be finalized at the earliest. From the reply of the Department, the Committee note that the Project Estimates for Security Lab and CPE and TL Lab have been sanctioned by the Department and the tender documents are in the process of approval. However, the project estimates for Green Passport Lab is still in the process of approval at DoT. Since the telecom sector in India is extensively using foreign made telecom equipment which can pose serious security threats, if not tested properly before inducting them in the telecom network, the Committee are of the view that there is an urgent need for early setting up of various labs in the country. In this regard, the Committee desire that the tender processes for setting up of the Security Lab and CPE and TL Lab which are under approval of DoT may be finalized at the earliest and the tenders floated so that the two labs may be put to the service of the nation at the earliest. The Committee also desire that the Project Estimates for Green Passport Lab which is still under the process of approval of DoT should also be finalized on a priority basis. The Committee trust that the Department will take concrete action and no further delay will be made in expeditious setting up of the above labs.

CHAPTER-II

OBSERVATIONS/ RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT
(Recommendation Sl. No. 1)

DoT Budget

The Committee note that the detailed Demands for Grants (2014-15) of the Department of Telecommunications (DoT) was laid in Lok Sabha on 4th August 2014 for an amount of Rs. 18065.06 crore, i.e. Rs. 11037.06 crore under Plan and Rs. 7028.06 crore under Non-Plan. The Committee are concerned to note that during the year 2013-14, out of Rs 8800 crore allocated under Plan at BE stage which was reduced to Rs. 6650 crore at RE stage, an amount Rs. 4794.33 crore only was utilized. The Department have cited non-finalization of the Network for Spectrum (NFS) project by BSNL, non-finalization of project approval for construction of the National Institute of Communications and Finance (NICF) building, non-completion of validation for implementation of the Telecom Engineering Center (TEC) projects and the delay in procurement process for the Wireless Monitoring Organization (WMO) to be the main reasons for the shortfall in utilization. The scenario is even more disturbing when utilization of funds under the Capital Plan is analysed. Under the Capital Plan section, an amount of Rs. 2510.28 crore was allocated at BE which was reduced to Rs. 361.97 crore at RE stage and the actual utilization was only Rs. 215.35 crore. The Committee note that for the year 2014-15, the Department have been allocated an amount of Rs. 11037 crore under Plan which is Rs. 2237 crore more than the allocation made at BE under Plan during the previous year. The allocated amount is inclusive of Rs. 3702 crore under Capital Plan. The Committee note that the increase in Plan allocation is mainly because of the Cabinet approval of Rs. 460 crore for the revival of ITI (equity investment), finalization of tender for laying 57,000 KM of OFC by BSNL and issue of Purchase Order for Rs. 8678.70 crore and provision of Rs. 3537 crore under USOF. The Committee are of the view that proper implementation of the aforesaid schemes will improve utilization of funds under Plan head during 2014-15. However, the status of utilization of funds during 2014-15 is not satisfactory as out of an amount of Rs. 11037 crore allocated under Plan, the actual utilization up to September 2014 has been only Rs. 1209.15 crore which is just 10.95 % of the total allocation made at BE. What is more disquieting to note is the fact that utilization under Capital Plan during the same period is just Rs. 2.24 crore out of the total allocation of Rs. 3702 crore made at BE, i.e. mere 0.06 % of the total allocation made at BE. In the opinion of the Committee, this is a matter of serious concern which warrants urgent attention of the Department. When the Cabinet had already approved Rs. 460 crore for revival of ITI, and when tender for laying 57,000 KM of OFC by BSNL was finalized for which purchase order of Rs. 8678.70 crore has alredy been placed there could have been better utilization under Capital head. While observing that the Result Frame Document (RFD) is a good initiative to measure the status of the utilization of funds of various ongoing schemes, the Committee

recommend that suitable corrective measures needs to be taken by the Department to see that funds are spent prudently to achieve the milestones set for the Plan year.

Reply of the Government

In this regard it is submitted that the Department is committed to observe the status of utilization of funds of various ongoing schemes. All out efforts are made for judicious utilization of funds. However, it is pertinent to mention that BE 2014-15 for Rs. 11037 crore has been revised by Ministry of Finance to the tune of Rs. 2970.58 crore in Revised Estimate 2014-15. Out of which Rs. 1880.76 crore has been utilized up to January, 2015 which is 63.31% of the total allocation. However, all the concerned nodal branches are being instructed time to time for effective expenditure monitoring and also utilization of funds judiciously.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 2)

Internal and Extra Budgetary Resources (IEBR)

Under IEBR, an amount of Rs. 6000.65 crore was allocated at BE stage by the Department in the year 2014-15. The Committee note that the C-DoT has already generated an amount of Rs. 18.72 crore till September, 2014 and the only hope is from C-DoT which is expected to meet the annual IEBR target. In the case of BSNL, out of the target of Rs. 5132.17 crore at BE, the authorization upto October, 2014 was Rs. 1480 crore only and the Outlay under RE 2014-15 is enhanced to Rs. 7142 crore for completion of ongoing projects. Since MTNL is not in a position to meet the IEBR target of Rs. 808.46 crore set at BE, MTNL has revised its budgetary requirements for 2014-15 at RE stage to Rs. 452 crore and the actual utilization till September, 2014 is Rs. 69.32 crore only. The Committee desire that utmost priority should be given by the two PSUs to meet their respective IEBR targets as it is essential for them to turn gradually turn self-reliant and be able to fund schemes with their own revenue rather than depend on support from DoT. The Committee hope that in the best interests of the two companies, BSNL and MTNL would pay more attention to meeting their targets in the coming years.

Reply of the Government

All the schemes/ projections in BSNL are funded out of internal accruals/ external sources of funding. As a PSU, BSNL is optimally utilizing its own financial resources (cash inflows and / or external borrowings) to meet its budget proposals. The increase in budget proposal is based on the possibility that many projects are likely to culminate in the current financial year for which provision in the outlay has been enhanced from Rs.5132 to Rs.7142 Crores under RE-2014-15. These projects mainly include expansion / addition in GSM Mobile capacity under Phase VII and other residual works. Also, the

backhaul network is being strengthened with the addition of optical fibre cable (OFC) transmission equipment to cope up with the enhanced mobile & data network capabilities. As on December, 2014 BSNL has authorized capital expenditure of Rs. 2394 crores which is approximately 33 % utilization of the total budget outlay of Rs. 7142 Crores. Close monitoring is being carried to ensure optimal utilization of funds, in RE-2014-15. The revenue from services of MTNL in the last three years has remained more or less constant. The reduction in IEBR target of MTNL is due to its inability to generate sufficient revenues to fund its capital expansion requirements. All efforts are being made by MTNL to achieve its revised targets in RE 2014-15. C-DOT has generated its IEBR of Rs. 28.38 crores as on 30th November 2014. C-DOT shall make its best efforts to achieve the target planned for the FY 2014-15.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 3)

Performance of Public Sector Undertakings: Performance of Bharat Sanchar Nigam Limited (BSNL)

The Committee note that though BSNL started mobile services in 2002-much later than other private operators who were into this service in the late nineties- it was one of the preferred operators in the telecom sector. However, at the time when telecom network was expanding at a very rapid pace, the fortune of BSNL started declining, mainly due to non-procurement of mobile equipment. BSNL also started incurring loss due to increase in expenditure owing to the huge legacy workforce, inheritance of legacy wire-line systems and declining attraction for the same, increasing maintenance cost, stiff competition in mobile sector, etc. During the year 2012-13, the total loss incurred by BSNL was Rs. 7722 crore and the total loss during the year 2013-14 was Rs. 6934 crore. What is worrying for the Committee is the fact that for the past three years, the revenue earnings of BSNL are almost static whereas the expenditure continued to increase at a steady pace during the same period. Evidently, efforts made so far are found inadequate to increase revenue and curtail losses. BSNL, of late, has taken certain steps, such as augmentation of GSM mobile network by 15 million lines under GSM Phase VII, introduction of Next Generation Network and data services etc. for increasing their revenue. Under the Phase VII GSM expansion project, 8.93 million lines of GSM radio capacity has been rolled out in its network and the remaining roll-out is in progress. About the future growth prospect, the Committee observe that since voice service has touched the maximum threshold, data services at the moment occupy the centre stage, where BSNL is consolidating its efforts to bank on this service to rejuvenate its position as a leading player in this segment. The Committee do recognize that growth of voice services has indeed reached a level of saturation in the market and Data Services are the next revenue generating opportunity for the Telecom industry in the coming years. That being so, BSNL should seize this opportunity and focus on growth of Data Services, so as to bring itself back to the forefront as a major market player in the telecom industry. In this regard, BSNL can take advantage of its huge land-line infrastructure and utilize it in providing Data Services which no other private operators have. The BSNL owns and maintains major telecom

infrastructure in the country that can be leveraged to enhance its capacity to stay and compete with other players in the field of telecommunications.

Reply of the Government

BSNL is effectively deploying its vast mobile, landline, & fiber network for providing both wireline and wireless broadband connections to enable the provisioning of data services. As observed by the Committee, that the voice services has reached a level of saturation in the market and data services are the next revenue generating opportunity for the Telecom industry in the coming years. With this objective to tap the growth in data services, BSNL is upgrading its backhaul network for both mobile & wireline structure to cope up with the enhanced growth in data network. In wireless segment, BSNL is providing broadband using 3G-GSM, EVDO & WIMAX technology. In wireline segment, BSNL is providing broadband using its copper wireline and fibre network. BSNL has launched various value added services in its endeavour to seize the opportunity of growth in data services as given below:

- Various Value Added Services on SMS (short message service)/DATA/3G/USSD(Unstructured supplementary Service Data)/Mobile Television/IVR (interactive voice response)/over the air (OTA) Platform are being provided to BSNL customers in partnership with different Value Added Service Providers.
- PRBT services and various Value Added Services through SIM Tool Kit are being provided to BSNL customers in partnership of different Value Added Service Providers.
- Mobile Banking services with National Payment Corporation of India (NPCI) on USSD Channel. launched. Mobile banking service has been launched as part of the Pradhan Mantri Jan Dhan Yojna.
- BSNL Hello TV Service for PC/Data card Users launched in all zones.
- “Digital Mandi for Indian Kisan” service launched on pilot basis across 5 states (UP, Punjab, Haryana, Maharashtra & Odisha) in 4 regional languages viz. Punjabi, Hindi, Odisha & Marathi, and also being launched in Odisha Circle on commercial basis.
- Mobile Money Transfer Service for Deptt. of Posts launched recently and service is available in approximately 15,000 post offices which enables sending of Money Orders through mobile.
- Value Added Services on Cell Broadcast Platform being launched across the country.
- 139 Railway services on SMS and USSD Platform

- M-Governance Services (SMS Based solution for Indian Oil Corporation Limited(IOCL), Accredited Nurse Midwife(ANM) project of Chhattisgarh, SMS based M-Governance Services to DeitY, SMS based Integrated Child Development Services(ICDS) monitoring service for Ministry of Women and Child development (MWCD).

- VAS retailing services i.e. selling VAS through retail channel.

- Facebook service on USSD channel.

- As per Telecom Regulatory Authority of India (TRAI) directions, Centralized VAS provisioning system cum Consent Gateway (CVPS cum CG) platform provided in all 4 zones to avoid complaints of forced activations of VAS, has been commissioned.

- M-health service "Ananya Project" in Bihar from BBC-World Service Trust.

Services in pipeline:

- ✓ Agreement signed with Odisha State Agriculture Marketing board for commercial launch of 'Digital Mandi for Indian Kisan' service. Service launch expected soon.
- ✓ Agreement signed with SBI and M/s Triotech for the launch of Mobile Wallet service. Service launch expected soon.
- ✓ Cell Broadcast services.
- ✓ Implementation of "BSNL Live" WEB portal
- ✓ Direct Operator Billing (DOB) service to enable selling of digital content through prepaid account.
- ✓ Machine-To-Machine (M2M) service to enable machine to machine communication.
- ✓ Digital signature / Mobile ID service.

The following major initiatives have been undertaken by BSNL in both wireless and wireline segment to improve the quality of data services in terms of speed, content & bandwidth availability , resulting in higher revenue generation.

Wireless

- Under Phase VII GSM Expansion project, BSNL is providing state of art equipment enhancing its data carrying capabilities in its network to provide faster data speeds to its valued customers. It ensures efficient utilization of spectrum IP transport in all network.

- Wi-Fi services are being offered to customers as access network to the new upcoming areas

Wireline

- During this Five Year Plan (2012-17), BSNL has planned to make the entire wire line customer base network IP enabled. Next Generation Network equipment based on the latest architecture are planned to be deployed gradually to replace the entire Circuit Switched equipments/ Digital Telephone Exchanges.
- BSNL is providing high speed broadband up to 100 Mbps through Fibre To The Home (FTTH) technology.
- Also, BSNL has taken following efforts to increase the broadband penetration using its vast copper network & to arrest the decline in wireline connection:
- BSNL has launched many post paid plans to make broadband affordable and suitable for new customers as well as current customers.
- BSNL is providing connectivity to around one lakh Common Service Centres in rural areas.
- BSNL has covered more than 1.58 lakh panchayats with broadband access.
- BSNL is also providing broadband connections to Universities and colleges under National Mission for Education through Information and Communication Technology(NMEICT) scheme of Ministry of HRD.
- BSNL is providing many value added services viz. Games on Demand, Entertainment, educational content, Broadband-VPN, Video Conferencing etc. to popular broadband services.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 4)

The Committee are, however, concerned to note that due to the high 4G spectrum cost, a major telecom player like BSNL could not get 4G spectrum and it had to surrender its Broadband Wireless Access (BWA) spectrum in 6 Circles. The Committee observe that this is not a favourable development as other Telecom Service Providers with 4G spectrum will definitely have an edge in data services. The Committee stress that in order to put itself back on the path of recovery and to reverse the present trend of declining fortune, the BSNL has no other choice but to successfully implement the GSM Phase VII project which seek to augment GSM mobile network by 15 million lines. This would help BSNL to augment its capacity, increase its network coverage and improve its Quality of Service (QoS), resulting in retention of its existing customers and attracting new customers. The Committee recommend that urgent steps should be taken for the introduction of newer technology like Next Generation Network (NGN) which will not only enable BSNL to provide several value added services but also help the PSU to successfully compete with the private sector in data services and it will not

find itself lacking and unprepared for the challenges in data services. The Committee would like to be apprised of the achievements made by BSNL in respect of phase VII GSM mobile expansion project as well as the status of implementation of the Next Generation Network in the country along with the incremental benefits brought to the BSNL. The Committee also desire that preparatory work being done by BSNL vis-à-vis other operators with regard to 4G spectrum for rolling out data services may be furnished to the Committee.

Reply of the Government

The status report on both the projects is given below:

GSM Phase VII project: As on Nov 2014, out of the total 15 million GSM lines, BSNL has rolled out 9.35 million lines and the remaining are in the process of roll out. The zone wise progress is given as under:

Zone	Allotted Qty (in million)	Commissioned up to Nov, 2014 (in million)
East	4.219	1.657
North	6.140	2.769
West	0.629	PO placed in April, 2014
South	4.012	4.928
Total	15.0	9.354

During this Five Year Plan (2012-17), BSNL has planned to make the entire wire line customer base network IP enabled. Next Generation Network equipment based on the latest architecture are planned to be deployed gradually to replace the entire Circuit Switched equipments/ Digital Telephone Exchanges.

- Tender for 4 million lines has been finalized. In first phase, Purchase Order(PO) was issued for 0.5 million lines for South & East Zone. Installation has been completed and testing is underway. In North and West Zone POs have been issued for 0.5 million lines and installation is underway.

- BSNL is in process of migrating Center for Development of Technology (C-DOT) old technology exchanges covering most of the rural India, with NGN solution being developed by C-DOT. MoU has already been signed between BSNL and C-DoT and PO has been issued. In first phase 100 locations are being covered and balance sites will be covered under Phase-2

- BSNL has been allotted Broadband Wireless Access (BWA) frequency spectrum in the range of 2635-2655 MHz (20 MHz). WiMAX services are being provided in this frequency range. The said frequency range may also be used to provide 4G services in future.

- BSNL is having pan India 3G spectrum of GSM services. BSNL can provide data services like video calling, Video on demand, gaming etc. on GSM 3G on pan India basis on equally viable commercial terms. Moreover, BSNL has surrendered its BWA spectrum in 6 circles and has retained BWA Spectrum in other service areas for providing data services.

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

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 5)

Performance of Public Sector Undertakings: Performance of Mahanagar Telephone Nigam Limited (MTNL)

The MTNL is another loss making Public Sector Undertaking whose financial position is precarious. The revenue generated by the Company has not shown any significant improvement over the years and the gap between revenue earned and working expenses is still in the negative, i.e. Rs. 505.14 crore. Though there was a slight decrease in the working expenses of MTNL, i.e. from Rs. 6428.33 crore in 2012-13 to Rs. 4377.29 crore in the year 2013-14, this is not because of any specific measures taken by MTNL for decrease in operating expenses but due to the Cabinet decision for taking over the liability of payment of pensionary benefits of the erstwhile Government employees. What is further disquieting is the fact that the outstanding debt position of the organization is also at a perilous stage. As on 31st August, 2014, MTNL had accumulated a huge outstanding debt of Rs. 14,161.51 crore. This was mainly because of payment of spectrum charges for 3G and BWA spectrum amounting to Rs. 11097.97 crore for which MTNL had to take a commercial loan of Rs. 7033.97 crore. The Committee note that because of the deteriorating financial conditions and high staff cost, MTNL was forced to raise debt even to service its interest payment. MTNL is at present facing monthly revenue deficit of about Rs. 220 crore which is being met by raising loans from banks. MTNL is reportedly planning to repay the debt through short term measures such as reduction in HR costs through salary support, Government support on Minimum Alternate Tax (MAT), leasing of its real estate property, waiver of penalty for delay in construction, etc. However, as part of long-term measures, MTNL targets to achieve revenue growth of 8-10 per cent over the next 5 to 6 years for which MTNL has to upgrade/expand its network. MTNL has also embarked on an ambitious plan to set up 1100 sites in Delhi and 1150 sites in Mumbai for 3G and 2G network to provide good quality of services. The Committee have been informed that tender in this regard has already been floated which is under evaluation. The Committee recommends that the Department/MTNL Board should take early action to finalize the aforesaid proposal so that the planned project fructifies without any delay. Tendering process which is underway for expansion/up-gradation of M/W Backhaul should also be completed at the earliest so that the targets could be achieved. The Committee are also of the view that reimbursement of Rs. 4,600 crore to

MTNL for surrendering the BWA Spectrum would provide further relief to the company. Since MTNL has already surrendered the BWA Spectrum, it will be in the interest of the company that approval is accorded by the Government at the earliest. The Committee desire the issue to be pursued and the Committee be apprised of the status in this regard.

Reply of the Government

Recommendations of the committee are noted. Best efforts are being put in including sensitizing the concerned sections / MTNL Board of Committee's observations. Action is this regard are being initiated. The current status of the issues referred under Committee's observations are as follows:

i) **Existing 3G Network Up-gradation and Expansion of GSM / 3G RF network:**

Present Status: The Technical and Financial evaluation of the bids for the project has been completed and based on negotiations with L-1 bidder; the finalized proposal is under consideration of MTNL Board.

ii) Expansion / Up-gradation of M/W Backhaul:

Present Status: The technical and financial evaluation of the bids of the project has been completed. Financial evaluation report is under consideration of MTNL Management.

iii) Refund of surrendered BWA Spectrum charges-

Present Status:

Sovereign Guarantee for raising bonds for Rs 1,000 Crores was provided on 10th March 2014 MTNL raised bonds to the tune of Rs 765 Crores in F.Y.2013-14 which were used for payment of long term debts

Approval of Govt. for sovereign guarantee for the balance amount of Rs 3,768.97 Crores received vide DOT letter dtd 22/10/2014. MTNL raised bonds to the tune of Rs 1500.07 Cr on 19th Nov 2014 and Rs 2268.90 Cr on 28th Nov 2014.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 6)

The Committee note that one of the common problems both BSNL and MTNL are confronting is the employee behavior vis-à-vis customers. The representatives of BSNL and MTNL, while noting this point, have informed the Committee that they are conducting behavioral training for their staff. In the opinion of the Committee, in-service based companies such as BSNL and MTNL, customer service/satisfaction is a vital parameter of growth. In fact, a customer friendly approach is the sine-qua-non for the success of basic service providing companies like BSNL and MTNL, especially when they

are competing with other established private players who are more professional in dealing with their customers. The Committee, therefore, emphasize that this aspect should be given high priority so as to have a better image of the companies and increasing their customer base. In this regard, the Committee recommend that BSNL and MTNL should make a gap analysis at the customer service area with their market competitors. Needless to say, the services of BSNL and MTNL should be improved drastically to make it competitive with services being provided by the private players. It is imperative that performance parameters of staff of BSNL and MTNL responsible for customer service should be linked to customer satisfaction. The mechanism for redressal of complaints should be professionally managed and reviewed by the top Management periodically. Complaints should be addressed within laid down timeframe as per Service Level Agreement (SLA) and responsibility need to be fixed for any kind of lapse in providing better services.

Reply of the Government

Recommendations of the committee are noted and actions are being initiated to implement Committee's observations/ recommendations. A customer friendly approach using best business practices such as National / Key Account Managers (NAM / KEM) for enterprise customers, SLA agreement, market oriented tariffs / discounts, 24* 7 services web based interface etc have been introduced for better redressal of complaints of customers aimed at enhancing customer satisfaction

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 7)

The Committee note that the Government is in the process of revival and revitalization of BSNL and MTNL through various short-medium-and long-term measures. The relevant proposals for revival and revitalization of BSNL and MTNL having wide financial implications would have to go through established procedure before final decisions are taken. Some of the core issues, such as surrender with refund of BWA spectrum in both service areas held by MTNL and in 6 service areas held by BSNL, waiver of notional loan with BSNL, financial support of Rs. 492 crore on payment of Minimum Alternate Tax (MAT) by MTNL and pension matters of MTNL have already got the approval of the Cabinet. The remaining important issues that need urgent attention, such as annual financial support to BSNL and MTNL to reduce staff costs, hiving off mobile tower assets of BSNL into a separate company, monetization of land and building assets possessed by BSNL and MTNL and merger of BSNL and MTNL are yet to be taken up with the Cabinet. The Committee emphasize that these are vital PSUs which are performing important and strategic functions, especially during events of national importance and natural catastrophe, etc. Further, telecommunications is such a vital sector which cannot be entirely left to the private players. The Committee takes note of

the initiatives underway with the active intervention of the Government and recommend that these should be translated into action for the much needed revival and revitalization of BSNL and MTNL.

Reply of the Government

DoT is conscious of the need for immediate action for revival of BSNL and MTNL. DoT is taking necessary action expeditiously and in accordance with the relevant procedures to place the pending matters for decision by the competent authority.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 8)

One of the long-term measures contemplated by the Government includes the merger of BSNL and MTNL, with the objective to position these PSUs to emerge as market leaders in the converged telecommunication market. For an in-depth study on the implications of the merger of the two PSUs, three Groups have been constituted to look into issues of human resources integration, technology integration and corporate integration. The BSNL and MTNL are also preparing restructuring plans. Based on the outcome of the decisions on the pending issues, the final revival Plan of BSNL and MTNL will be formulated incorporating the plans of the two PSUs. The Committee recommend that the Department should take urgent steps to bring the pending issues before the Cabinet for final decisions so as to expedite the revival Plan of BSNL and MTNL.

Reply of the Government

BSNL and MTNL have prepared their respective restructuring plans which are under consideration of their management. Both BSNL and MTNL have been advised by DoT to finalize their plan at the earliest.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 9)

Overall position of telecom connectivity in the country Public vs Private

The Committee note that the share of the private sector in terms of number of subscribers has increased from 85.51 per cent to 87.13 per cent during the period from April 2013 to March 2014 whereas the share of the public sector declined from 14.49 per cent to 12.87 per cent during the same period. It is also observed that during the period of one year i.e. from 31st March, 2013 to 31st March, 2014, the number of subscribers of PSUs declined by 3.07 million, i.e. by 30.7 lakh subscribers in rural areas, whereas that of the Private Sector increased by 31.59 million, i.e. by 315.9 lakh subscribers. Again, in urban areas, during the same period, the number of subscribers of

PSUs declined by 6.99 million, i.e. by 69.9 lakh, whereas the number of subscribers of the Private Sector increased by 13.47 million, i.e. by 134.7 lakh. The decline in the share of public sector was attributed to decline in wireline business of BSNL and MTNL, stiff competition in mobile sector, lack of skill of employees of BSNL and MTNL, procedural delays, lack of marketing proficiency, etc. From the aforesaid position, it is amply clear that BSNL and MTNL could only perform under the regime of monopoly, but failed to compete in a liberalized market scenario where private players gradually gained dominance. The Committee observe that unless BSNL and MTNL undertake drastic reforms to reorient themselves to provide better services, the Private Sector players may marginalize them in the market in the coming years. Therefore, the need of the hour is that MTNL and BSNL must make sincere and proactive efforts to increase their respective market share by adopting some of the best business practices of the private companies. In order to survive in a competitive environment, it is imperative that BSNL and MTNL should streamline their administrative machinery and take measures to adapt to changes brought about by the market environment. The Committee would like the two companies to identify their respective strengths and weaknesses and accordingly organize them to become market leaders in providing telecom connectivity in the country.

Reply of the Government

Observations / Recommendations of the committee are noted and Best efforts under the circumstances are being put in to implement / achieve them. Besides taking steps for upgrading / expanding the networks for improving customer experience / satisfaction, in an effort to increase the Market Share a sales funnel concept has been devised which is reviewed at weekly basis at Director level.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 10)

So far as the position of wireline v/s wireless is concerned, the Committee find that the share of wireless telephones has increased from 96.64 per cent at the beginning of the financial year to 96.65 per cent by the end of March 2014, whereas the share of wireline telephones declined marginally from 3.36 per cent to 3.05 per cent during the same period. The Committee noted that during the year 2013, in the United States of America, the number of subscribers per 100 inhabitants in case of wireline is 42.22 per cent and that of wireless is 95.53 per cent. In the case of France it is 60.78 per cent for wireline whereas it is 98.50 per cent for wireless. Even in China, the number of subscribers per 100 inhabitants in case of wireline is 19.27 per cent whereas that of wireless is 88.71 per cent. In stark contrast, in India the number of subscribers per 100 inhabitants in case of wireline is a mere 2.34 per cent whereas that of wireless is 71.69 per cent. The Committee are given to understand that main reason for the existence of a substantial subscriber base for wire line telephony in developed countries is that the

penetration of wireline services had almost saturated before the entry of wireless services. However, the fact remains that India's low wireline subscribers base is squarely linked with the poor performance of BSNL and MTNL who are operating in wireline business for several decades with massive infrastructure. The Committee is of the view that if the present trend continues, in the next few years the wireline subscriber base in India may be further marginalized and become insignificant. As such, the Department should try to promote the wireline subscriber base in India by adopting measures best suited to the country. The Committee recommends that steps taken in the direction of rationalizing the average cost of access wireline vis-à-vis access wireless can prove immensely helpful for the expansion of the wireline telephony. Committee recommends that the Department should take urgent steps to bring the pending issues before the Cabinet for the final decisions so as to expedite the revival plan of BSNL and MTNL.

Reply of the Government

The Department has delinked the licenses from Spectrum in the year 2012 and the spectrum is being allocate to the telecom service providers through auction process. Accordingly, the gap between the cost of wireline and wireless services is reducing which may help in expansion of the wireline services.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 11)

<u>Rural and Urban Tele-density</u>

Tele-density, which shows the number of telephones per 100 population, is an important indicator of telecom penetration in the country. The Committee note that by the end of March, 2014, the overall tele-density in the country was 75.23 per cent. It is a matter of concern that when urban tele-density was 145.46 per cent in the beginning of 2014-15, rural tele-density stood at mere 44.01 per cent. The main hurdle in increasing rural tele-density is primarily attributed to inaccessibility and remoteness of certain areas, higher capital and operational expenditure, less revenue flows, requirement for viability gap funding, lack of electricity, etc. The Committee are given to understand that in the Twelfth Plan, there is a target to provide 1200 million connections and mobile access to all the villages and increase rural tele-density to 70 percent by 2017. Various plans formulated by the Department include providing telecom connectivity to uncovered villages in the North East areas by 2016, in the Himalayan States by mid-2017, in the Borders States and Islands by mid-2017, the Left Wing Extremist affected States by mid-2018 and the remaining States and Southern States by mid-2019. The Committee are of the view that at 145.46 per cent, while the tele-density in urban areas has already reached a very high level, there is an urgent need to significantly increase rural tele-density from the present level of 44.01 per cent. The committee observe that the key for achieving the Twelfth Plan targets of achieving 70 percent rural tele-density

lies in taking requisite measures for effective implementation of the above schemes. The committee may be apprised of the progress made in this regard.

Reply of the Government

The rural tele-density achieved till October 2014 is 45.44.The progress of various schemes of USOF for achieving increased penetration of telecom services in rural areas is as below:

(i) Village Public Telephones: As on 30.11.2014, a total of 5,81,410 out of the 5,93,601 inhabited villages [i.e. 97.95 %] of the country as per Census 2001 have been provided with Village Public Telephones (VPTs), with subsidy support from USOF.

(ii) Scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected Areas : Government, on 20.08.2014, approved a project to provide Mobile Services in 2199 locations in Left Wing Extremism (LWE) affected areas in the states of Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Telangana, Uttar Pradesh and West Bengal. Agreement between USOF and BSNL has been signed w.e.f. 30.09.2014. Installation and roll out in these areas is targeted to be completed in 12 months. BSNL has awarded the work to successful bidders (M/s Vihan Networks Limited and M/s HFCL). Secretary (Telecom) has written D.O. letters dated 08.09.2014 to Chief Secretaries of LWE affected states, to constitute institutional arrangements at the State-level for monitoring the project and resolving implementation issues. Installation of 500 towers is targeted by March, 2015

(iii) Comprehensive Telecom Development Plan for the North-Eastern Region: Government has approved a proposal on 10.09.2014 to implement a Comprehensive Telecom Development Plan for the North-Eastern Region at estimated expenditure of Rs. 5336 Crore to be funded by USOF. The Project envisages provision of mobile coverage to 8621 identified uncovered villages, installation of 321 mobile tower sites along National Highways and strengthening of transmission network in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. Award of work for assistance in the preparations of the tender documents was issued on 01.10.2014 to TCIL. Benchmarking, Tendering and Evaluation by USOF targeted by March, 2015.

(iv) Mobile services in uncovered villages : A scheme to extend financial support from USO Fund for provisioning of mobile communication services in inhabited uncovered villages of the country not having mobile coverage is under consideration. It is estimated that there are about 55,669 villages in the country that do not have mobile coverage. Mobile coverage in the remaining uncovered villages is proposed to be provided in a phased manner over the next five years

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 12)

Internet & Broadband Connectivity in the Country

The Committee note that as per data released by the International Telecommunications Union (ITU), India's mobile broadband penetration in 2013 (based on per 100 inhabitants) was a mere 3.2 per cent. This was much lower than the global average of 26.7 per cent and placed India at the 113th spot among 138 countries. India's mobile broadband reach was smaller than neighbors like Nepal (13 per cent), Bhutan (15.6 per cent) and Sri Lanka (7.8 per cent). Some African countries like Ghana (39.9 per cent) and Nigeria (10.1 per cent), too, were much ahead. The Committee also note that as per the latest TRAI data, as on March 2014 there were 933.02 million telephone subscribers in the country, whereas the total number of broadband subscribers as on August 2014 is 74.3 million, which is approximately 6.2 per 100 inhabitants. The Department has expressed optimism that at the present growth rate of 3 to 4 million broadband subscribers per month and the roll-out of 3G/BWA services and the commissioning of the National Optical fibre Network (NoFN), the Twelfth Plan target of 175 million broadband connections by 2017 will be achievable. However,an analysis of the implementation of various schemes relating to broadband under the aegis of the Universal Service Obligation Fund (USOF) give a different picture. Under the scheme of Optical Fibre Network Augmentation, Creation and Management of intra District SDHQ-DHQ of Network in service area of NE-I and NE-II, the roll-out of the scheme is yet to start. The scheme 'wireless Rural Broadband connectivity to rural and remote areas' for providing broadband connectivity to 5.5 lakh villages has been put on hold due to conflict with roll out obligation of 3G/BWA bidders. The scheme 'Satellite Rural Broadband Connectivity in rural and remote areas' for providing broadband connectivity to 5000 identified villages is yet to be launched. The National Optical Fibre Network (NoFN) for providing optical fibre connections to 2.5 lakh Gram Panchayats has been approved by the Union Cabinet on 25th October, 2011 and the scheme is likely to be completed by December, 2016. From this, the Committee are inclined to conclude that poor broadband penetration in the country is mainly due to lack of infrastructure which, in turn, is because of the inordinate delay in the implementation of the above schemes. The Committee is aware that the Government are planning to bring about a broadband revolution in the country, especially in the rural areas, with a view to bringing different services to the doorsteps of the people. Moreover, the twelfth Plan had set the target of providing 175 million broadband connections by the year 2017. However, the poor status of implementation of various projects does not augur well, particularly when the Government has the vision to increase broadband connectivity in the country in the context of e-governance and under the 'Digital India Programme'. During the course of examination of the Demands for Grants of the Department of Electronics and Information Technology, the Committee have come across several schemes of the Department that are lagging behind due to the poor connectivity scenario. The Committee observed that without taking appropriate measures for early implementation and rolling out the schemes related to connectivity, the status of broadband connectivity in India will continue to lag behind other countries. The

Committee, therefore, desire that the Department should seriously look into the delay in roll-out of the above schemes while at the same time creating a congenial atmosphere for increase of broadband connectivity in the country. The Committee also recommends that separate urban and rural data of internet and subscribers should be maintained in line with the system adopted in measuring the tele-density for urban and rural areas. This would help in clearly understanding the status of broadband and internet connections in the country. In this regard, the Telecom Regulatory Authority of India (TRAI) may be impressed upon to put in place a mechanism enabling maintenance of subscriber data segregated between rural and urban areas.

Reply of the Government

(i) Optical Fibre Network Augmentation, Creation and Management of Intra-District SDHQ-DHQ OFC Network in Assam: The scheme is being implemented by BSNL. As of November 2014, about 302 nodes have been installed out of total 354 nodes. BSNL has cited the following reasons for delay in implementation of the scheme:

(a) **Due to heavy rains in Assam, underground cable laying is not possible from May to October (about six month). Even after rainy season is over, it becomes impossible to lay underground cable due to subsoil water. Thus, actual time available for execution of the project is less than six months in a year. Further, due to frequent bandhs, economic blockades, law & order problems etc. the workable time period gets further reduced.**

(b) Limited numbers of contractors are available in Assam for laying of OFC cable. The contractors have limited resources and they mostly bring labourers from outside the region. They do not permit contractors of other area / State to take up the work in Assam.

(c) There is an increased tendency on part of contractors to move to courts to challenge the usual tender conditions i.e. eligibility and experience criteria. Despite offering best possible defence, the court invariably grants stays which adversely affects the time schedule. In this case about 200 Route Kms of was under litigation and as on date about 100 Route Kms involving about 5 Rings is still under litigation.

(d) About 500 Kms. of cable laying work is involved in North Cachar (NC) Hills District, where it is extremely difficult to take up execution work due to law and order problems. Even Assam Government is also facing difficulty to take up any project in that area.

(e) Considerable time is lost in obtaining 'Right of Way' (RoW) permissions. The RoW permissions are normally delayed, due to the following reasons:-

(i) The existing procedure takes long time and RoW Estimates from Road authorities are received after long delay.

(ii) Sometimes the RoW charges proposed by State Government are exorbitantly high. Such cases necessitate correspondence and follow up action with PWD, which results delay in obtaining the RoW Permission.

(iii) RoW permission is denied wherever road widening is planned. In some of the cases though road widening is planned but land acquisition process is not complete. RoW permission in such cases is given after completion of land acquisition.

(b) Optical Fibre Network Augmentation, Creation and Management of Intra- District SDHQ-DHQ OFC Network in NE-I Circle (comprising states of Meghalaya, Mizoram & Tripura): The scheme is being implemented by RailTel. Work has been awarded for trenching and laying in respect of 20 districts out of 23 districts in Tripura, Meghalaya and Mizoram while tenders for remaining three districts in Mizoram are under finalization. 978 km of duct has been laid while 483 km of OFC has been laid. As on 31.12.2014, 24 nodes have been connected in Tripura. The following points/ issues being faced by RailTel resulting in delay in creation of DHQ-SDHQ network NE-I Circle:

(i) Comprehensive physical & GIS based survey of the region completed in Sep'12
(ii) Not many eligible bidders available in the region for execution of work
(iii) No participation in tender by contractors in few sections
(iv) Tender cancelled due to invariably high offers received
(v) Tender finalization of Duct & OFC delayed due to high cost offers
(vi) Verification of credentials of qualified bidders consumed considerable amount of time

(c) Optical Fibre Network Augmentation, Creation and Management of Intra- District SDHQ-DHQ OFC Network in NE-II Circle (comprising states of Arunachal Pradesh, Manipur & Nagaland): The scheme is being implemented by RailTel. Work has been awarded for trenching and laying in respect of 18 districts out of 36 districts in Arunachal Pradesh, Nagaland and Manipur while tendering for remaining 18 districts have been refloated and are under process/finalization. 675 km of duct has been laid while 13 km of OFC has been laid. The rollout is yet to start in NE-II Telecom Circle. The following points/ issues being faced by them resulting in delay in creation of DHQ-SDHQ network NE-II Circle:

(i) Comprehensive physical & GIS based survey of the region completed in Dec'2012 to arrive at incremental OFC to be laid
(ii) Length of incremental OFC to be laid as per physical survey is about 13558 km, which is 4468 km more than the initial estimated length
(iii) Capital expenditure increased by 80% due to increase in quantum of work
(iv) Not many eligible bidders available in the region for execution of work
(v) No participation in tender by contractors in few sections
(vi) Tender cancelled due to invariably high offers received
(vii) Tender finalization of Duct & OFC delayed due to high cost offers
(viii) Verification of credentials of qualified bidders consumed considerable amount of time

(d) National Optical Fibre Network (NOFN): NOFN Project is envisaged as a Centre-State joint effort. State Governments are expected to contribute by way of not levying any RoW charges. This requires suitable tri-partite MoU to be signed by the Government of India, State Governments & BBNL. Tri-partite MoU has been signed with all states and Union Territories except Tamil Nadu and Lakshadweep. Three Pilot Projects have been completed 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.). As on 15.10.2012, each of the 59 Gram Panchayats in these three Pilot Project Blocks have been provided with 100 Mbps bandwidth each in these three blocks. The execution work of NOFN has been entrusted by BBNL to 3 CPSUs viz. BSNL, RailTel and Powergrid. Survey work is complete for more than 80% of Gram Panchayats. Tenders for supply of OFC and GPON equipment have been finalized and purchase orders have been placed. Tenders for supply of PLB duct and trenching and laying work are underway by 3 CPSUs. Work has already been started in 939 Blocks (out of approx. 6,600 Blocks) covering 20,104 Gram Panchayats. The project is likely to be completed in a phased manner by December 2016. The reasons for delay in the project are as given below:

(i) <u>OFC laving is time intensive effort:</u>

The project is of a mega nature covering the entire country and envisages laying of incremental OFC from Block HQ to Gram Panchayat. The existing fibre (OFC) across the country of all operators is of the order of about 10 lakh km. Of these the three CPSUs - BSNL have laid over 7 lakh km over the last 15 years.

(ii) <u>Implementation capacity of 3 CPSUs:</u>

The work execution capacity of CPSUs (mainly BSNL) over the last few years has been maximum in the range of 50,000-60,000 km per year. The execution capacity of PGCIL and RailTel combined is even less than that (<10,000 KMs per year).

(iii) <u>Procurement of Materials:</u>

The major material requirements of this project are OFC, GPON equipment and PLB duct. While supply of OFC and GPON equipment has been addressed, the supply of PLB duct still remains a critical issue. The project entails procurement of approx. 6,00,000 km of PLB duct. Besides this, BSNL and private Telecom operators also require PLB duct for their own projects. Due to this large requirement of PLB duct, the price discovered through the tenders is high. Therefore, to get a reasonable price, there is a need to stagger the procurement of PLB duct in phases over a period of time.

(iv) <u>Labour Constraint:</u>

Another component of the NOFN project is cable laying which is labour and time intensive. The project entails 6,00,000 km of trenching & cable laying. Besides this, BSNL and private telecom operators also have their own projects which have considerable labour requirement. An addition, there are various infrastructure projects under progress consuming a large amount of labour. This puts a constraint on availability of labour for execution of the project.

Progress of work is being regularly reviewed on a fortnightly basis. Consequent to review and greater delegation of powers to the CPSUs, the pace of work has been accelerated fivefold in the last month.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 13)

DoT Projects:
OFC Based Network for Defence Services

The Cabinet Committee on Infrastructure (CCI), in its meeting held on 3 December, 2009, had given the approval for setting up of an exclusive dedicated OFC based communication network for Defence Services to vacate the occupied frequency spectrum to be used for next generation mobile telephone. The Air Force Network which started in 2006 has already been dedicated to the Nation on 14 September, 2010. The Army and Navy components of the network comprising of 219 and 33 sites respectively, were to be completed by December, 2012. However, the tender floated by BSNL in 2010 could not be finalized because of the increase in tender cost from Rs. 2000 crore to Rs. 7423.96 crore. The CCI, in their meeting held on 3 July, 2012, had given financial approval of Rs. 5236 crore over and above Rs. 8098 crore, already approved by them on 3rd December, 2009 for laying of alternate communication network for Defence Service in a period of 36 months, i.e by 3rd July, 2015. The status of utilization of funds under the scheme shows that during the year 2013-14, out of the total allocation of Rs. 1356 crore at BE, which was revised to Rs. 1518 crore at RE stage, the actual utilization made under the project was only Rs. 211.51 crore. The Committee also note that out of the 10 components of the network, tender has been finalized for only one component, i.e. OFC cable (Tri Services Backbone and Army Access) at the cost of Rs. 8678.74 crore. Two components, i.e. Transmission Equipment (TRI Services Backbone) and IP/Access Network (Navy) are under litigation and in respect of another component the Unified Network Management System, Request for Proposal (RFP) has not yet been received from the Army. The Committee observe that there has been an inordinate delay in the implementation of the project with substantial time and at over runs and at the present pace of implementation, it is unlikely that the Department will achieve the targets within the given timeline. In view of the fact that spectrum

availability for mobile telephony has become inadequate due to increasing demand of mobile services in the country and more spectrum are required for higher national growth of subscriber base, the timely completion of the project has become a matter of immediate priority. Now that the main tender for laying 57,000 km of OFC has been finalized by BSNL for an amount of Rs. 8678.74 crore and Purchase Orders for all seven packages have been placed, the Committee would like the Department and the implementing agency to give special attention for the timely and successful implementation of the project. The tender for the remaining components may be finalized at the earliest and efforts should be made to settle all the legal hurdles in the implementation of the project. The Committee may be apprised of the progress made under the scheme.

Reply of the Government

OFC based Network for Defence Services under Network for Spectrum (NFS) Project has 10 components. Out of these ten components, NITs for seven components have already been invited and NIT (notice inviting tender) for the remaining three components is in the process. These three components are Microwave, Satellite and UNMS (Unified Network Management System). The status report on each component is at annexure.

Annexure

Monthly Progress of the implementation of Defence Network

(As on 31.12.2014)

S. No.	Components of the Network	Total sites	Sites Completed	Time by which all Sites are to be completed
1	**Infrastructure work**	**333**	**248**	**March 2015**

Sr. No.	Components of the Network	Sanctioned estimated cost	Time Lines as per the Present Progress				
		(Rs crore)	Floating of Tender	Purchase Order	Tendered cost (Rs Crore)	Installa-tion Start	Current Status
A	B	C	F	G	H	I	J

Sr. No.	Components of the Network	Sanctioned estimated cost	Time Lines as per the Present Progress				
		(Rs crore)	Floating of Tender	Purchase Order	Tendered cost (Rs Crore)	Installa-tion Start	Current Status
A	B	C	F	G	H	I	J
1	OF Cable (Tri-services Backbone & Army Access)	5174	21.06.2013	Pkg A & B issues in July 2014. Rest issued in Sep 2014.	8678.74	Nov / Dec 2014	Route Survey started in all the packages. QA completed Bulk Production Clearance (BPC) and started Factory Acceptance Test jointly with Army for OFC, PLB Pipes & Accessories.
2	OF Cable (Navy Access)	597	29.07.2013 Tender opened on 10/1/14	Feb 2015	Approval of Committee for Tender Evaluation (CET) Report is under process	March 2015	CET has completed Financial Evaluation and L1 bidder is M/s.TCIL. CET report has been submitted to MM Cell for further action.
3	Transmission Equipment (Tri-services	1300	20.11.2013	May 2015	Tender not yet opened	Jun 2015	Tender to be opened in Jan 2015
4	IP/Access Network	611	31.01.2014	May 2015	Tender not yet opened	Jun 2015	Tender to be opened in Jan 2015
5	IP/Access Network (Army)	2300	19.11.2013	April 2015	Tender opened on 23.12.2014	May 2015	Tender opened on 23.12.2014. Techno-commercial evaluation is under
6	GOFNMS	1000	22.11.2013	March 2015	Tender opened on 10.09.14	April 2015	Techno-commercial evaluation is under finalization.
7	Secrecy Devices	366	11.12.2014	Jun 2015	Tender floated in Dec 2014	Jul 2015	Tender to be opened in Feb 2015.

Sr. No.	Components of the Network	Sanctioned estimated cost	Time Lines as per the Present Progress				
		(Rs crore)	Floating of Tender	Purchase Order	Tendered cost (Rs Crore)	Installa-tion Start	Current Status
A	B	C	F	G	H	I	J
8	Microwave	183	To be floated	Jul 2015	Tender not yet floated	Jul 2015	Tender has not been floated.
9	Satellite Network	133	To be floated	Jul 2015	Tender not yet floated	Aug 2015	Tender has not been floated.
10	Unified Network Manage	1241	RFP not yet received from Army				

** Scheduled time lines as per cabinet approval : 36 months w.e.f. July 2012

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 14)

<u>Utilization of funds under Universal Service Obligation Fund (USOF)</u>

The Government had announced the Universal Service Obligation Support Policy on 27th March, 2002 for augmenting the infrastructure and increasing telecom coverage in the rural and remote areas. The resources for implementation of USO are raised through a Universal Service Levy (USL) which has presently been fixed at 5% of the Adjusted Gross Revenue (AGR) of the telecom service providers. During the year 2013 - 14, an amount of Rs. 7896.39 crore was collected under USOF, out of which Rs. 3000 crore was allocated at the BE/RE stage and the actual utilization was Rs. 2163.44 crore. The schemes which have made maximum utilization under USOF were Rs. 1500 crore for support for Rural Wireline Household DELs installed prior to 1st April 2012, Rs. 514 crore for NOFN, Rs. 64.40 crore for Share Mobile Infrastructure scheme (Phase-I) and Rs. 60.48 crore for Rural Wireline Broadband Scheme, etc. During the year 2014-15, though the Department had proposed an amount of Rs. 14786.74 Crore for USOF activities, an amount of Rs. 3537 crore only was allocated at BE stage. The Committee's examination further reveals that a total number of 20 schemes/ items are being implemented by the

Department under USOF during 2014-15. However, out of these 20 schemes, Plan fund allocated in respect of 7 schemes were for making spill-over payment and not for achieving any new targets. Moreover, four schemes, viz Scheme for Mobile Services in uncovered villages, augmentation, creation and management of OFC Network in West Bengal and Sikkim, Wireless Rural Broadband connectivity to rural and remote areas and Satellite Rural Broadband connectivity in rural and remote areas are yet to be launched. The Committee feel that early settlement of spill-over amount with respect to all the closed schemes will result in better restructuring and streamlining of the schemes under USOF. The Committee, therefore, recommend that the Department should explore ways for one-time payment to the schemes for which spill-over payment is still going on and closure of these schemes so as to enable the Department to lay emphasis on new schemes. The Committee also recommend that urgent steps should be taken for the implementation of all the schemes of USOF, including the four schemes for which approval has already been taken. The Committee feel that since USOF is specially created for the purpose of providing telecom coverage to people living in rural and remote areas, any further delay in the implementation of the USOF schemes would only be at the cost of people living in rural areas. The Committee would like the Department to work in the above direction so that all the USOF scheme could be implemented and their targets achieved.

Reply of the Government

(a) <u>Spill over Amount</u>: It is correct that fund requirement spillover for the schemes which are since closed. However, best efforts are being made for settlement of these pending claims early by issuing instructions to the CCA offices from time to time. Recently instructions have been issued to CCA offices vide this office letter no. 1-1/2014-15/USOF/Payt dated 20.01.2015 that all the pending cases be reviewed on monthly basis and to explore ways for onetime settlement of payment for the old schemes and a final Report has been called for by 30.04.2015. A status report in this regard will be submitted in due course.

(b) <u>Implementation of schemes</u>:

1. Nation Optical Fibre Network (NOFN) Progress of work is being reviewed regularly on a fortnightly basis. Consequent to review and greater delegation of powers to the CPSUs, the pace of work has got accelerated fivefold in the last month. Matter of signing of tripartite MoU for free RoW for NOFN is being regularly pursued at various levels including Secretary (T) and Hon'ble MoC&IT with Tamil Nadu and Lakshadweep. A presentation was also made by BBNL to Tamil Nadu Government explaining the benefits of NOFN to State Government and rural population.

2. Left Wing Extremism (LWE): A meeting to review the LWE Mobile Tower Project was held on 02.01.2015 under the Chairmanship of Secretary (Telecom). BSNL intimated that in Chhattisgarh, One tower has been burnt by naxals, 06 towers are to be relocated and 18 towers are faulty. BSNL has assured that the 18 sites will be made functional by 15th

February, 2015 by providing satellite backhaul. BSNL has also assured to make the remaining sites operational soon.

3. Comprehensive Telecom Development Plan for the North-Eastern Region: Government has approved a proposal on 10.09.2014 to implement a Comprehensive Telecom Development Plan for the North-Eastern Region. The Project envisages provision of mobile coverage to 8621 identified uncovered villages, installation of 321 mobile tower sites along National Highways and strengthening of transmission network in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. Award of work for assistance in the preparations of the tender documents was issued on 01.10.2014 to TCIL. Benchmarking, Tendering and Evaluation by USOF targeted by March, 2015.

4. Optical Fibre Network Augmentation, Creation and Management of Intra- District SDHQ-DHQ OFC Network in NE-I & NE-II OFC laying work is under progress for several nodes while tenders for trenching and laying are under finalization for remaining nodes (Network roll out is yet to start).

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 15)

National Optical Fibre Network (NOFN)

The NOFN Project approved by the Government on 25th November, 2011 aimed at connecting all the 2,50,000/- Gram Panchayat in the Country through optical fibre. The Department have informed that NOFN project is envisaged as a Centre-State joint effort and the project is being executed by a Special Purpose Vehicle (SPV), namely the Bharat Broadband Network Limited (BBNL). BBNL is executing the project through three Central Public Sector Undertakings (PSUs), viz. BSNL, Railtel and PowerGrid. The Committee have also been informed that a Tri-partite MoU has been signed with all States and union Territories except Tamil Nadu and Lakshadweep. Once fully implemented, content providers can launch various services, such as e-Health, e-Education, e-Governance, etc. in rural areas. The project is being funded by USOF and the initial estimated cost for the project is Rs. 20,100 crore. The Committee further note that NOFN is one of the biggest schemes under the USOF activities of the Department of Telecommunications. The Committee are, however, concerned to note that there has been a severe under-utilization of funds under such an important scheme of USOF during the year 2013-14 wherein out of Rs. 3000 crore allocation made under USOF, Rs. 2500 crore had been allocated for NOFN and the actual utilization was only Rs. 514 crore. During the year 2014-15, an amount of Rs. 3537 crore has been allocated for USOF at BE stage, out of which Rs. 1477.26 crore has been earmarked for the NOFN project. The Department have stated that for achieving physical target of 1,00,000 Gram Panchayat, under NOFN, Rs. 7306.81 crore was required and non-provision of

adequate funds during the current Financial year will hamper achievement of physical targets. However, the status of implementation of the above scheme shows that the actual realization of targets under the scheme is for from satisfactory. Since the inception of the scheme in 2011, against the target of providing 1,00,000 Gram Panchayats, the Committee find that works is in progress in only 415 blocks (out of approx. 6,600 blocks) covering 10,876 Gram Panchayats. The Committee are deeply distressed to note that against the target of achieving 1,00,000 Gram Panchayats during the current financial year, it is now expected that only 50,000 Village Panchayats will be connected by the end of the financial year and the target for completion of the project has been delayed till December, 2016. Keeping in view the fact that the initial plan was to complete the project by 2013, any further delay in the implementation of the project will only affect its targets groups. The Committee observe that the NOFN have the potential to act as the backbone for broadband connectivity in rural areas, and hence expeditious implementation of this scheme will immensely benefit the rural masses to have easy access to various services, such as e-Health, e-Education, e-Governance, e-Commerce, etc. The Committee desire that urgent necessary steps must be taken for achieving the annual targets. Regarding the requirement of funds during the current year, the Committee recommend that the matter may be taken up by the Department with the Ministry of Finance, so that the implementation of this scheme does not suffer due to want of adequate fund. The committee also desire that the signing of the Tri-partite MoU with Tamilnadu and Lakshadweep be expedited to bring them under the umbrella of NOFN. The committee may be apprised of the steps taken in this regard.

Reply of the Government

The work has been distributed by BBNL to 3 CPSUs viz. BSNL, Railtel and Powergrid. Survey work is complete for more than 80% of Gram Panchayats. Tenders for supply of OFC and GPON equipment have been finalized and purchase orders have been placed. Tenders for supply of PLB duct and trenching and laying work are underway by 3 CPSUs. Work has already started in 939 Blocks (out of approx. 6,600 Blocks) covering 20,104 Gram Panchayats. Progress of work is being regularly reviewed on a fortnightly basis. Consequent to review and greater delegation of powers to the CPSUs, the pace of work has been accelerated fivefold in the last month. Matter of signing of tripartite MoU for free RoW for NOFN is being regularly pursued at various levels with Tamil Nadu and Lakshadweep including Secretary (T) and Hon'ble MCIT. A presentation was also made by BBNL to Tamil Nadu explaining the benefits of NOFN to State Government and rural citizens. In respect of providing adequate fund for NOFN project, Budget branch of DoT have been requested to communicate the concerns of Standing Committee to Ministry of Finance at the time of finalization / allotment of funds during the current year vide this office letter of even no dated 20.01.2015 (copy enclosed) as Annexure - I.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 16)

Providing Mobile Connectivity in Left Wing Extremist (LWE) affected area

The committee notes that the Union Cabinet in the meeting held on 4th June, 2013 has approved the proposal to install mobile towers at 2199 locations identified in 9 states which are affected by LWE and work had been awarded to BSNL to be completed within 12 months, i.e. by 4th June, 2014. The Committee note that out of 2199 towers, BSNL has so far installed only 363 towers. The installation of the remaining 1836 towers was delayed mainly because the Capital Expenditure (Capex) and Operational Expenditure (Opex) for 1836 towers discovered by BSNL through tender process was 21.72 per cent higher than the estimated cost. It was because of this that during 2013-14, in spite of allocation of Rs. 237.75 crore for the scheme, the utilization under the scheme was 'Nil'. The Committee have been informed that on 20th August, 2014, the Cabinet had approved project implementation cost of Rs. 3567.58 crore against a revised estimated cost of Rs. 3216.12 crore. The Committee observe that setting up of towers in the LWE affected areas has long been overdue as the initial plan was to complete the project by June 2014. Now that the agreement has been signed between BSNL and USOF on 30 September, 2014, and as per the tender requirement of BSNL, the Vendors shall execute the work in 12 months from the date of signing of the agreement between BSNL and USOF, the Department should constantly monitor the implementation process by the selected vendors. The Committee view that any further delay would only add to the misery and discomfiture of the common man already affected by Left Wing Extremism. The Committee, therefore, recommend that an allocation of Rs. 825 crore projected at RE stage may be utilized effectively so that the target of setting up towers at 4888 sites by March, 2015 should be achieved positively. So far as the status of the existing towers is concerned, the committee have learnt that out of the 363 installed towers, 1 tower has been burnt by naxals, 06 towers have to be relocated, 18 towers are faulty and can be restored only with new VSAT media as the existing media has been damaged. Keeping in view the difficult terrain and problems associated with installation of towers in hilly area, the Committee are of the view that towers should not have been allowed to be installed and appropriate caution should have been taken at the stage of installation itself. The Committee desire that necessary work of repair, restoration and maintenance of all the 25 towers should be taken up on priority basis so that real benefit accrues to the common man living in the area. The committee may be apprised of the action taken in this regard.

Reply of the Government

A meeting to review the LWE Mobile Tower Project was held on 02.01.2015 under the Chairmanship of Secretary (Telecom). BSNL intimated that in Chhattisgarh, One tower has been burnt by naxals, 06 towers are to be relocated and 18 towers are faulty. BSNL has assured that the 18 sites will be made functional by 15th February,

2015 by providing satellite backhaul. BSNL has also assured to make the remaining sites operational soon.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 17)

Centre for Development of Telematics (C-DoT) Centralized Monitoring System (CMS)

The Centre for Development of Telematics (C-DoT) is the Telecom Research and Development Centre of the Government of India. C-DoT's current focus is on the design and development of communication and security, Research and Monitoring related to security management for law enforcement agencies, the development and deployment of next generation networks and cost effective rural wireless solutions. The Committee note that the C-DoT is installing the Centralized Monitoring System (CMS) for lawful interception and monitoring of targets as required by the Law Enforcement Agencies (LEAs) which will help in reducing the manual intervention at many stages and save time. The Committee have been informed that as against 'PRISM' which is the main surveillance system implemented by the US Government to monitor all internet traffic, CMS will function under the regulatory framework of India, which is target-based monitoring. CMS will have the capability to monitor all licensed services like GSM, CDMA, GPRS, 3G Video Call, PSTN, etc. Regarding any foreseeable difficulty, the Department have informed that since CMS is a nation-wide security project having multiple stakeholders such as all the Telecom Service Providers and their location of offices at different places, it is getting difficult to get them connect in the same network. The Committee note that C-DoT is planning to implement CMS in 21 Licensed Service Areas by December, 2014. The Committee appreciate that till September, 2014 installation of ISF equipment at all TSP sites has been completed. During the year 2014-15, as against the proposed amount of Rs. 250 crore, an amount of Rs. 200 crore has been allocated at BE stage. The Department have expressed their apprehension that this would definitely affect the implementation of CMS. The Committee, while taking note of the important role mandated for the Centralised Monitoring System for lawful interception and monitoring of the targets, desire that the roll out activity plan under CMS for the year 2014-15 should not be allowed to suffer due to reduction in the GBS allocation. The Committee are of the view that introduction of CMS will definitely help Central and State level Law Enforcement Agencies in interception and monitoring, because it will provide for electronic provisioning of target numbers without any manual intervention from TSPs, thus enhancing the secrecy level and quick provisioning of target. Adequate fund should be made available to the scheme by reallocating the resources from other idle schemes so that roll-out activity could be accomplished. The Committee desire the Department to take all the necessary steps and keep the Committee informed of the progress made in this regard.

Reply of the Government

C-DOT at the RE 2014-15, has requested for enhancing its GBS allocation from Rs. 200.00 crores to Rs. 255.00 crores so that as mentioned in the standing committee's recommendations / observations above, the CMS roll-out activities could be accomplished as planned. The DOT is also reviewing progress of its various schemes / projects to ensure that C-DOT could be given adequate fund for carrying-out CMS roll-out activities

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 18)

Promotion of R&D in telecom Sector

As far as promotion of R&D in telecom sector is concerned, C-DoT technology roadmap presently is focused towards national and strategic needs of the country. To fulfill the objective, some of the initiatives taken by the C-DoT include research and development in the areas of cutting-edge technology in Switching, Optical, Security, Wireless and Network management services. Some of the technology achievements made by the C-DoT include technological development of Giga-bit Passive Optical Network (GPoN), Centralized Monitoring System, NGN/Max-NG, C-DoT VoIP-based next generation packet technology, Broadband Wireless Technology, Shared GSM Radio Access Network (SG-RAN) and FTTH technology for campuses, etc. The Committee have also been informed that C-DoT is focusing on new areas of research, such as 4G Wireless technology, Next Generation PON (Passive Optical Network) technology and 100G DWDM technologies for optical backbone network, Terabit Capacity Router Technologies, etc. For development of R&D in the telecom sector, the Department have furnished suggestions, such as creation of a corpus fund to promote indigenous R&D, promotion and setting up of requisite eco-system to meet the telecom sector demand, providing preference to domestically manufactured telecom technology and creation of manufacturing fund for providing of financial support for manufacturing of indigenously developed technologies. The Committee endorse the suggestions and recommend the Department to take up the matter with the appropriate authorities for materialization of the proposals. With changing technological requirements and the increasing demand for better and newer technology in the telecom sector, the Committee emphasize that there is an urgent need to expand the areas of research. Since lack of R&D has also been cited as one of the major reasons for India's poor manufacturing capability in telecom equipment thereby resulting in huge import of telecom equipment, providing further fillip to R&D assumes added significance. The Committee would like to be apprised of the progress made in R&D efforts oriented to develop a platform for rendering 'an innovate user access method' for illiterate and rural population adopting internet-based application.

Reply of the Government

Internet has been perhaps the most outstanding innovation in the field of communication in the history of mankind. There is a huge amount of information available on the Internet. Unfortunately, the rural population of India is not able to benefit from the available technology because of various limiting factors e.g. availability of requisite communication infrastructure, illiteracy, etc.

C-DOT R&D efforts in some of technology areas like internet-based application, wireless technology, optical, resulted in development of following products, which addresses the above limitations to bridge the digital-divide between urban and rural India and allows rural population to access internet for their day-to-day needs.

- C-DOT has developed Gyansetu system, which overcomes the limiting factors of rural masses including low / no literacy level and requires exposure only to local language, for getting connected to the internet. Gyansetu application provides advanced yet simplified application that can interact with the rural population, in a way comfortable to them so as to extract the required information from the internet. The possible services are e-governance, e-market, e-Services, Railway Status Enquiry, e-education etc.

- C-DOT's Broad Band Wireless Terminal (BBWT) provides a cost effective solution for reaching IP connectivity to remote and rural areas through wireless network. It can also be used for Back Haul link for Wi-Fi hot spots, cellular base stations and base station controllers, Bank ATMs, Data base servers, etc.

- C-DOT fibre Damak, a Customer Premises Equipment (CPE), is a variant of ONT (Optical Network Terminal), which has been developed under GPON technology. This fibre Damak connects to Wi-Fi solution through backhaul fibre and then extend services through wireless over larger distances to locations like schools, hospitals, IT Centres etc. in rural areas. This solution is ideally suited for community type of networks also where there is a need to have Wi-Fi enabled community centres to cater to the needs of the community.

The development of such technology solutions are an "essential facility" with high social impact, beneficial for the country in terms of economic growth and availability of new services for the citizens even in remotest parts of the country. Its implementation will allow the implementation of an all IP network, provide ultra-broadband connectivity and support the convergence of Telecommunications-Media

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 19)

Telecom Enforcement and Resource Monitoring (TERM) Cells
Curbing of Illegal Telecom Operations

One of the major purposes of the creation of the Telecom Enforcement and Resource Monitoring (TERM) Cells is to curb illegal operations (not permitted under the Indian Telegraph Act) and to catch hold of those who violate the provisions of the Act. As per section 4 of the Indian Telegraph Act, 1885, within India, the Central Government shall have exclusive privilege of establishing, maintaining and working telegraphs. Any person providing telegraph services in violation of the provisions of the Telegraph Act falls under the category of illegal operations. The Committee have been informed that 559 cases of illegal telecom operations have been unearthed so far. The total notional loss due to such illegal telecom operations is approximately Rs. 780 crore. Apart from the financial loss, what is of serious concern, is the fact that such illegal operations pose a security threat as well to the nation because such activities may not be traced by the Law Enforcement Agencies (LEAs). Considering the wide ramifications of illegal operations, the Committee are of the firm view that the existing mechanism needs to be strengthened and made foolproof. At present, TERM Cells identify the clandestine activity/grey market operation through complaint/information, observation of unusual traffic, social contacts, cases under investigation, Law Enforcement Agencies etc. To ensure that such activities are curbed, all Telecom Service Providers have also been mandated to monitor bulk connections users, Call Detailed Report (CDR) analysis in respect of heavy callers, mandatory transmission of Caller line Identification (CLI) and customer premise inspection and verification. The Committee recommend that TERM Cells should come out with an effective mechanism to identify such illegal activity suo-motu rather than been dependent on other sources as mentioned above so as to initiate timely corrective action. The· Committee also note that the TERM Cells are seriously handicapped by shortage of manpower and IT Infrastructure in identifying and raiding such illegal set-ups. To overcome these problems, the Committee have been informed that the issue of posting of adequate manpower in the DoT to carry out the assigned functions in an effective and time bound-manner is under examination in DoT, taking into consideration requirements/justification of work. Observing that shortage of manpower and IT Infrastructure in the TERM Cells are not only affecting their vital responsibility of unearthing illegal set-ups but also hampering monitoring activities to enforce of adherence to mandatory guidelines by TSPs, the Committee recommend that the issue of posting of adequate manpower and upgradation of infrastructure of the TERM Cells need urgent attention of the Department.

Reply of the Government

TERM Cells broadly have following sources/methods to find out the clandestine activity/grey market operations:

(i) Through complaint/information received by any means
(ii) Through Observation of unusual traffic in operators networks.
(iii) Through already investigated/under investigation cases.
(iv) Through Security/Law enforcement agencies.

It is stated that out of the above mentioned methods for unearthing the illegal telecom operations, mechanisms envisaged under point number (ii) and (iii) to identify illegal activity are suo-motu mechanisms followed by TERM Cells. In addition to above mentioned mechanisms, there is also provision of Toll Free Number "1800110420" on which any person can register complaint while receiving international calls, if local or STD or no number displayed on his phone. All the TSPs have been instructed to make aware public of this facility through SMS. A list of such complaints received through Toll Free Number is then forwarded to corresponding TERM Cells to carry out the analysis to detect any bypassing of legal ILD operator and take suitable action. All these mechanisms are in suo-moto methods of unearthing grey market operations. With regards to posting of adequate manpower , Establishment Wing at this HQ is looking into the matter of induction of below JTS level staff at TERM Cells. This HQ is also examining the requirement and provisioning of both hardware and application software for automation of various activities related to TERM Cells.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated .03.2015)

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

(Recommendation Sl. No. 20)

<u>Status of manufacturing of telecom equipment in the country</u>

The Committee note that with the emergence of newer technology, the demand for telecom equipment has increased rapidly in the country. As per TRAI Report dated 12th April, 2011, the total demand for various categories of telecom equipment is projected to be about Rs. 1,08,000 crore in 2015-16 and Rs. 1,70,000 crore by 2019-20. During the year 2013-14, the total import of telecom equipment by India was for Rs. 74,115 crore, whereas the total export of telecom equipment from India was for Rs. 22,800 crore only. The Committee note that the major impediments in the path of the telecom manufacturing industry are high cost disability due to high cost of financing,

poor infrastructure, stiff competition from big established companies, lack of domestic IC manufacturing ability and lack of R&D fund. The Department have notified the National Telecom Policy (NTP) with a vision to provide secure, reliable, affordable and high quality converged telecommunication services. The Committee also note that the Department of Telecommunications, in coordination with the Department of Electronics and Information Technology, have taken several initiatives, such as imposition of basic custom duty on specified telecom products, preference to domestic manufactures for 23 notified telecom products, providing financial assistance under the Electronics Manufacturing Clusters (EMC) Scheme and the Modified Special Incentive Package Scheme (M-SIPS), approval for setting up of two Semiconductor Wafer Fabrication (FAB) manufacturing facilities, proposal for promotion of Fabless design industry, FDI upto 100 per cent in manufacturing of telecom products, etc. The Committee further observe that out of the 51 proposals involving investment of about Rs. 16441 crore, only 22 proposals involving investment of Rs. 2407 crore have been approved under M-SIPS. Under the EMC scheme, final approval has been accorded only to two Greenfield Electronics Manufacturing clusters and 'in-Principle' approval has been accorded to 10 applications, and Letter of Intent (LoI) have been issued to two consortia for setting up of two Semiconductor Wafer Fabrication Manufacturing facilities. Keeping in view the fact that excessive dependence on import of telecom equipment is not in the interest of nation, the Committee recommend that a coordination mechanism may be worked out with DeitY to urgently review the implementation status of the various initiatives under the National Telecom Policy (NTP) (2012) and the National Electronics Policy (NEP) (2012) so that these initiatives do not remain only in paper but are translated into specific action and clear cut result, helping to promote domestic telecom equipments manufacturing capabilities. Since 50 per cent of the Bill of Material (BoM) of telecom equipment is constituted by semiconductor based discreet and integrated circuit devises, the bulk of which is imported, the Committee also recommend that special emphasis must be given towards developing manufacturing capabilities for semi-conductor and integrated circuit devices. In this regard, the Committee would like the Department to take urgent measures for setting up of two semiconductor wafer fabrication manufacturing facilities for which the Government have already given their approval. The progress made on the above initiatives should be intimated to the Committee.

Reply of the Government

As noted by the Committee, the Department is working in close coordination with the Department of Electronics and Information Technology for the promotion of domestic manufacturing of electronic and telecom equipment in the country, and has taken several initiatives, such as imposition of basic custom duty on specified telecom products, etc.

The Department shall continue to work in active coordination with the Department of Electronics and Information Technology towards the promotion of Domestic manufacturing of Telecom Equipments and other important issues. Besides the steps being taken by DoT in coordination with DeitY as already mentioned above by

the committee, the Department wishes to bring to the kind knowledge of the committee that the Cabinet has approved for setting up of Electronics Development Fund (EDF) in the nature of Venture Capital Fund in December, 2014. The EDF will be a "Fund of Funds" to participate in "Daughter Funds" in the area of electronic, nano-electronics and Information Technology (IT), which includes Telecommunications too. A fund for telecommunications will be set up under the EDF as per the framework approved. The supported Daughter Funds will promote innovation, R&D, product development and within the country in the specified fields of ESDM, nano-electronics and IT including Telecom.

The present status of the two semiconductor wafer fabrication manufacturing facilities is as under:

	M/s Jaiprakash Associates Limited (with IBM, USA and Tower Semiconductor Limited, Israel as partners; JIT consortium)	M/s HSMC Technologies India Pvt. Ltd. (with ST Microelectronics and Silterra Malaysia Sdn. Bhd. as partners; HSS consortium)
1. Project Cost	INR 34,399 Crores	INR 29,013 Crores
2. Technology	90/65/45/28 nm	90/65/45/28/22 nm
3. Capacity	40,000 WSPM of 300 mm size	40,000 WSPM of 300 mm
4. Location	Yamuna Expressway,	Prantij, Gujarat

For demonstration of commitment, both consortia were required to submit the Detailed Project Report (DPR) along with detailed costing and implementation plan. While Detailed Project Reports were submitted by both M/s HSMC Technologies India Pvt. Ltd and M/s Jaiprakash Associates Ltd., on behalf of their respective consortia, however, both the consortia are yet to submit the other documents.

Preliminary assessment of Detailed Project Reports submitted by both consortia was undertaken by DeitY. Several deficiencies were observed in the Detailed Project Report which have been pointed out to them.

Subsequently, both M/s HSMC Technologies India Pvt. Ltd. and M/s Jaiprakash Associates Ltd. sought time till 31.03.2015 and 31.01.2015 respectively for submission of deficiencies in DPR and other documents required for demonstration of commitment, which has been provided with the approval of Empowered Committee. Both the consortia are yet to submit the requisite information/documents.

Comments of the Committee

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

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

(Recommendation Sl. No. 21)

Security concerns related to import of telecom equipment

The Committee note that during the period from April 2013 to March, 2014, out of the total of Rs. 74,115.40 crore telecom equipment imported by the country, 61.18 per cent of the telecom import amounting to Rs. 45347.03 crore was from China, mainly because of competitive prices offered by China. The Department have also conceded that at present India has very little capability to manufacture hi-tech telecom equipment as compared to China and that modern age telecom equipment is vulnerable to spyware/malware, etc. in the hands of anti-national, anti-social or other miscreants. The Committee note that to safeguard the security interest of the nation associated with import of telecom equipment, the DoT have already issued comprehensive security guidelines in the form of Licence amendments in May/June 2011 that have been included in the terms and conditions of the Unified Licence which, *inter-alia*, provide for mandatory testing of telecom equipment before inducting them into Indian telecom network and periodic security audit. The Committee are, however, concerned to note that except for one SAR Lab and one NGN Lab presently working at TEC, New Delhi, there is no other lab for testing of telecom equipment. The Committee have been informed that there is a proposal for establishment of various labs in TEC, such as Security Lab for security testing of various elements and Green Passport Lab for certifying telecom products equipment and services on the basics of Energy Consumption Rating and Customer Premises Equipment and Terminal Lab to enable testing of various equipment, etc. The Committee are given to understand that the Project Estimates for setting up of the Security Lab is under approval in DoT and Project Estimates of the other labs are under preparation. Considering the fact that the extensive use of foreign made telecom equipment poses serious threats to national security, the Committee have serious apprehensions about the satisfactory testing of telecom equipment in the country in the absence of adequate security labs. Now that the Department of Telecommunications have issued guidelines for mandatory testing of telecom equipment before inducting them into the telecom network, the Committee stress that there is an urgency for the early setting up of the security labs. The Committee, therefore, recommend that the Project Estimates of the Security Lab which is under approval and the Project Estimates of the Green Passport Lab and CPE&TL Lab which are under preparation should be finalized at the earliest.

Reply of the Government

Security Lab: The estimate for security lab of amounting Rs. 10 Crore (approx.) has been sanctioned by DoT on 17.10.2014. The tender is in the process of approval at DoT and will be floated shortly.

Green Passport Lab: The estimate for Green Passport Lab of amounting Rs. 1.09 Crore is in the process of approval at DoT.

CPE &TL Lab: The estimate for CPE&TL Lab of amounting Rs. 6 Crore has been sanctioned by DoT on 22.01.2015. The tender documentis in the process of preparation and approval.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

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

(Recommendation Sl. No. 22)

<u>Telecom Connectivity to Andaman and Nicobar Islands (ANI) and Lakshadweep Islands (LI)</u>

The Committee note that initially the undersea cabling between the mainland and the Andaman and Nicobar Islands (ANI) was handled by the Andaman and Nicobar Islands Industrial Development Corporation (ANIDCO). However, due to lack of requisite technical expertise by ANIDCO, the Planning Commission decided on 2nd May, 2014 that the project will be implemented by DoT. The Telecommunications Consultant of India Limited (TCIL) had been entrusted to prepare a Detailed Project Report and the same is expected to be submitted by January, 2015. Separately, TRAI in their Report dated 27th July, 2014, had recommended that telecom services in ANI and Lakshadweep Islands may be improved. The Committee note that the recommendations of TRAI for improving telecom services in these two islands are under consideration of the Department. TRAI in the same Report, had also recommended that keeping in view the strategic importance of Lakshadweep, a secure and reliable connectivity should be established through submarine cable. The Recommendations of TRAI for improving telecom services in these two islands are under consideration of the Department. At present, connectivity to ANI and Lakshadweep Island is provided through satellite and during 2012-13, Rs. 65 Crore was spent for satellite transponder charges for ANI and Rs. 27 crore in case of Lakshadweep Islands. The DoT have taken up the case with the Indian Space Research Organization (ISRO) to waive off the satellite transponder charges for telecom services being provided by BSNL in the area, including ANI and Lakshadweep Islands, which is under consideration of the Department of Space. A proposal is also under consideration of the Government for providing financial support to BSNL for the reimbursement of satellite bandwidth charges (space segment charges) paid by it to the Antrix Corporation for hiring satellite transponders (both domestic and foreign satellites) for providing telecom services in Andaman and Nicobar Islands. The Committee are of the view that both the Islands are strategically located and there is an urgent imperative to strengthen the telecom network in these two islands for better connectivity. Continuing to provide connectivity through satellite transponders has become unviable due to the high cost of the satellite transponders. The Committee, therefore, recommend that the recommendations given by TRAI for strengthening the telecom connectivity in these two Islands may be finalized at the earliest. The

Committee observe that in the long run the two Island can be served best by providing cable link from the mainland. In this regard, effort should be made by TCIL to ensure that the Detailed Project Reports for Undersea Cable to ANI should be submitted within the specified time frame, i.e. January 2015, so that the project takes off at the earliest. The Committee recommend that the best possible means for strengthening telecom connectivity to Lakshadweep Island should also be implemented by the Department keeping in view its strategic locations. The Committee desire that a cost benefit analysis and feasibility study for laying submarine OFC in Lakshadweep Island as suggested by TRAI may be under taken without delay.

Reply of the Government

(a) Regarding submarine OFC cable connectivity from Chennai to Part Blair, it is intimated that Telecommunications Consultants India Limited (TCIL) was asked by DoT in May 2014 to prepare a Detailed Project Report (DPR) based on desk top survey in accordance with the decisions taken in the meeting held in Planning Commission. TCIL has already shortlisted a successful bidder in Sep, 2014 for awarding the work of Desk Top Survey for submarine OFC project against the Tender floated in June 2015. However, in view of complaints dated 25.10.2014 and 22.12.2014 received from Shri Praveen Saxena through PMO/ MOC&IT, M/s TCIL has been requested vide this office letters dated 22.12.2014 and 01.10.2015 to send consolidated report of Independent External Monitor (IEM) on priority basis regarding the tender for "Desktop Study (DTS) for connecting A&N Islands with Chennai, India on submarine OFC" and the complaints received in this regard. TCIL has intimated that the observations of IEM are likely to be submitted by last week of January 2015. Consequent upon approval by DoT, the work of DTS is likely to be awarded by TCIL to the successful bidder by 15th February 2015. Since final DPR submission by TCIL will take 10 weeks from the date of award of work, the final DPR is likely to be submitted by TCIL to USOF/ DoT by 30.04.2015. After due diligence of DPR, approval of the Telecom Commission & the Cabinet will be obtained.

(b) Regarding submarine cable connectivity for Lakshadweep, it is submitted that TRAI vide recommendations dated 22.07.2014 on 'Improving Telecom Services in Andaman & Nicobar Islands and Lakshadweep" has recommended that keeping in view the strategic importance of Lakshadweep, a secure and reliable connectivity should be established through a submarine cable. This cable is proposed to connect Kochi/ Cochin with Kavaratti, Agatti, Androth, Kalpini, Amini and Minicoy islands. For this purpose 936 Km submarine cable may be laid with an estimated an expenditure of Rs. 468 Crores. While accepting the need to provide robust and reliable telecom connectivity to Lakshadweep Islands, the Telecom Commission in its meeting held on 07.11.2014 has accorded in principle approval to undertake a cost benefit analysis and feasibility study for laying submarine OFC in Lakshadweep along with validation of the estimated cost before proceeding ahead. DoT has to take necessary action in this regard.

(c) For augmentation of satellite band width in Andaman & Nicobar Islands, a Detailed Project Report (DPR) has been received from BSNL. The Telecom Commission in its

meeting held on 07.11.2014 has accorded 'in principle' approval for estimated investment (CAPEX) of Rs. 82.44 Crore for augmentation of satellite system for improving telecom services in Andaman & Nicobar Islands and to award the work for augmentation of satellite bandwidth systems to BSNL on nomination basis. The technical requirements and detailed cost estimates for augmentation of satellite systems are being vetted by a technical group under Member (Technology). First Meeting of the Technical Group constituted under Member (T) vide letter dated 16.11.2014 has been held on 19.12.2014 and the report is likely to be submitted by 31.01.2015. On submission of the report by the Technical Group, the approval of the Telecom Commission and the cabinet will be obtained.

(d) For augmentation of satellite bandwidth in Lakshadweep Islands, the Telecom Commission in its meeting held on 07.11.2014 has accorded 'in principle' approval for estimated investment CAPEX of Rs. 18.05 crore for augmentation of satellite system for improving telecom services in Lakshadweep Islands and to award the work for augmentation of satellite bandwidth systems to BSNL on nomination basis. In accordance with the Telecom Commission decision, BSNL has been requested vide this office letter No. 30-174-5/2014-BB –USOF dated 17.12.2014 to submit a Detailed Project Report (DPR) for CAPEX requirement for augmentation of satellite bandwidth in Lakshadweep Islands urgently to USOF for taking further necessary action in this regard. The DPR is awaited from BSNL as on date. On receipt of DPR from BSNL, the technical requirements and detailed cost estimates for augmentation of satellite systems shall be vetted by a technical group under Member (Technology). In the meeting of Committee of Secretaries (CoS) on "communication crisis in Andaman & Nicobar Islands" held on 12.06.2014, it was decided that Bharat Sanchar Nigam Limited (BSNL) shall do the necessary augmentation in its satellite communication network to meet the needs of telecommunication in Andaman & Nicobar Islands. It was further offered in the agenda Note that necessary CAPEX shall be funded by Universal Service Obligation Fund (USOF). Accordingly, BSNL has submitted a Detailed Project Report (DPR) for CAPEX to USOF. The amount of CAPEX is Rs 82.44 crores.

Telecom Commission has given 'in principle' approval on 07.11.2014 for Comprehensive Telecom Development Plan including provision of mobile connectivity for Andaman & Nicobar Islands and Lakshadweep Islands with the total estimated investment of Rs. 221.05 crores consisting of the following elements:-

(a) Rs 91.16 crores for providing 2G (voice) coverage in uncovered villages.
(b) Rs 9.40 crores for providing seamless 2G (voice) connectivity along NH.
(c) Rs 20 crores for augmentation of OFC Network.
(d) Rs 100.49 crores for augmentation of Satellite system.

For providing 2G voice coverage in uncovered villages and connectivity along with National Highways, Detailed Project Report (DPR) is being prepared by TCIL.

For augmentation of satellite system in ANI and Lakshadweep DPR is submitted by BSNL, which is under examination in DoT.

For the submarine cable from Chennai to Port Blair, TCIL is expected to submit the Detailed Project Report (DPR) by March 2015.

For submarine cable connectivity to Lakshadweep, consultations have started with the Union Territory (UT) Administration preparatory to the cost benefit analysis and feasibility study for laying submarine OFC.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2014-B dated 23.03.2015)

CHAPTER –III

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

-NIL-

CHAPTER –IV

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

-NIL-

CHAPTER –V

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

-NIL-

New Delhi;
11 August, 2015
20 Shravana, 1937 (Saka)

ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology.

ANNEXURE-II

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

[*Vide* Paragraph No. 5 of Introduction]

(i)	Recommendations/Observations which have been accepted by the Government	
	Rec. Sl. Nos.:- 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,21 and 22	
	Total	22
	Percentage	100
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government	
	Rec. Sl. No.: NIL	
	Total	00
	Percentage	00
(iii)	Recommendations/Observations in respect of which replies of the government have not been accepted by the Committee and require reiteration	
	Rec. Sl. No.: NIL	
	Total	00
	Percentage	00
(iv)	Recommendations/Observations in respect of the reply which is of interim nature	
	Rec. Sl. No.:- NIL	
	Total	00
	Percentage	00