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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2016-17)**

SIXTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF TELECOMMUNICATIONS)**

**[Action Taken by the Government on the Observations/Recommendations of the
Committee contained in their Twenty-fourth Report (Sixteenth Lok Sabha) on
'Demands for Grants (2016-17)']**

THIRTY-FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2016/Agrahayana, 1938 (Saka)

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'Demands for Grants (2016-17)']**

***Presented to Lok Sabha on 16 December, 2016
Laid in Rajya Sabha on 16 December, 2016***



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2016/Agrahayana, 1938 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2016-17)

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2. Shri L. K. Advani
3. Shri Prasun Banerjee
- *4. Shri Harish Dwivedi
5. Dr. Sunil Gaikwad
6. Shri Hemant Tukaram Godse
7. Dr. Anupam Hazra
8. Dr. Jayakumar Jayavardhan
9. Shri P. Karunakaran
10. Shri Virendra Kashyap
11. Shri Harinder Singh Khalsa
12. Shrimati Hema Malini
13. Shri Keshav Prasad Maurya
14. Dr. K.C. Patel
15. Shri Raosaheb Danve Patil
16. Shri Paresh Rawal
17. Dr. (Shrimati) Bharati Shiyal
18. Shri Abhishek Singh
19. Shri D.K. Suresh
20. Shri Ramdas Tadas
21. Shrimati R. Vanaroja

Rajya Sabha

22. Shrimati Jaya Bachchan
23. Shri P. Bhattacharya
24. Shri Suresh Gopi
25. Shri Prabhat Jha
26. Shri Santiuse Kujur
27. Shri Derek O'Brien
28. Shrimati Kahkashan Perween
29. Dr. K.V.P. Ramachandra Rao
30. Dr. Vinay P. Sahasrabuddhe
31. Shri Sachin Ramesh Tendulkar

Secretariat

- | | | |
|--------------------------|---|----------------------|
| 1. Shri R.S. Kambo | - | Additional Secretary |
| 2. Shri Y.M. Kandpal | - | Director |
| 3. Dr. Sagarika Dash | - | Additional Director |
| 4. Shri Shangreiso Zimik | - | Under Secretary |

*Nominated to the Committee w.e.f. 19.10.2016 vide Bulletin Part-II dated 19.10.2016.

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2016-2017), having been authorised by the Committee, do present the Thirty-first Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-fourth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2016-17)' of the Ministry of Communications (Department of Telecommunications).

2. The Twenty-fourth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 3rd May, 2016. The Department of Telecommunications furnished their Action Taken Notes on the Observations/Recommendations contained in the Twenty-fourth Report on 5th September, 2016.

3. The Report was considered and adopted by the Committee at their sitting held on 15th December, 2016.

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 Twenty-fourth Report of the Committee is given at Annexure-II.

**New Delhi;
15 December, 2016
24 Agrahayana, 1938 (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 Twenty-fourth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2016-17)' relating to the Ministry of Communications (Department of Telecommunications).

2. The Twenty-fourth Report was presented to Lok Sabha/laid in Rajya Sabha on the 3rd May, 2016. It contained 15 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, 4, 5, 11, 12, 14 and 15

(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 require reiteration

Rec. Sl. Nos.:- 3, 6, 7 and 8

(iv) Observations/Recommendations in respect of which the reply of the Government are of interim in nature

Rec. Sl. Nos.:- 9, 10, and 13

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 and final action taken replies to the Observations /Recommendations contained in Chapter-V of this Report should be furnished to them at an early date.

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

A. **Implementation of USOF Schemes**
(Recommendation Sl.No.3)

6. The Committee, in their Original Report, had recommended as under:-

“The Committee note that during the year 2015-16, under USOF, against an outlay of Rs.2400 crore at the BE Stage, an amount of Rs.3100 crore was allocated at the RE Stage. The actual utilization up to February, 2016 was to the tune of Rs.2170.84 crore. The Committee note that two important USOF schemes being implemented are NOFN for providing OFC connectivity to 2,50,000 Gram Panchayats and Mobile connectivity in Left Wing Extremism (LWE) affected areas for setting up of 2199 towers in 10 States. For the year 2015-16, an amount of Rs. 848.43 crore was allocated at BE under NOFN which was increased to Rs. 2520.75 crore at RE and the actual utilization upto December, 2015 was only Rs. 1254.97 crore. Although some progress has been made in laying of pipe and OFC, only 5,655 Gram Panchayats have been provided with connectivity. The Department have stated that phase-I covering 1,00,000 GPs, is planned to be completed by March 2017. The Committee observe that significant progress has been made during 2015-16 in setting up towers in LWE affected areas. An amount of Rs. 100 crore was allocated at BE which was increased to Rs. 419 crore at RE and the actual utilization as on February, 2016 was Rs. 308.53 crore. Out of 2199 towers, 1557 towers have started radiation till March, 2016. It is now expected that most of the sites would be functional by June, 2016, while a few sites may take a longer time, i.e. till September, 2016, to comply with procedural formalities. For the year 2016-17, against the proposed amount of Rs.7350 crore, a sum of only Rs. 2755 crore has been allocated for USOF. The reduced allocation is likely to affect implementation of NOFN and the LWE Scheme. The Committee can hardly overemphasize the importance of the NOFN Project in the context of the Digital India Mission of the Government, which is considered to be one of the critical

pillars of this Mission. Hence, the Department can ill afford any delay in implementation of the NOFN Project on account of lack of adequate funds. The Department need to pursue the matter at the highest level with the Ministry of Finance. The Committee also recommend to the Department to pursue transfer of part of the Universal Access Levy (UAL) Fund - the balance as of February, 2016 stands at Rs.42932.84 crore - to USOF so as to make available the much needed funds for NOFN. The Committee would like to be apprised of the steps taken in this regard.”

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

“During the year 2015-16, Rs. 2400 Crore was allotted at the BE stage. Funds for USOF schemes was enhanced and an amount of Rs. 3100 Crore was allotted at the RE stage. Out of this allocation, Rs. 2415.10 Crore for National Optical Fibre Network (NOFN) project and Rs. 617.05 Crore for Left Wing Extremism (LWE) project were disbursed during the year 2015-16. Remaining funds of Rs. 67.85 crore has been disbursed for other USOF schemes.

For the F/Y 2016-17, an amount of Rs. 7350 Crore at the BE stage was projected for all USOF schemes. Out of this projection, Rs.5000 Crore for NOFN project and Rs. 900 Crore for LWE project were projected.

A sum of Rs. 2755 Crore only, at the BE stage of 2016-17 has been allocated for all USOF schemes. Accordingly, additional requirement of funds for USOF schemes has again been intimated to Budget Branch of DoT vide this office letter dated 08.04.2016 stating the requirement of funds as Rs. 6462 Crore for NOFN project and Rs. 900 Crore for LWE project during the F/ Y 2016-17 so that the NOFN & LWE project should not suffer.

A quarterly statement of expenditure of USOF schemes for the year 2016-17 has also been intimated to Budget Branch of DoT vide this office letter dated 25.05.2016 stating the requirement of funds as Rs. 6462 Crore for NOFN project and Rs. 900 Crore for LWE project for the FY 2016-17.

Also, the recommendations of the committee has again been forwarded to Budget Branch of DoT vide this office letter dated 06.06.2016 for taking further necessary action in the matter so that the NOFN & LWE project should not suffer for want of adequate funds.”

8. The Committee, in their Original Report on Demands for Grants (2016-17), had noted with concern that as against the proposed sum of Rs.7350 crore, a sum of only Rs.2755 crore had been allocated for USOF for the year 2016-17. While apprehending that the reduced allocation is likely to affect two important schemes funded by USOF *i.e.*, implementation of NOFN and the LWE Scheme, the Committee had desired the Department to pursue the matter at the highest level with the Ministry of Finance. The Committee had also recommended that the Department should also pursue transfer of part of the Universal Access Levy (UAL) Fund - the balance of which stood at Rs.42932.84 crore as of February, 2016 - to USOF so as to make available the much needed funds for NOFN. The Department in the Action Taken Note have stated that additional requirement of funds for USOF schemes *i.e.* Rs. 6462 Crore for NOFN project and Rs. 900 Crore for LWE project during the year 2016-17 has been intimated to Budget Branch of DoT so that the NOFN & LWE project should not suffer. The Committee have also been informed that while forwarding quarterly statement of expenditure of USOF schemes, the Budget Branch of DoT has been impressed upon for taking further action in the matter. The Action Taken reply of the Department is, however, completely silent on the recommendation of the Committee to pursue transfer of part of the Universal Access Levy (UAL) Fund to USOF so as to make available the much needed funds for NOFN. Considering the fact that NOFN Project is one of the critical pillars in the context of the Digital India Mission of the Government, it need not be overemphasized that the Department cannot afford any delay in implementation of the NOFN Project for want of funds. Since adequate amount of fund is already available under Universal Access Levy (UAL) and one of the stated objectives of this Fund is to make available funds for USOF schemes, the Department should have taken proactive initiatives for allocation of sufficient funds from UAL to USOF schemes. Needless to say the efforts made by the Department are grossly inadequate and certainly not in consonance with the larger objective of affecting a real change in telecom sector by making available UAL funds for USOF schemes. While expressing their displeasure over lack of attention

of the Department to such an important issue, the Committee reiterate that the Department should pursue transfer of part of the Universal Access Levy (UAL) Fund to USOF making available the much needed funds for NOFN so that the project can be smoothly implemented without any resource constraints. The Committee would like to be apprised of the steps taken in this regard.

B. OFC Based Network for Defence Service

(Recommendation Sl.No.6)

9. The Committee, in their Original Report, had recommended as under:-

“The Committee note that this very vital and sensitive project of the Department had witnessed considerable delay in its implementation. While the Air Force network had been dedicated to the nation by 14th September, 2009, the Army and the Navy components were to be completed by December, 2012. As per the approval of Cabinet Committee on Infrastructure on 3rd July, 2012, the project was to be completed by July, 2015 at an estimated cost of Rs.13,334 crore. The Committee have now been informed that the project is expected to be completed by September, 2017. The Committee note that approval of Right of Way (RoW), coordination with the State and Central agencies, delay in finalization of tenders due to litigation by various vendors and finalization of specifications have led to time and cost overrun. To ensure that the project is completed within the revised deadline, i.e. September 2017, monitoring and reviews in close coordination with the Armed Forces and sorting out RoW issues with State and Central agencies are being done, and that BSNL is making all out efforts to settle the cases and finalize the tenders. The Committee find that most of the Purchased Orders (POs) would be placed in 2016-17. The Committee are, however, concerned to note that during the year 2016-17, against the total requirement of funds to the tune of Rs.10000 crore, an amount of only Rs.2710 crore has been allocated at BE which is just 27.10 per cent of the amount required. The Committee are of the view that with this meagre allocation, further time and cost overrun is inevitable and the project may not be completed by the designated deadline. The Committee, therefore, recommend that serious efforts must be made by the Department for requisite allocation of funds at the RE stage. The Committee may be apprised of the progress of execution of this project.”

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

“The Department is making all out efforts to complete this project. Secretary (T) takes regular meetings to assess the progress of the project. It is proposed to raise the demand of funds to the tune of Rs. 10000 crore at RE stage so that sufficient funds are made available for this project.

Status of Network For Spectrum

Name of the project: Network for Spectrum which is an alternate exclusive, dedicated OFC based communication network for Defence services for release of spectrum.

Brief History of NFS Project

- Rollout of OFC Network for Defence to facilitate release of spectrum by Defence Forces – Decision by GoM (Group of Ministers) on 7th Sep’ 2007.
- MoU signed by Defence and Telecom Secretary – on 22nd May’ 2009
- Detailed Project Report (DPR) – Submission by BSNL on 18-09-2009, total laying of OFC – 60,000 Km.
- Formation of Inter Ministerial Group (IMG) 2009 – on 15-10-2009 for vetting of scope and specs of network
- Cabinet Committee on Infrastructure (CCI) conveyed financial approval of Rs.8098 crore on 03-12-2009.
- Cabinet Committee on Infrastructure (CCI) enhanced NFS Project Budget on 11-07-2012 to **Rs.13, 334 crores** with a completion timeline of three years.

Current status

- Current Status of all the components of the project is attached at Annexure.

Fund Position

- Till 6.06.2016, Rs 2526 crore has been spent.

| Component wise details of NFS | | | |
|--------------------------------------|----------------------------|----------------------------------|--|
| Sl.N o. | Name of Component | Estimated cost (Rs.crore) | Updated Status |
| 1. | Infrastructure Development | 408 | <u>Total sites</u> – 333 <u>Work Completed</u> - 313 <u>Work in progress</u> – 17 (to be completed by Aug, 2016). <u>Yet to start</u> – 3 <ul style="list-style-type: none"> • Dharamshala • Pgali – Court case, • TMG - sensitive zone to be started from June, 2016. |

| | | | | |
|-----|--|----------------|-----------------------------------|--|
| 2. | Optical Network Backbone Access of Army | Fiber for and | 4609 (Purchased order cost- 8679) | <u>Total</u> – 57000 km <u>Ducting completed</u> – Around 35000 km <u>Fibre Blown</u> – Around 21650 km <u>OFC completion date</u> – August, 2017 |
| 3. | Optical Network Access | Fiber for Navy | 384 (Purchased order cost- 556) | <u>Total</u> – 3000 km PO has been placed in July, 2015 and expected to be completed by 31.03.2017. |
| 4. | IP MPLS Network for Army | | 2000 | Financial bids have been opened in Jan 2016 and work is expected to be over by Sep 2017. |
| 5. | DWDM Transport Network | | 1300 | |
| 6. | IP MPLS Network for Navy i/c DWDM | | 611 | Financial bids have been opened in Feb 2016 and work is expected to be over by Sep 2017. |
| 7. | GOFNMS for Army (GIS based OFC NMS) | | 1000 | |
| 8. | Microwave Network | | 183 | Tender has been floated in March 2015. Financial bids are expected to be opened in Aug 2016. Work is expected to be over by June, 2017 |
| 9. | Satellite Overlay Network | | 133 | Tender has been floated in March 2015. Financial bids are expected to be opened in Aug 2016. Work is expected to be over by July, 2017 |
| 10. | Encryption Devices | | 366 | Tender has been floated in Dec 2014. Financial bids are expected to be opened in Aug 2016. Work is expected to be over by July, 2017 |
| 11. | UNMS (Unified Network Management System) | | 1241 | Specifications are expected to be finalized by 31.03.2016 by Army in consultation with BSNL. Tender is expected to be floated in Aug 2016 and the work is expected to be over by Nov, 2017.” |

11. The Committee had observed that OFC Based Network for Defence Service had witnessed considerable time and cost overrun mainly due to issues relating to Right of Way (RoW), coordination with the State and Central agencies, delay in finalization of tenders due to litigation by various vendors and finalization of specifications. While the Air Force network had been dedicated to the nation by 14th September, 2009, the Army and the Navy components which were to be completed by December, 2012 are now scheduled to be completed by September, 2017 at an estimated cost of Rs.13,334 crore. The Committee had noted with concern that during the year 2016-17, against the total requirement of funds to the tune of Rs.10000 crore, an amount of only Rs.2710 crore had been allocated at BE stage and with this meagre allocation, further time and cost overrun was

inevitable. The Committee had, therefore, recommended that serious efforts must be made by the Department for requisite allocation of funds at the RE stage. Though the Department, in their action taken reply, have stated that they are making all out effort to complete the project on time, the details of component-wise status of NFS speak otherwise as time and cost overrun in the project is already evident. The Committee note after issue of the Purchased order, the estimated cost for the component 'Optical fiber network for Backbone and Access for Army' has increased from Rs. 4609 crore to Rs 8679 crore. Similarly, with regard to 'Optical Fiber Network for Navy Access', the estimated cost has increased from 384 crore to Rs. 556 crore after issue of the Purchased orders. During the examination of Demands for Grants (2016-17), the Committee had been informed that Purchased orders in respect of six components will be issued by June, 2016 and of the remaining two components by September, 2016 and October, 2016. However, as per the information furnished by the Department, the Committee note that POs for six components have not been issued even till June 2016 clearly indicating delay. The Committee need hardly emphasize that the delay in issuing of POs will not only lead to spill over of the project to next financial year but also increase in the estimated cost. Since the POs for some components are yet to be issued, the Committee feel that by the time of final issue of these POs, there will be substantial increase in the estimated cost of the project. At this pace of work, the Committee have serious doubt if the project could be completed in 2017. The Committee, while expressing their unhappiness over the slow progress of the project due to squeezed fund, reiterate their earlier recommendation and desire that adequate funds for the project may be made available at RE stage for arresting time and cost overrun of the project thereby ensuring smooth and hassle free execution. The Committee may be kept apprised of the progress in this regard.

C. Telecommunication Engineering Centre (TEC)

(Recommendation Sl. Nos.7&8)

12. The Committee, in their Original Report, had recommended as under:-

“The Committee have observed gross under-utilization of Plan funds under the Telecommunications Engineering Centre during the year 2015-16. An amount of Rs.4.75 crore was allocated at BE. This was reduced to Rs.1.50 crore at RE, mainly for pending payment of NGN & SAR lab and execution of civil and electrical works of the proposed labs. However, the amount could not be released for the purpose due to non-compliance of validation/testing by the suppliers; instead an expenditure of Rs.1,00,442 only has been made towards the civil works for Security lab. The Committee are of the considered opinion that the entire planning process of TEC needs a thorough review by the Department. It is a matter of concern that out of 7 projects under implementation by TEC, the achievement under 6 projects has been shown as ‘Nil’. The Committee note that TEC is implementing the important project for setting up of SAR laboratories for verification of SAR values of mobile handsets and hand held devices for compliance with Electro Magnetic Field (EMF) exposure limit prescribed by DoT, Security Lab to cater to telecom industry’s need for security testing of various network elements and CPEs, EMF measuring instruments for TEM Cells for carrying out measurements of radiation level from various BTS towers, besides other import projects like NGN Test Lab, CPE Lab, Green Passport Lab and Regional Test Lab. It is disquieting that even the SAR Lab set up at Delhi has not been fully commissioned and the proposal for setting up the SAR Lab at Mumbai has been pending since 2012-13, with the project estimate (PE) yet to be approved. TEC has also not designated any lab for verification of SAR values of mobile handsets. Though a few manufacturers have voluntarily provided the self- declaration in respect of SAR value for their selected models, no such self- declared SAR limit has been subjected to TEC audit. The Committee have now been informed that nine handsets were procured and tested for SAR value in the lab. The Committee are also given to understand that till date not even a single Security Lab has been set up in the country.

The Committee understand that for setting up SAR lab, fresh estimate has been prepared and the same is being processed for approval. Recognizing the requirement for security testing of telecom equipment inducted into telecom networks, a pilot lab has been set up at IISC, Bengaluru, for security testing of telecom equipment. This pilot lab is being scaled up with the establishment of the Telecom Testing and Security Certification Centre (TTSC) which includes a Security test lab which is likely to get commissioned by March 2017. Further, Notice

Inviting Tender (NIT) for setting up of another Security testing lab at TEC New Delhi (under DOT) has already been floated. It is expected to be operational by the second quarter of 2017. The Committee have also been informed that based on the processes, procedures and test suites developed by the TTSC, a proposal to have the accredited Security test labs in the Government, public and private sector is also under consideration. Considering that the country at present is heavily dependent on imported electronic/technical equipments, which need authentication to ward off possible security threats, the Committee are convinced that country should have accomplished SAR/Security Labs. However, to the dismay of the Committee, TEC has not been able to provide the nation the much needed infrastructure in this regard. The Committee urge the Department to seriously ponder over this issue and inform the Committee the specific progress made by TEC in respect of the above projects.

(Recommendation No.7)

Another area of major concern under TEC is the non-procurement of EMF measuring equipment for TERM Cells for carrying out measurements of radiation level from various BTS towers. The Committee note that tenders floated in 2012-13 & 2014-15 had got cancelled in 2013-14 & 2015-16 due to non-fulfillment of terms and conditions of the tenders by the bidders. As on date, TERM Cells do not have their own EMF measuring equipment and they are relying on TSPs for logistic support for carrying out testing related to measurement of EMF radiations. The Committee are not inclined to agree with the view of the Department that EMF radiation measurement related testing is not getting hampered due to non-procurement of these equipment. The Committee feel that availability of these equipment will definitely strengthen TERM cells to carry out this activity in a reliable and time bound manner. The Committee are now given to understand that tender has been floated for procurement of 69 EMF measuring infrastructure, 68 for TERM Cells and one for TEC. The Committee recommend that there should not be any further delay in procuring the EMF instrument and, as such, techno-commercial evaluation need to be approved by the Competent Authority at the earliest. The Committee would like to be informed of the progress made in this regard.”

(Recommendation No.8)

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

- i) **NGN Lab:** NGN Lab is working and testing of devices is under progress.
- ii) **Security Test Lab:** Project Estimate for setting up Security Lab was submitted for approval on 20.01.2014 and was approved on 17.10.2014. Tender document was submitted for approval on 26.12.2014 and approved on 24.10.2015. Notice Inviting Tender (NIT) for the Security lab was floated on 09.11.2015 and tender opening date was 26.04.16. Since no bids were received, Tender could not be processed. The process for retendering has been initiated with a committee reviewing the tender document.
- iii) **SAR Lab, Mumbai:** As per advice from DoT Hqrs, Project Estimate (PE) for SAR Lab Mumbai has been revised based on fresh quotes from the Vendors. PE is under process of approval.
- iv) **SAR Lab, New Delhi:** SAR Lab at New Delhi could not be fully commissioned due to certain deficiencies pending at the suppliers end. The supplier has asked for arbitration and the process for the same has been initiated. For auditing the SAR value for selected models, instructions are awaited from DoT, Headquarter.

Other Labs:

CPE Lab: Tender has been floated and due date of opening is 15.07.2016.

Green Passport (GP) Lab: Project Estimate for GP Lab phase-I was submitted for approval on 24.12.2014 and after delegation of financial powers to Sr. DDG, TEC recently. Project Estimate has been sanctioned on 16.05.2016 for an amount of Rs. 1.49 Crores. Tender document is under preparation and NIT is expected to be floated in Q2 of this financial year.

Regional Test Labs: Project Estimate is under examination.

Regarding proposal for setting up Security Test labs in the public & private sector, DoT may reply.

(Reply to Recommendation No.7)

EMF Measuring Equipment: Regarding procurement of EMF measuring equipment for TERM cell for carrying out measurement of radiation level from the various BTS towers, it is intimated that the financial bid of the

responsive bidders have been opened and the report of financial bid evaluation committee has been approved by the Competent Authority.

L-1 bidder has been asked to submit the type approval certificate as per tender terms and condition. In addition the satisfactory performance certificates submitted by L-1 bidder are also in process of verification.

(Reply to Recommendation No.8)

14. The Committee had noted that Telecommunication Engineering Centre (TEC) is implementing important projects for setting up of SAR laboratories for verification of SAR values prescribed by DoT, Security Lab to cater to telecom industry's need, EMF measuring instruments for TERM Cells for carrying out measurements of radiation level from various BTS towers, besides other important projects like NGN Test Lab, CPE Lab, Green Passport Lab and Regional Test Lab. While observing that there were gross underutilization of funds under TEC during the period 2015-16 and consequent Nil achievement under six projects out of seven projects implemented by TEC, the Committee had desired that the entire planning process of TEC required a thorough review by the Department. The Committee note from the Action Taken Note that out of all the projects envisaged only NGN Lab is working and testing of devices is under progress. It is also disquieting to note that the status of implementation of various schemes by TEC has not registered any significant improvement in spite of clear concern expressed by the Committee. The Committee are given to understand that for auditing the SAR value for selected models, instructions are awaited from DoT Headquarter. With regard to setting up of Security Lab, since no bids were received, tender could not be processed. The process for retendering has been initiated with a committee reviewing the tender document. For CPE Lab, tender has been floated. In respect of Green Passport Lab, tender document is under preparation and NIT is expected to be floated in Q2 of this financial year. Project Estimate is under examination for setting up of Regional Test Labs. As a result the country is still devoid of any SAR Lab for verification of SAR values prescribed by the Department.

The Committee are also concerned to note that TEC are not able to procure any EMF measuring equipment for TERM Cells for carrying out measurements of radiation level from various BTS towers even after opening of the financial bid of the responsive bidders and approval of the Report of financial bid evaluation Committee. The Committee note that the satisfactory performance certificates submitted by L-1 bidder are now in process of verification. From the above progress, the Committee are inclined to conclude that TEC has failed miserably in giving adequate attention to the implementation of various plan schemes being implemented by them. In view of the tardy pace of implementation of the schemes, some of which has been pending since 2012 like EMF measuring equipment for TERM Cells, the Committee reiterate their earlier recommendation and urge the Department to seriously review the entire planning process of TEC for taking urgent corrective steps. The Committee may be informed about the specific steps taken and progress made by TEC in respect of the above projects.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

DoT Budget

(Recommendation Sl. No. 1)

The Department of Telecommunications (DoT) have laid the detailed Demands for Grants (2016-17) in Lok Sabha on 16th March, 2016 for a total amount of Rs. 21,214.66 crore consisting Rs. 8,620 crore under Plan and Rs. 12,594.66 crore under Non-Plan. This budget contains an enhanced provision of Rs.5340.063 crore over the allocation in the previous fiscal. An analysis of the financial performance for the year 2015-16 reveals that an amount of Rs. 7599.95 crore was allocated at BE under Plan which was increased to Rs. 8894.96 crore at the RE stage, mainly due to increase in allocation of funds in the Plan segment under Centre for Development of Telematics (C-DoT) and Universal Service Obligation Fund (USOF). C-DoT funding rose from Rs. 140 crore to Rs. 300 crore, mainly because of the requirement for the Centralized Monitoring System (CMS) project, approved by the Cabinet as a part of the 'Centre for Security Research and Monitoring Scheme'. Requirement of funds under USOF was increased to Rs. 3100 crore from Rs. 2400 crore for meeting the targets set by DoT for projects, viz. National Optical Fiber Network (NOFN), Left Wing Extremism (LWE), etc. The gross expenditure (provisional) was Rs.8884.07 crore consisting of Rs.3100 crore transferred to USOF. The Committee appreciate the financial performance of the Department in the year 2015-16. The Committee note that in the year 2016-17, there was an increase of Rs.1020.05 crore in the allocation made under Plan, mainly because of estimation of ITI Ltd. (Revival), OFC based network for Defence Services, C-DoT and USOF. The Committee are also given to understand that under GBS, against the proposed amount of Rs. 18214.32 crore, an amount of only Rs. 5865 crore has been allocated at BE. In this regard, the Department have submitted that the matter has been taken up with the Ministry of Finance time and again for allotment of additional funds under major schemes/projects under implementation in the Department. Considering that the Department are implementing some of the important Schemes like USOF (including NOFN), Network for Spectrum (Defence Services), C-DoT, ITI Ltd. (Revival), NICF, TEC, WMO, etc. during 2016-17, the Department should continue with their efforts to get more allocation in the midst of the financial year. At the same time, the Department should ensure that funds allocated under Plan schemes are optimally utilized to achieve the envisaged physical targets.

Reply of the Government

To achieve better and optimal utilization of Plan funds, Major plan schemes have been included in the Result Frame Document (RFD) of DOT and are being

monitored regularly. Monthly and quarterly targets have been given to Nodal officers as well as concerned PSUs and are being reviewed accordingly.

Further, to ensure efficient utilization of funds under Plan all the concerned units are advised to chalk out road map for introduction of new service and projects in a phased and time bound manner.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

An overview of the 12th Plan

(Recommendation Sl. No. 2)

One of the milestones set in the 12th Plan was to provide 175 million broadband connections by the year 2017. Recent studies have shown that there is a positive correlation between proliferation of internet and mobile services with the growth of GDP of a country. The Committee note that broadband not only enables people to surf Internet, but also provides access to enormous knowledge bank, promotes efficient business operation, be better educated, have access to e-health services, and benefit from better governance. As per a study conducted by the Indian Council for Research on International Economic Relations (ICRIER), a 10 percent increase in growth of internet subscribers leads to an increase of as much as 1.08 percent in the rate of growth of GDP. However, the position of India when compared with other developed countries of the world in terms of broadband connections is still very low. The Committee find that the number of broadband per 100 capita in 2014 was 170.80 in Finland, 157.20 in Denmark, 150.70 in Japan, 150.50 in Sweden, 136.10 in United Kingdom, and 128.30 in United States, whereas the number of broadband per 100 capita in 2014 for India was only 6.70. Another issue which has engaged the attention of the Committee relates to the extremely low broadband speed in the country. While South Korea has achieved broadband speed of 20.5 Mbps followed by Sweden with 17.4 Mbps, Norway with 16.4 Mbps and Switzerland with 16.2 Mbps, India stood at 116th place with 2.5 avg. Mbps connection speed. The Committee have been informed that the technologies available to provide broadband by wireless and wireline in the country are not lagging behind in comparison to other countries. According to the Department, both technologies in wireline and wireless are capable to deliver broadband speed comparable to other countries in the world. To support high speed broadband network in the country, particularly in rural areas, NOFN/Bharatnet Project under implementation targets to cover 1 lakh Gram Panchayats (GPs) by March, 2017 and remaining 1.5 Lakh GPs by December, 2018. Under the project, upto 100 Mbps bandwidth is to be provided in all the established 2.5 lakh GPS through creation of a highly scalable network. The Committee desire that the Department should complete the NOFN/Bharatnet Project within the scheduled time so that the nation can reap the benefit of efficient and quick services through enhanced broadband speed.

Reply of the Government

BharatNet (previously NOFN) is being implemented through Bharat Broadband Network Limited (BBNL), the execution of the project is being done through 3 CPSUs (BSNL, RailTel, PGCIL). Based on the implementation experience, Telecom Commission in its meeting held on 30.04.2016 has approved the implementation strategy for BharatNet; this is as follows:

BharatNet is planned to be completed in following three phases:

- Phase 1 – Currently underway to provide Broadband connectivity to 1,00,000 GPs. Targeted to be completed by March 2017.
- Phase 2 – Balance GPs (approximately 1.5 lakh to be connected by Optimal mix of underground OFC, aerial OFC, radio media using existing and new towers, along with satellite media, to be completed by Dec 2018. Along with existing 3 CPSUs, State Government and other CPSU or State PSU to be associated in execution of the project, with special emphasis on provision of last mile connectivity.
- Phase 3 – A state of the art futuristic network for 5G services and Internet of Things era with OFC in ring architecture, to be completed by 2023.

Status as on 30.05.2016:

The work of 1, 00,000 GPs under phase-I has been allocated to 3 CPSUs.

A. BSNL/PGCIL/RailTel have finalized tenders for trenching and pipe laying for **2,635** blocks and work has been started in **2,392** Blocks.

| CPSU | District | Block | GPs | Incremental cable to be laid (km) | PLB laid (km) | OFC laid (km) |
|--------------|------------|-------------|-----------------|-----------------------------------|-----------------------|-----------------------|
| BSNL | 410 | 2,146 | 84,366 | 1,85,742 | 1, 18,135 (64%) | 99,525 (54%) |
| RailTel | 44 | 225 | 8,678 | 19,999 | 12,070 (60%) | 7,478 (37%) |
| PGCIL | 28 | 356 | 7,156 | 17,113 | 14,157 (83%) | 10,325 (60%) |
| Total | 482 | 2727 | 1,00,200 | 2,22,854 | 1,44,362 (65%) | 1,17,328 (53%) |

No. of GPs where cable laying is completed – **50,950**

No of GPs provided broadband connectivity – **6,950**

Districts Completed

Kerala: All districts.

Karnataka: Mandya, Hassan, Chamraj Nagar, Bangluru urban

Punjab: Chandigarh.

Puducherry: All districts

Tripura: Unokoti

Assam: Kamrup Metro

Step taken to expedite the work

Aerial OFC, Radio & Satellite media will be used in addition to underground OFC to connect GPs in Phase-II.

States and Power Distribution Companies (DisCom) will be associated in laying aerial OFC for speedy implementation and better coordination.

To address the issue of non-availability of GPON equipment, fresh tender has been floated by BBNL.

Monitoring of the Project by DOT

Empowered Committee has been setup at the level of Secy, DOT for monthly stock taking of Project progress and Policy decisions.

Steering Committee at the level of Administrator, USOF/ CMD, BBNL has been set up for fortnightly monitoring and ironing out the operational issues.

Standing Technical Committee headed by Member, Technical has been constituted for deciding on technical matters and specifications.

Steps taken by BBNL

Involvement of experts

IIT, Bombay as Technical Consultant.

STQC for audit of project monitoring tool: Primavera.

Engagement of procurement expert is being done.

Review and monitoring

Periodic monitoring by DoT.

Joint weekly video conference by BBNL and BSNL with field units.

Strengthening of BBNL – fresh recruitment of 63 Graduate Engineers

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

Revenue Receipts of the Department (Recommendation Sl. No. 4)

The Committee note that the licence fee and the spectrum charges collected by the Department from the Telecom Service Providers are a major source of non-tax revenue to the Government of India. Under these items, the Department earned an amount of Rs.30693.58 crore in 2014-15 which increased to Rs. 54072.48 crore (pro. upto March, 2015) in 2015-16. For the year 2016-17, the Ministry of Finance (MoF) have set the target of Rs.98994.93 crore, which is inclusive of Rs.64580.92 crore as spectrum auction revenue. The Committee also note that in addition to this, the Department also earn revenue from other receipts, dividends from PSUs, Guarantee fees and pension contribution. Under these items, the Department had earned Rs.940.70 crore during 2012-13, Rs.907.03 crore during 2013-14 and Rs.961.26 crore during 2014-15. The Committee are given to understand that there has been a loss of Rs. 12,489 crore to the exchequer due to the reported understatement of revenues by six telecom operators, including Airtel, Idea and Vodafone. In this context, the Department have informed that a special audit has been ordered for the six major Telecom Service Providers (TSPs) for the financial year 2008-09 to 2010-11. The Committee would like to be apprised of the precise position about understatement of revenues by the TSPs, the amount recovered so far, and specific measures taken by the Department to plug loopholes in the system to make the TSPs accountable.

Reply of the Government

The licence fee and Spectrum Usage Charges collections from CDMA and GSM services collections during the year 2014-15, 2015-16 and the expected collections for the year 2016-17 are given below:

| (Rupees in Crore) | | | | |
|-------------------|-------------|---------|---------|--------------------|
| Sl. No. | Item | 2014-15 | 2015-16 | 2016-17 (Expected) |
| 1 | Licence Fee | 12410 | 13221 | 14464 |
| 2 | SUC | 6469.36 | 6963.5 | 7137.59 |

In addition to the above mentioned collections, BSNL and MTNL have adjusted the following amount of licence fee/SUC.

| (Rupees in Crore) | | | |
|-------------------|------------|---------|---------|
| Sl. No. | PSU | 2014-15 | 2015-16 |
| 1 | BSNL (LF) | 1583 | 1730 |
| 2 | MTNL (LF) | 211 | 193 |
| 3 | BSNL (SUC) | 361.92 | 278.43 |

Note:

1. An amount of Rs. 1844 crore adjusted by the Public Sector Companies (BSNL & MTNL) during the year 2013-14 and 2014-15 has been recovered.
2. The above mentioned figures are provisional.

The amount of Rs. 12,489 crore is pertains to the audit of six telecom companies conducted by the C & AG.

Further it is intimated that there has been no loss of revenue to the exchequer. The CAG Report No. 4 of 2016 primarily deals with under-reporting of revenue of Rs. 46000 crores and consequently short payment of Licence Fee (LF) and Spectrum Usage Charges (SUC) of around Rs. 12490 crores by six major TSPs ie. Airtel, Aircel, Reliance, Idea, Tata and Vodafone for the period 2006-07 to 2009-10.

The short payment of Rs. 12490 crores consists of Rs. 3750 crores of LF and Rs. 1460 crores of SUC and Rs. 7280 crores of interest on LF/SUC. Most of the issues raised by the CAG pertained to items of revenue which are under litigation in various judicial for a including the Supreme Court. The understatement of revenue by the Operator has been addressed by the Department while issuing Regular Demands (for 2006-07 to 2009-10) and Special Audit Demands (2006-07 to 2007-08). CAG while noting the under-reporting of revenue of Rs. 46000 crores by the TSPs has not taken into account the afore mentioned demands issued by the Department. Hence the actual additional demand to be raised on the TSPs by DoT will be lower than the figure quoted by the CAG. For the FY 2006-07 and 2007-08 a comparison of only the Special Audit demands reveals that out of Rs. 1269 crores of License Fee shortfall pointed out by CAG; the Department has already raised demand for Rs. 896 crores. (In the case of two Operators the demands raised by DoT based on Special Audit are higher than the shortfall pointed out by CAG). If the Regular demands for these years are considered the shortfall of LF raised vis-s-vis LF due as per CAG para may be even lower. Special Audit as mandated in the License Agreement is underway for FY 2008-09 to 2010-11 for six operators.

DoT is in the process of issuing the demands for the financial year 2006-07 to 2009-10 based on the CAG Report. Licence Agreement, Judicial Pronouncement and the reply of TSPs on this CAG para. Demands raised from this exercise will be recovered with due interest and penalty as applicable under license agreements. There is therefore no loss of revenue to Government.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29 .08.2016)

Submarine OFC connectivity between mainland India (Chennai) and Andaman & Nicobar Islands (ANI) (Port Blair)

(Recommendation Sl. No. 5)

The plan to provide direct communication link through a dedicated submarine OFC from mainland India (Chennai Cable Landing Station) to Andaman & Nicobar Islands (Port Blair) was taken by the Planning Commission on 2nd May, 2014. The Committee note that satellite which is the only media providing telecom connectivity to the Island region is not able to meet the requirement. The basic objectives of implementing the project is not only to provide long term, secure, robust and reliable communication facilities to ANI, which will attend to the future bandwidth requirement, but also to cater to the strategic defence and security interests of the country. As per the Detailed Project Report (DPR) submitted by TCIL, the Technical Consultant, the Department have to lay 2164.23 km of undersea cable in a single phase to connect six islands with Chennai. The Capex requirement will be Rs.889.58 crore, whereas Opex in the form of viability gap funding is currently estimated at Rs.44.87 crore per annum. The project is targeted to be implemented by December, 2016. The Committee are of the view that it is an extremely important project which requires to be implemented in the right earnest. However, it is at a nascent stage and the same is yet to be approved by the Telecom Commission. Considering the importance of the project, the Committee recommend that all necessary measures must be taken by the Department for getting the requisite approvals and a proper timeline prepared so that the project could be implemented at the earliest.

Reply of the Government

The Telecom Commission in its meeting held on 30.04.2016 approved the proposal regarding provision of Submarine Optical Fibre Cable connectivity between Mainland India (Chennai) and Andaman & Nicobar Islands.

Since the total cost of the project inclusive of CAPEX and OPEX is more than Rs. 1,000 Crore, approval of the Cabinet is being sought for the Comprehensive project of Submarine OFC connectivity. Towards this Draft Cabinet Note has been prepared for approval of competent authority.

Timelines:

- Based on time taken for execution of submarine project worldwide, minimum two years' time is required after award of the work and Permit in Principle (PIP) from DoT/USOF for undertaking various activities.
- Work is expected to be awarded by December 2016 after completing the Tender process.

- Project is targeted to be implemented by December 2018 taking into consideration that the working season is for about six months only (October to March).

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

Bharat Sanchar Nigam Limited (BSNL)

(Recommendation Sl. No. 11)

The Committee note that the BSNL has been incurring losses over the years and in the year 2015-16, the quantum loss was of the order of Rs.5,183 crore. Out of 49 telecom circles, only Kerala and Odisha have shown profit. The examination of the performance of BSNL has revealed that the market share of BSNL with regard to wireline, wireless and broadband services is also gradually declining. The market share of BSNL in wireline which was 67.69 percent during 2013, declined to 64.90 percent during 2014 and the share during 2015 was only 61.80 percent. In case of wireless, from 11.66 percent in 2013, the market share declined to 10.46 percent during 2014 and further declined to 7.92 percent during 2015. However, the most significant decline has been noted in broadband services (wireless & wireline). From having a market share of 66 percent in 2014, it drastically came down to 27.54 percent in 2014 and the market share of broadband services during 2015 was only 19.03 percent. The Committee are of the view that the only measure which could have helped to arrest the increasing financial loss and the declining market share could have been through increasing the Plan expenditure of the Company. However, the Plan expenditure of the company has also been gradually declining. During 2012-13, BSNL had incurred Plan expenditure of Rs. 3354 crore, which was reduced to Rs. 3094 crore during 2013-14 and Rs. 3080 crore during 2014-15. The Department have now informed the Committee that under the GSM Phase VII, 9829 (3G) BTS and 12,491 (2G) BTS, have been commissioned against the planned target of commissioning 10,510 (3G) BTS and 14,232 (2G) BTS, leaving a balance of 681(3G) BTS and 1741(2G) BTS. A deadline of June 2016 has been set by BSNL for the completion of the GSM Phase VII project. The Department have also informed the Committee that Purchase Orders for Phase VII+ Project for installation of 9,600 (3G) BTS and replacing 5,300 old (3G) BTS have been placed by the telecom circles of South and North Zone, respectively, and equipment is under supply in the South Zone. An approximate capacity of 5 million shall be added in the GSM network of North Zone & South Zone. While hoping that that GSM-VII project would be successfully completed by June, 2016, the Committee stress that serious efforts must be made for the completion of Phase VII+Project in South and North Zone within the given deadline, i.e, by November 2016 in the South Zone and February 2017 in the North Zone. The Committee are of the view that the best way forward for the

Company is to increase its Plan expenditure and upgrade its infrastructure. The Committee note that the projected revenue for the year 2016-17 is Rs.31,500 crore which is under finalization in consultation with the DPE. The Committee trust that utmost efforts will be made by the BSNL for achieving maximum sales turnover in the current fiscal.

Reply of the Government

Due to merger and consolidation of business process as part of revival plan of BSNL, there are 45 circles in BSNL as of now. Out of these 45 circles, 26 are Territorial Circles and 19 Non-Territorial Circles. The territorial circles are the circles where the telecom services, viz. wireline, wireless, broadband, enterprise, etc are provided to its customers.

As on 31.03.2016, the market share of BSNL in wireline & wireless segment is 58.63% & 8.40% respectively and an overall market share of 9.59%. Market share of BSNL in wireless segment is progressively increasing over the years.

However, there is decline of market share in the wireline segment, predominantly due to general shift in the trend of landline customers towards more handy and cheaper mobile technology. BSNL has taken the following steps to improve its market share:

- BSNL is in the process of upgrading its legacy TDM based PSTN network to NGN technology based on IP. The existing 1 million legacy Time Division Multiplexing (TDM) network has been upgraded to IP multimedia Subsystem based on NGN (Next Generation Network) technology & 3 million lines conversion to NGN is in progress. To improve the wireline communication services further, BSNL has planned for replacement/migration of legacy Public Switched Telephone Network (PSTN) to Next Generation Network (NGN) in the current Five Year Plan starting from 2013-14 for which the work is already in progress.
- Through migration to NGN, the customer will get better communication facilities on wireline and the churn rate for wireline customers is expected to reduce & Average Revenue Per User (ARPU) is expected to rise by increased utility of wireline by providing Enhanced Value Added services like personalized Ring back tone, Broadband VAS (Value Added Services), MultiMedia Video Conferencing & IP Centrex, etc.
- Further, referring to wireline network, sufficient capacity is available at Telephone exchanges including the external plants. The landline telephone connections are provided on demand in technically feasible areas.
- The introduction of various attractive tariff plans like free calling at night hours from 9 P.M. to 7 A.M. , improved marketing strategies, monitoring of Quality of Service parameter as defined by TRAI & upgradation of external plants, etc. are few key initiatives taken by BSNL to improve the wireline telecommunication services to its esteemed customers of BSNL.

Vide notification dated 18.07.2013, the definition of broadband revised as “ Broadband is a data connection that is able to support interactive services including internet access & has the capability of the minimum download speed of 512 Kbps to an individual subscriber from the point of presence (PoP) of the service provider intending to provide broadband service”. Accordingly, the minimum download speed has been increased for 256 Kbps to 512 Kbps. Subsequent to this notification, the service providers started reporting the number of wireline broadband subscribers in accordance with the revised definition i.e. ≥ 512 Kbps. Also, TRAI started furnishing the broadband connections (including both wireline & wireless) with minimum download speed of 512 Kbps in their reports subsequent to the notification.

The details of broadband connections provided by BSNL since 2013 are given below:

(Fig. in millions)

| As on | Wireline | Wireless | Total | Market share (wired + wireless) in %age |
|------------|----------|----------|-------|---|
| 31.03.2013 | 9.94 | - | 9.94 | 66 |
| 31.03.2014 | 10 | 6.77 | 16.77 | 27.54 |
| 31.03.2015 | 9.96 | 8.92 | 18.88 | 19.03 |
| 29.02.2016 | 9.91 | 10 | 19.91 | 13.74 |

Source : TRAI Report

It is mentioned that BSNL continues to be the leader in wireline broadband with a market share of 59.16 % as on February, 2016. Also, BSNL is continuing its growth in the wireless broadband segment & having a market share of 7.8 % in wireless broadband segment. However, there is a gradual decline in wireline broadband connections due to following reasons:

- Change in the customers’ preference towards wire-less technology i.e. 2G/ 3G.
- Ease of availability and affordability of smart devices.
- Low Literacy rate in rural area and Less availability of web content in regional languages.
- Interruption in wireline Broadband services due to cable cuts during infrastructure development works under taken by Central and State Governments
- Non-availability of Personal Computers in rural areas.
- Non-availability of 24X7 power supply in rural areas.

BSNL has taken the following measures to arrest the declining trend in wireline broadband segment:

- Augmentation of broadband speed up to 2Mbps for all the customers.
- Offering ADSL Modems to customers free of cost/ reduced sale price/ on Cash back scheme depending on the Tariff Plan opted.
- Promotional Scheme to Private Operators Broadband customers on migration to BSNL viz. waive off installation charges, waiver of one month fixed monthly charge, free 500 calls for one month.
- Monitoring of Broadband service through social media.
- BSNL is offering new flexible and attractive tariff plans for its customers.
- BSNL is advertising its broadband service through leading National and Regional Newspapers, Radio channels, TV Commercials and External wrapping on Rail Coaches etc.
- BSNL has launched “Project Udaan” for providing its customers hassle free booking and provisioning of Broadband through its own manpower.
- BSNL is providing On-line information on Broadband data usage so as to keep customer informed about usage to control bill.
- BSNL is offering Value Added Services like Games on Demand, Video & Audio on Demand etc. BSNL plans to launch more and more Value added services to attract Broadband customers in future.
- BSNL is connecting universities and colleges with 512 Kbps BB VPN and 1Gbps connectivity under NMEICT(National Mission on Education through ICT) project.
- BSNL has extended its services to most of the urban areas and approx. 1,70,000 villages and providing rural broadband at discounted tariffs in association with USOF (Universal Service Obligation Fund)
- BSNL is partner with DIT (Department of Electronics and Information Technology) to provide BB (Broadband) connectivity to approx. 1,00,000 common services centers in rural India.
- Exclusive franchises are being appointed to sale & market broadband product & services.

Under Phase VII GSM project, out of the planned 14252 (2G) & 10817 (3G) BTS, BSNL has already commissioned 13163 (2G) BTS & 10020 (3G) BTS. In South Zone all planned BTS have been commissioned. The target date for completion of GSM VII project is June, 2016 and the Circles have been asked to ensure the completion of the project within the targeted time. In Phase VII+ project, purchase order for installation of 9650 (3G) BTSs & replacement of 5300 (2G) old BTSs have been placed by the telecom circles of south & north zone. The equipment's are under supply in both the zones. In South Zone, 2204 (3G) & 1481 (2G) BTSs have been commissioned and in North Zone, 191 (3G) & 62 (2G) BTSs have been commissioned. The

completion of target in South Zone is November, 2016 & in North Zone is February, 2017.

As regards better utilization of the planned capital outlay, BSNL has drawn a comprehensive framework in all spheres viz. wireless network, wireline network data network , backhaul network & bandwidth augmentation. The major works planned by BSNL to achieve the target are given below:

- Augmentation of GSM (Global System for Mobile communication) capacity
- Replacement of BSNL's wireline exchanges by Next Generation Network (NGN) Exchanges.
- Strengthening of broadband core network
- Expansion of OFC network.
- Strengthening of transmission core network by setting up of BSNL -ECR CONE (Enhanced capacity & resilience of core network).

Also, an investment proposal of Rs. 7125 crore has been finalized for Phase- VIII GSM project.

The projected revenue of BSNL for the year 2016-17 is Rs. 31,500 crore under finalization in consultation with DPE (Department of Public Enterprises) & IMC (Inter-Ministerial Committee).

BSNL is making all efforts to achieve maximum sales turnover in 2016-17 through a mix strategy of technological upgradation, mode of business, better real estate management and increased revenue generation. The important initiatives planned in 2016-17 are given below:

A. Wireless services:

Phase VII and Phase VII + GSM projects are under roll out through deployment of state of the art equipment, BSNL is enhancing its data carrying capabilities in its network to provide faster data speed to its valued customers. Further regarding BSNL's planning for next GSM/UMTS (Universal Mobile Telecommunication Service) network expansion project, BSNL has decided to divide the next expansion project into the following four phases:

- Phase VIII.1: this phase shall include induction of technical innovation in GSM/UMTS like integration of WiFi hotspot/Femtocell/LTE/4G with existing GSM/UMTS network.
- Phase VIII.2: the focus of this phase shall be on strengthening of Data networks, as data usage in Indian Telecom industry is growing exponentially from last couple of years.
- Phase VIII.3: The focus of this phase shall be active sharing of the network, through ICR (Intra Circle Roaming) arrangements as per prevailing guidelines/regulations of DoT(Department of Telecommunications)/TRAI.

- Phase VIII.4: The focus of this phase shall be enhancing the coverage of 2G & 3G Network of BSNL.

B. Wireline Services:

- Entire Wire line networks are under modernization to new technology digital switching systems IP enabled. Next Generation Network equipment based on the latest architecture. With migration to NGN, customer will get better communication and facilities on wire line by increased utility of wire line by providing Enhanced Value Added Services like Personalized Ring Back Tone. Broadband VAS, Multi Media Video Conferencing and IP Centrex etc. BSNL has upgraded existing 1 million legacy Time Division Multiplexing (TDM) network in to IP Multimedia Subsystem based on NGN technology and 3 million lines conversion to NGN is in progress.
- BSNL is in process of migrating C-DOT TDM technology exchanges covering most of the rural India, with NGN solution being developed by C-DOT.
- Efforts are being made to upgrade the external plants and extend connectivity to new upcoming colonies to provide landline telephone on demand.
- Induction of new customer care (single window) and billing platform, provisioning system.
- Quality of Service (QoS): Monitoring of Quality of Service parameters for improving customer services.
- Broadband and Value Added Services: BSNL has made all out efforts to increase the wire line Revenue through enhanced utility by providing several Value Added Services including broadband services, Intelligent Network Services and broadband based value added services like Video/Games/Music on demand etc.
- Strengthened Sales and Distribution Channel of landline and broadband connections through Project Udaan by making aggressive marketing and sales, competitive tariff structure and optimum utilization of existing landline capacities.
- BSNL launches SWAS(Service With a Smile) to enhance customer satisfaction

C. Broadband Services:

- Augmentation of Broadband network for meeting data growth. BSNL is in the process of procurement of MPLS-TP based Next Generation Packet Aggregation Network (MNG-PAN).
- Roll out of Wi-Fi service: BSNL has targeted to set up large number of Wi-Fi Hotspots in year 2016-17.

D. Core Network for backhaul connectivity:

- Creation of a Super Express Information Highway across the country & super express transport network with 200 GB line capacity with resilience in

the network is planned for deployment in the network connecting 47 state capitals & important cities. The orders have been placed & deployment of field trial routes from Nagpur-Bhopal-Jaipur-Delhi is under commissioning.

- IP MPLS network is expanded to increase the routers from 106 cities to 205 cities, which will give connectivity to all internal requirements of Broadband, NGN, 2G & 3G of GSM apart from increased connectivity to Enterprise Customers.
- Convergent Packet access Network (CPAN) is planned to be procured & deployed during 2016-17 which is based on MPLS-TP technology. This shall enable BSNL to migrate from legacy SDH based transport to Ethernet based transport.
- IPfication is planned for all 3G Node Bs. Necessary STM-1 CPE & STM-16 MADM equipment has been purchased & is under deployment.

E. Real Estate Management:

BSNL has recently inducted ERP software which inter-alia, includes Real Estate Management (REM) module. All the properties of BSNL, including rented properties, their usage, income from rental, etc. are monitored in real time. At present, field units are being trained in the operation of the software.. It is anticipated that in due course a state-of-the-art Real Estate Management tool shall be in place.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

Mahanagar Telcom Nigam Limited (MTNL)

(Recommendation Sl. No. 12)

The Committee note that the MTNL is under a serious debt burden of around Rs. 13528 crore (as on 28th February, 2016) and is borrowing money to meet its day to day requirements. As on 31.12.2015, the total accumulated loss of the company is Rs. 2180.33 crore and Net worth is Rs.(-)112.91 crore. During the year 2013-14, the company had incurred a loss of Rs.742.72 crore which was reduced to Rs. 295.20 crore in 2014-15. The Committee have been informed that the balance for 2015-16 (Q3) will be Rs. 412 crore. The revenue earning of the company in 2015-16 upto 31 December 2015 was only Rs. 2562.84 crore which is 32.92 percent less than the total revenue earned during 2014-15. This was due to reduction in revenue on account of free termination w.e.f. 01.03.15 and change in tariff of Long Distance circuits w.e.f. 01.08.2014. With regard to the working expenditure, the Committee find that after excluding Rs. 963.37 crore and Rs. 821.13 crore of depreciation, the revised figure of working expenses for 2015-16 (Q3) will be Rs. 2975 crore. The Committee also note that the MTNL has been given various financial support by the Government. An

amount of Rs. 4533.97 crore has been refunded to MTNL through bonds as refund of BWA spectrum in both service areas held by MTNL, and the fund raised has been utilized for reduction of the existing loan liability. Interest cost has reduced by Rs. 500 crore p.a. and debt by Rs. 4,533.97 crore. Settlement of Pension issue of MTNL employees has helped in reducing employee cost from 132 percent to around 69 percent of income. MTNL has also been extended financial support of Rs. 492.26 crore on account of liability arising from the levy of Minimum Alternate Tax (MAT) and Rs. 458.04 crore to MTNL is being refunded on account of surrender of CDMA (Code Division Multiple Access) spectrum. The Committee have been informed that as part of the revival plan, MTNL require refund of Rs. 2300 crore as interest on BWA Payments, Rs. 2000 Crore – Rs. 2500 crore as capex requirement of its projects for upgradation/expansion of networks; Rs. 4048 crore for VRS scheme; and monetization of surplus land and building by allowing MTNL to lease/sell/rent its available premises/lands for their effective and gainful utilization. It is a matter of concern that in spite of various financial assistances given by the Government, the MTNL is still facing difficulties to arrange/mobilize funds for developmental projects. The Committee recommend that efforts should be made by the Government to address the above issues to revive the MTNL. The Committee may be informed of the steps taken by the Government in this regard.

Reply of the Government

Government has provided financial supports in the form of refund of BWA spectrum in both service areas held by MTNL, extended financial support on account of liability arising from the levy of Minimum Alternate Tax (MAT), Settlement of Pension issue of MTNL employees and refund on account of surrender of CDMA (Code Division Multiple Access) spectrum. These supports have helped MTNL to reduce its existing loan liability; reduction in interest cost and reduction in employee costs. Due to continuous efforts MTNL has achieved the following:-

- MTNL's total revenue for the quarter ended on 31.3.2016 is Rs 835.79 Cr which has increased by Rs. 62.02 Cr. w.r.t. previous quarter.
- The number of subscribers of GSM has increased by 137,390 during the F.Y. 2015-16.
- The revenue has increased by 8.44% in Q4 as compared to Q3.

MTNL is also separately making relentless efforts towards its revival. In this direction, MTNL is taking several steps which include:

- Upgrade of existing data speeds over wireless network.
- Up-gradation / augmentation / expansion of existing 2G/3G network.
- Provision of backhaul media connectivity of existing mobile tower sites in Delhi and Mumbai on Optical Fibre Cable (OFC) network in place of Microwave network.
- MTNL is also exploring synergy with BSNL for its mobile services.

- Setting up of wireline call centers for the customers of landline, mobile and broadband at Delhi and Mumbai.
- MTNL has launched Night free calling from landline from 10:00 pm to 7:00 am for its customers.
- Plans to optimum utilization of its network based on Virtual Network Operator (VNO) policy.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

Review of functioning of Telecom Advisory Committees (TACs)

(Recommendation Sl. No. 14)

The Committee note that TACs are constituted in each Telecom District under the Chairmanship of the Principal General Manager (PGM), General Manager (GM), Telecom District Manager (TDM) or Telecom District Engineer (TDE), as the case may be. In the case of Metro Districts, viz. Delhi, Mumbai, Kolkata and Chennai, one TAC each is being constituted under the Chairmanship of the Area General Manager concerned. All the Hon'ble M.P.s (Lok Sabha and Rajya Sabha) who are not Union Ministers are members of TAC and are given the co-Chairman status in TAC meetings. The maximum strength of members in a TAC is 20; however, the strength could be revised through specific orders of the Department of Telecommunications in any special case. The Committee have been informed that all the 358 TACs (342 in BSNL and 16 in MTNL) have been re-constituted across the country for a period of two years, w.e.f. 01.09.2014 or till further orders, whichever is earlier. The basic functions of TACs are to act as an interface between telephone consumers and BSNL/MTNL, give the public the confidence that their grievances are properly represented as well as redressed, educate public/bring awareness among telephone consumers about various services provided by BSNL/MTNL, and to suggest measures for efficiency. However, the Committee note from the information provided by the Department that the performance of the present term of TACs is far from satisfactory. When so many problems are being faced by the customers relating to the services provided by the BSNL and MTNL, the Committee are concerned to note that after one year and six months of the constitution of TACs, only 656 sittings of TACs have been held in BSNL and 33 sittings in MTNL, an average sitting of 1.91 and 2.06, respectively. In the BSNL area, maximum number of 3 sittings each have been conducted by 60 TACs, and 9 TACs have conducted no sitting at all. With regard to MTNL, the maximum number of 3 sittings have been conducted by 1 TAC, and 15 TACs have conducted only 2 sittings each. Since the term of one TAC is only for two years or till further orders, whichever is earlier, the present term of TACs will end by 01.09.2016, the Committee will like to know the reasons for holding such limited number of sittings of TACs and the follow up action taken. The Committee are of the view that the TACs have an important objective to fulfill to suggest measures to

improve the efficiency of BSNL and MTNL, and to help change people's perception and improve service delivery by the two PSUs. In this regard, the Committee recommend that more TACs sittings should be held by BSNL and MTNL followed by proper implementation of the decisions taken during the sittings. The Committee desire that Members of Parliament may be provided Chairman's status in TAC meetings for its better functioning. This issue needs to be resolved by the Department and the Committee may be informed of the action taken in this regard.

Reply of the Government

With regard to the Recommendation/Observation No. 14 of the twenty-fourth report of the Standing Committee and based on the information as received from BSNL/MTNL the following is submitted:

- (i) The reasons for holding such limited number of sittings of TACs and the follow up action taken. Recommendation of the Standing Committee that more TACs sittings should be held by BSNL and MTNL followed by proper implementation of the decisions taken during the sittings.**

As per the existing guidelines issued vide circular no. 8-01/2004-PHP dated 10.09.2004, each TAC shall hold at least two meetings every year preferably when Parliament/ State legislature is not in session. In this regard both MTNL and BSNL have intimated that they are making their best efforts for timely conductance of prescribed TAC meetings as per existing instructions. However, one of the main reason furnished by MTNL and BSNL for conductance of less number of TAC meetings is non-availability of Hon'ble MPs for their participation in TAC meetings because of their busy schedules in parliament sessions or their constituency, resulting in rescheduling of TAC meetings several times.

BSNL has further intimated that they have instructed all CGMs of Telecom Circles/Telecom Districts to conduct more number of TAC meetings against the prevailing guidelines of conductance of minimum two meetings per TAC each year.

BSNL has also intimated that they are trying their level best to follow up suggestions of all the MPs of TAC, but number of times BSNL is not able to meet out many suggestions made by Hon'ble MP because of the techno-commercial reasons.

However, MTNL has intimated that as of now no suggestion of Hon'ble MPs is pending and they have improved their services by taking suitable actions based on the proposals/suggestions made by Hon'ble MPs.

- (ii) The committee desires that the Members of Parliament may be provided Chairman's status in TAC meetings for its better functioning.**

Recently, vide circular no. 5-15/2005-PHP dated 23.05.2016, henceforth, Hon'ble Member of Parliament shall be given the status of Chairman in Telephone Advisory Committee (TAC) meetings. However, in case where the area of jurisdiction of a TAC exceeds the constituency area of one MP i.e. there are more than one MP in a TAC, there, one MP will be given the Chairman status in Telephone Advisory Committee (TAC) meetings, while other MPs shall be given the status of Co-Chairman.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

Virtual Network Operators (VNOs)

(Recommendation Sl. No. 15)

The Committee note that the Telecom Commission had approved a long-pending proposal on Virtual Network Operators (VNOs). The Committee have been informed that VNOs are companies that provide telecom services such as voice, data and video services without owning spectrum or network infrastructure, within a licensing framework. VNOs rely on the network of other telecom companies to provide services to consumers. Typically, a VNO buys bulk talk time and bandwidth from an operator and then sells it to the users. It can provide any or all the services that are being provided by the network operator. VNO is envisaged in National Telecom Policy-2012. The Department have cited some of the advantages of VNOs such as improving telecom connectivity in small towns and rural areas using the network of the existing Network Service Operators(NSOs) having unutilized capacity or by last mile connectivity. Developers of structurally defined areas like airports or buildings or smart cities, where it is not practical for TSPs to plan and lay their infrastructure, may become a VNO and lay the infrastructure which can be connected to a NSO's network. Similarly, the Indian railways and Delhi city which want to make their areas Wi-Fi enabled can become VNOs and provide services according to the needs of customers and design innovative tariff plans to suit customers' needs. Small entrepreneur as VNO may provide telecom services in rural areas where many network service operators have unutilized capacity. Cable TV operators can act like a VNO and provide cable TV, Broadband and voice services. Presently, cable TV operators are not keen in the present licensing regime because of regulatory and licensing issues. The Committee note that VNOs shall be a company registered in India; Entry Fee will be 50% of Unified Licences; all Service permitted under UL can be given by VNO; and, Licence Fee @8% of Adjusted Gross Revenue(AGR) & Spectrum Usage Charges as being paid by NSO is payable by VNO.

However, as things stand toady, no license has been issued yet and formulation of Guidelines and license agreement for VNO is under process. The Committee would like to be apprised of further progress in this direction.

Reply of the Government

The Guidelines and license agreement for VNO have been finalized on 31.05.2016 and a copy of each has been uploaded in the Department's website (www.dot.gov.in) for information please.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

CHAPTER III

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

-Nil-

CHAPTER IV

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

Implementation of USOF Schemes

(Recommendation Sl. No. 3)

The Committee note that during the year 2015-16, under USOF, against an outlay of Rs.2400 crore at the BE Stage, an amount of Rs.3100 crore was allocated at the RE Stage. The actual utilization up to February, 2016 was to the tune of Rs.2170.84 crore. The Committee note that two important USOF schemes being implemented are NOFN for providing OFC connectivity to 2,50,000 Gram Panchayats and Mobile connectivity in Left Wing Extremism (LWE) affected areas for setting up of 2199 towers in 10 States. For the year 2015-16, an amount of Rs. 848.43 crore was allocated at BE under NOFN which was increased to Rs. 2520.75 crore at RE and the actual utilization upto December, 2015 was only Rs. 1254.97 crore. Although some progress has been made in laying of pipe and OFC, only 5,655 Gram Panchayats have been provided with connectivity. The Department have stated that phase-I covering 1,00,000 GPs, is planned to be completed by March 2017. The Committee observe that significant progress has been made during 2015-16 in setting up towers in LWE affected areas. An amount of Rs. 100 crore was allocated at BE which was increased to Rs. 419 crore at RE and the actual utilization as on February, 2016 was Rs. 308.53 crore. Out of 2199 towers, 1557 towers have started radiation till March, 2016. It is now expected that most of the sites would be functional by June, 2016, while a few sites may take a longer time, i.e. till September, 2016, to comply with procedural formalities. For the year 2016-17, against the proposed amount of Rs.7350 crore, a sum of only Rs. 2755 crore has been allocated for USOF. The reduced allocation is likely to affect implementation of NOFN and the LWE Scheme. The Committee can hardly overemphasize the importance of the NOFN Project in the context of the Digital India Mission of the Government, which is considered to be one of the critical pillars of this Mission. Hence, the Department can ill afford any delay in implementation of the NOFN Project on account of lack of adequate funds. The Department need to pursue the matter at the highest level with the Ministry of Finance. The Committee also recommend to the Department to pursue transfer of part of the Universal Access Levy (UAL) Fund - the balance as of February, 2016 stands at Rs.42932.84 crore - to USOF so as to make available the much needed funds for NOFN. The Committee would like to be apprised of the steps taken in this regard.

Reply of the Government

During the year 2015-16, Rs. 2400 Crore was allotted at the BE stage. Funds for USOF schemes was enhanced and an amount of Rs. 3100 Crore was allotted at the RE stage. Out of this allocation, Rs. 2415.10 Crore for National Optical Fibre Network (NOFN) project and Rs. 617.05 Crore for Left Wing Extremism (LWE) project were disbursed during the year 2015-16. Remaining funds of Rs. 67.85 crore has been disbursed for other USOF schemes.

For the F/Y 2016-17, an amount of Rs. 7350 Crore at the BE stage was projected for all USOF schemes. Out of this projection, Rs.5000 Crore for NOFN project and Rs. 900 Crore for LWE project were projected.

A sum of Rs. 2755 Crore only, at the BE stage of 2016-17 has been allocated for all USOF schemes. Accordingly, additional requirement of funds for USOF schemes has again been intimated to Budget Branch of DoT vide this office letter dated 08.04.2016 stating the requirement of funds as Rs. 6462 Crore for NOFN project and Rs. 900 Crore for LWE project during the F/ Y 2016-17 so that the NOFN & LWE project should not suffer.

A quarterly statement of expenditure of USOF schemes for the year 2016-17 has also been intimated to Budget Branch of DoT vide this office letter dated 25.05.2016 stating the requirement of funds as Rs. 6462 Crore for NOFN project and Rs. 900 Crore for LWE project for the FY 2016-17.

Also, the recommendations of the committee has again been forwarded to Budget Branch of DoT vide this office letter dated 06.06.2016 for taking further necessary action in the matter so that the NOFN & LWE project should not suffer for want of adequate funds.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

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

OFC Based Network for Defence Service (Recommendation Sl. No. 6)

The Committee note that this very vital and sensitive project of the Department had witnessed considerable delay in its implementation. While the Air Force network had been dedicated to the nation by 14th September, 2009, the Army and the Navy components were to be completed by December, 2012. As per the

approval of Cabinet Committee on Infrastructure on 3rd July, 2012, the project was to be completed by July, 2015 at an estimated cost of Rs.13,334 crore. The Committee have now been informed that the project is expected to be completed by September, 2017. The Committee note that approval of Right of Way (RoW), coordination with the State and Central agencies, delay in finalization of tenders due to litigation by various vendors and finalization of specifications have led to time and cost overrun. To ensure that the project is completed within the revised deadline, i.e. September 2017, monitoring and reviews in close coordination with the Armed Forces and sorting out RoW issues with State and Central agencies are being done, and that BSNL is making all out efforts to settle the cases and finalize the tenders. The Committee find that most of the Purchased Orders (POs) would be placed in 2016-17. The Committee are, however, concerned to note that during the year 2016-17, against the total requirement of funds to the tune of Rs.10000 crore, an amount of only Rs.2710 crore has been allocated at BE which is just 27.10 per cent of the amount required. The Committee are of the view that with this meager allocation, further time and cost overrun is inevitable and the project may not be completed by the designated deadline. The Committee, therefore, recommend that serious efforts must be made by the Department for requisite allocation of funds at the RE stage. The Committee may be apprised of the progress of execution of this project.

Reply of the Government

The Department is making all out efforts to complete this project. Secretary (T) takes regular meetings to assess the progress of the project. It is proposed to raise the demand of funds to the tune of Rs. 10000 crore at RE stage so that sufficient funds are made available for this project.

Status of Network For Spectrum

Name of the project: Network for Spectrum which is an alternate exclusive, dedicated OFC based communication network for Defence services for release of spectrum.

Brief History of NFS Project

- Rollout of OFC Network for Defence to facilitate release of spectrum by Defence Forces – Decision by GoM (Group of Ministers) on 7th Sep' 2007.
- MoU signed by Defence and Telecom Secretary – on 22nd May' 2009
- Detailed Project Report (DPR) – Submission by BSNL on 18-09-2009, total laying of OFC – 60,000 Km.

- Formation of Inter Ministerial Group (IMG) 2009 – on 15-10-2009 for vetting of scope and specs of network
- Cabinet Committee on Infrastructure (CCI) conveyed financial approval of Rs.8098 crore on 03-12-2009.
- Cabinet Committee on Infrastructure (CCI) enhanced NFS Project Budget on 11-07-2012 to **Rs.13, 334 crores** with a completion timeline of three years.

Current status

- Current Status of all the components of the project is attached at Annexure.

Fund Position

- Till 6.06.2016, Rs 2526 crore has been spent.

ANNEXURE

Component wise details of NFS

| Sl.N o. | Name of Component | Estimated cost (Rs.crore) | Updated Status |
|---------|---|-----------------------------------|--|
| 1. | Infrastructure Development | 408 | <u>Total sites</u> – 333 <u>Work Completed</u> - 313 <u>Work in progress</u> – 17 (to be completed by Aug, 2016). <u>Yet to start</u> – 3 <ul style="list-style-type: none"> • Dharamshala • Pgali – Court case, • TMG - sensitive zone to be started from June, 2016. |
| 2. | Optical Fiber Network for Backbone and Access of Army | 4609 (Purchased order cost- 8679) | <u>Total</u> – 57000 km <u>Ducting completed</u> – Around 35000 km <u>Fibre Blown</u> – Around 21650 km <u>OFC completion date</u> – August, 2017 |
| 3. | Optical Fiber Network for Navy Access | 384 (Purchased order cost- 556) | <u>Total</u> – 3000 km PO has been placed in July, 2015 and expected to be completed by 31.03.2017. |
| 4. | IP MPLS Network for Army | 2000 | Financial bids have been opened in Jan 2016 and work is expected to be over by Sep 2017. |
| 5. | DWDM Transport Network | 1300 | |
| 6. | IP MPLS Network for Navy i/c DWDM | 611 | |
| 7. | GOFNMS for Army (GIS based OFC NMS) | 1000 | Financial bids have been opened in Feb 2016 and work is expected to be over by Sep 2017. |

| | | | |
|-----|--|------|--|
| 8. | Microwave Network | 183 | Tender has been floated in March 2015. Financial bids are expected to be opened in Aug 2016. Work is expected to be over by June, 2017 |
| 9. | Satellite Overlay Network | 133 | Tender has been floated in March 2015. Financial bids are expected to be opened in Aug 2016. Work is expected to be over by July, 2017 |
| 10. | Encryption Devices | 366 | Tender has been floated in Dec 2014. Financial bids are expected to be opened in Aug 2016. Work is expected to be over by July, 2017 |
| 11. | UNMS (Unified Network Management System) | 1241 | Specifications are expected to be finalized by 31.03.2016 by Army in consultation with BSNL. Tender is expected to be floated in Aug 2016 and the work is expected to be over by Nov, 2017 |

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

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

Telecommunication Engineering Centre (TEC)

(Recommendation Sl. No. 7)

The Committee have observed gross under-utilization of Plan funds under the Telecommunications Engineering Centre during the year 2015-16. An amount of Rs.4.75 crore was allocated at BE. This was reduced to Rs.1.50 crore at RE, mainly for pending payment of NGN & SAR lab and execution of civil and electrical works of the proposed labs. However, the amount could not be released for the purpose due to non-compliance of validation/testing by the suppliers; instead an expenditure of Rs.1,00,442 only has been made towards the civil works for Security lab. The Committee are of the considered opinion that the entire planning process of TEC needs a thorough review by the Department. It is a matter of concern that out of 7 projects under implementation by TEC, the achievement under 6 projects has been shown as 'Nil'. The Committee note that TEC is implementing the important project for setting up of SAR laboratories for verification of SAR values of mobile handsets and hand held devices for compliance with Electro Magnetic Field (EMF) exposure limit prescribed by DoT, Security Lab to cater to telecom industry's need for security testing of various network elements and CPEs, EMF measuring instruments for TEM Cells for carrying out measurements of radiation level from various BTS towers, besides other import projects like NGN Test Lab, CPE Lab, Green Passport Lab and Regional Test Lab. It is disquieting that even the SAR Lab set up at Delhi has not been fully commissioned and the proposal for setting up the SAR Lab at Mumbai has been pending since 2012-13, with the project estimate (PE) yet to be approved. TEC has also not designated any lab for verification of SAR values of mobile handsets. Though

a few manufacturers have voluntarily provided the self- declaration in respect of SAR value for their selected models, no such self- declared SAR limit has been subjected to TEC audit. The Committee have now been informed that nine handsets were procured and tested for SAR value in the lab. The Committee are also given to understand that till date not even a single Security Lab has been set up in the country.

The Committee understand that for setting up SAR lab, fresh estimate has been prepared and the same is being processed for approval. Recognizing the requirement for security testing of telecom equipment inducted into telecom networks, a pilot lab has been set up at IISC, Bengaluru, for security testing of telecom equipment. This pilot lab is being scaled up with the establishment of the Telecom Testing and Security Certification Centre (TTSC) which includes a Security test lab which is likely to get commissioned by March 2017. Further, Notice Inviting Tender (NIT) for setting up of another Security testing lab at TEC New Delhi (under DOT) has already been floated. It is expected to be operational by the second quarter of 2017. The Committee have also been informed that based on the processes, procedures and test suites developed by the TTSC, a proposal to have the accredited Security test labs in the Government, public and private sector is also under consideration. Considering that the country at present is heavily dependent on imported electronic/technical equipments, which need authentication to ward off possible security threats, the Committee are convinced that country should have accomplished SAR/Security Labs. However, to the dismay of the Committee, TEC has not been able to provide the nation the much needed infrastructure in this regard. The Committee urge the Department to seriously ponder over this issue and inform the Committee the specific progress made by TEC in respect of the above projects.

Reply of the Government

- i) **NGN Lab:** NGN Lab is working and testing of devices is under progress.
- ii) **Security Test Lab:** Project Estimate for setting up Security Lab was submitted for approval on 20.01.2014 and was approved on 17.10.2014. Tender document was submitted for approval on 26.12.2014 and approved on 24.10.2015. Notice Inviting Tender (NIT) for the Security lab was floated on 09.11.2015 and tender opening date was 26.04.16. Since no bids were received, Tender could not be processed. The process for retendering has been initiated with a committee reviewing the tender document.
- iii) **SAR Lab, Mumbai:** As per advice from DoT Hqrs, Project Estimate (PE) for SAR Lab Mumbai has been revised based on fresh quotes from the Vendors. PE is under process of approval.

iv) SAR Lab, New Delhi: SAR Lab at New Delhi could not be fully commissioned due to certain deficiencies pending at the suppliers end. The supplier has asked for arbitration and the process for the same has been initiated. For auditing the SAR value for selected models, instructions are awaited from DoT, Headquarter.

Other Labs:

CPE Lab: Tender has been floated and due date of opening is 15.07.2016.

Green Passport (GP) Lab: Project Estimate for GP Lab phase-I was submitted for approval on 24.12.2014 and after delegation of financial powers to Sr. DDG, TEC recently. Project Estimate has been sanctioned on 16.05.2016 for an amount of Rs. 1.49 Crores. Tender document is under preparation and NIT is expected to be floated in Q2 of this financial year.

Regional Test Labs: Project Estimate is under examination.

Regarding proposal for setting up Security Test labs in the public & private sector, DoT may reply.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

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

(Recommendation Sl. No. 8)

Another area of major concern under TEC is the non-procurement of EMF measuring equipment for TERM Cells for carrying out measurements of radiation level from various BTS towers. The Committee note that tenders floated in 2012-13 & 2014-15 had got cancelled in 2013-14 & 2015-16 due to non-fulfillment of terms and conditions of the tenders by the bidders. As on date, TRRM Cells do not have their own EMF measuring equipment and they are relying on TSPs for logistic support for carrying out testing related to measurement of EMF radiations. The Committee are not inclined to agree with the view of the Department that EMF radiation measurement related testing is not getting hampered due to non-procurement of these equipment. The Committee feel that availability of these equipment will definitely strengthen TERM cells to carry out this activity in a reliable and time bound manner. The Committee are now given to understand that tender has been floated for procurement of 69 EMF measuring infrastructure, 68 for TERM Cells and one for TEC. The Committee recommend that there should not be any further delay in procuring the EMF instrument and, as such, techno-commercial evaluation need to

be approved by the Competent Authority at the earliest. The Committee would like to be informed of the progress made in this regard.

Reply of the Government

EMF Measuring Equipment: Regarding procurement of EMF measuring equipment for TERM cell for carrying out measurement of radiation level from the various BTS towers, it is intimated that the financial bid of the responsive bidders have been opened and the report of financial bid evaluation committee has been approved by the Competent Authority.

L-1 bidder has been asked to submit the type approval certificate as per tender terms and condition. In addition the satisfactory performance certificates submitted by L-1 bidder are also in process of verification.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

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

CHAPTER V

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

Wireless Monitoring Organisation

(Recommendation Sl. No. 9)

The Committee have noted that an amount of Rs.16.50 crore has been allocated at BE during 2015-16 which was reduced to Rs.5 crore at the RE stage and the actual utilization was only Rs.3.98 crore. The main reason for reduction of funds from BE to RE was non-utilization of funds under the capital head as two major technical schemes (i) Procurement of six VHF/UHF mobile terminals for six new wireless monitoring stations & fixed HF terminals at the cost of Rs.51 crore, and (ii) Procurement of equipments as replacement for 5 nos. of Radio Noise Survey Units at the cost of Rs.5.5 crore could not be implemented during the financial year. The Committee would like to emphasize that six VHF/UHF mobile terminals & fixed HF terminals were to be procured for six WMSs set up at Bhubaneswar, Dehradun, Lucknow, Patna, Raipur and Vijaywada during the 11th Plan. However, the same has not been procured even now, i.e., after 4 years of the 12th Plan, mainly because of the delay in getting approval of the revised cost estimate. The Committee have now been informed that the competent authority had approved the required cost estimate of Rs.51 crore. However, since the approval was received in March, 2016, the scheme could not be implemented in the FY2015-16 and funds for the same have been surrendered at the RE stage. The scheme is now proposed to be executed in FY2016-17, subject to availability of budget. Considering that the WMS set up during the 11th Plan has been affected due to non-procurement of these equipment, the Committee recommend that priority should be accorded by the Department to procure the equipment so that the six WMSs could be made fully functional at the earliest. The Committee would like to be informed of the progress made in this regard.

Reply of the Government

(A) V/UHF mobile monitoring terminals for six new Wireless Monitoring Stations

After the approval of the Competent authority the fair Bid document for the procurement of Six VHF/UHF mobile terminals for six new Wireless Monitoring Stations has been prepared. As per the advise of the finance group of DoT, process for seeking the approval of the Legal cell of DoT from the legal angle such as arbitration, force majeure is initiated. Pursuant to this approval, the Open Tender will be floated for this procurement.

(B) Fixed HF terminals for six new Wireless Monitoring Stations

The draft bid document for Procurement of Fixed HF terminals for six new Wireless Monitoring Stations at the cost of Rs 7 Crore is under consideration for the approval.

All efforts will be made by the WMO to procure the above equipment in the current financial Year so that the six WMSs could be made fully functional at the earliest.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

(Recommendation Sl. No. 10)

Another project under technical scheme is 'Procurement of equipment as replacement for 5 Radio Noise Survey Units (RNSU) at Delhi, Mumbai, Kolkata and Chennai'. RNSUs have been established to measure the radio noise prevalent in a particular frequency band in a region and also to determine the threshold level for the smooth functioning of the radio transmission/receiving system. Due to the advancement of radio communication technology and proliferation of radio communication services in the country, the challenges and complexities have increased tremendously in ensuring an interference-free radio environment in different service areas of the country. The Committee are deeply concerned that when the average life of wireless equipment is 7-8 years, the equipment supplied to RNSUs at Delhi, Mumbai, Kolkata and Chennai are more than 16 years old and that at the RNSU Hyderabad is 30 years old. The Committee are given to understand that the old equipment has limited frequency range, i.e., from 5Hz to 1000MHz and cannot be used for measurement beyond 1000 MHz where most of the modern day communication technologies are operating. In the Department's own submission, the equipment have become technologically obsolete; however, The Committee have been assured that WMO will make all efforts to complete the procurement of the Radio Noise Measuring Equipment in the financial year 2016-17. The Committee recommend that early action be taken to float tender and complete all the procedural formalities so as to ensure timely procurement of the equipment.

Reply of the Government

The draft Bid document for the procurement of 5 nos. Radio Noise equipments (upto 6GHz) with antennas and accessories as a replacement for the existing 5 Radio Noise Survey Units (RNSU) has been vetted by the finance group of DoT in March 2016.

As advised, the case for seeking the approval of the Secretary (T) for the above procurement is under process. Pursuant to this approval, the procedure to float the open tender will be initiated.

All efforts will be made by the WMO to procure the above equipment in the current financial Year.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

Indian Telephone Industries (ITI) Limited

(Recommendation Sl. No. 13)

The Cabinet Committee on Economic Affairs (CCEA) had approved a revival package of Rs. 4156.79 crore to ITI in February 2014 consisting of Rs. 2264 crore as equity for capital investments and Rs. 1892.79 crore as grant-in-aid to clear part of the liabilities of the company. Till date, MoF has released Rs. 851.02 crore against the approval of Rs. 4,156.79 crore. This comprises of an amount of Rs. 192 crore to meet capex requirements and Rs. 165 crore for payment of 39 months' pay revision arrears, to employees of ITI. In 2015-16, an amount of Rs. 173.02 crore to partially address statutory liabilities of the Company and another Rs. 321 crore to meet the establishment cost have been released to ITI. In BE-2016-17, an amount of Rs. 80 crore has been allotted for meeting capital expenditure requirements for revival of ITI and Rs. 545.79 crore for clearing statutory liabilities and meeting salary expenses of the company. On the status of utilization of Rs. 192 crore released during 2014-15, the Department, have stated that a major portion of this amount has already been utilized by the company for upgrading infrastructure at various manufacturing plants for implementing projects identified under the revival plan. The total capital expenditure is Rs. 104 crore as on 31.03.2016. This has helped ITI in establishing one line of High-density polyethylene (HDPE) Pipe manufacturing in Raebareli plant; component Screening laboratory for Vikram Sarabhai Space Center (VSSC) which will be used for the testing of electronic components required for the assembly of satellite launch vehicles; facility for addressing IP based Managed Leased Line Networks and Smart Card manufacturing at Palakkad; major investment has been made for increasing the manufacturing capability for high speed encryption equipment required for Defence in Bangalore plant, etc. Using this added infrastructure, Bangalore plant has addressed one major tender of Defence ASCON Network and two major tenders of Defence for the supply of encryption products and is hopeful of getting more orders. The Committee note that in view of the huge requirement of this product in projects like Network for Spectrum (NFS), National Optical Fibre Network (NOFN), Army Static Switched Communication Network (ASCON), etc. the company is planning for more such lines in Raebareli as well as in Palakkad plants. The Committee are glad to know that during 2015-16, the company has achieved a turnover of Rs. 1252 crore mainly from the execution of projects like NFS, NPR and GSM projects and the amount is more than double of the turnover achieved during 2014-15. The revenue target of ITI for the year 2016-17 is Rs. 2600 crore. The Committee believe that this achievement is a positive indicator towards

the revival of the company. The Committee recommend that the matter of allocation of requisite funds to ITI should be continuously pursued by DoT with the MoF while at the same time taking all necessary measures to effectively utilize the amount allocated. The Committee also recommend that ITI should continue to make efforts to get more work orders in the coming years. In this regard, the proposal for extension of the Procurement Quota policy for a period of two years under which ITI would be able to get 30 percent of the procurement orders to be placed by BSNL, MTNL and BBNL should be forwarded to CCEA at the earliest.

Reply of the Government

The implementation of most of the projects identified under the Rs 192 Crores capex plan have been completed and ITI is pursuing on addressing tenders and getting orders. Currently, action has been initiated for implementation of new projects identified for using the capex allocated in the GoI budget 2016-17. Action has also been initiated to take many projects for which additional funding support will be required.

The implementation of projects are being continuously monitored at unit level and at corporate level at ITI and also by DoT. ITI is also making all out efforts to get more orders by participating in the tenders floated by BSNL, MTNL, BBNL, Defence, State Governments for IT projects etc. All the units of ITI are strengthening their marketing wing to explore business opportunities in their product domain.

Regarding extension of procurement policy, DoT may kindly give the latest status on the issue to the Standing Committee.

(Ministry of Communications & Information Technology/Department of Telecommunications O. M. No. 16-3/2016-B dated 29.08.2016)

**New Delhi;
15 December, 2016
24 Agrahayana, 1938 (Saka)**

**Anurag Singh Thakur,
Chairperson,
Standing Committee on
Information Technology.**

**MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2016-17) HELD ON 15TH DECEMBER, 2016**

The Committee sat on Thursday, the 15th December, 2016, from 1515 hours to 1600 hours in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur- Chairperson

MEMBERS

Lok Sabha

2. Shri L. K. Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
5. Shri Virender Kashyap
6. Shri Keshav Prasad Maurya
7. Dr. K.C. Patel
8. Shri Raosaheb Danve Patil
9. Shri Abhishek Singh
10. Shri Ramdas C. Tadas

Rajya Sabha

11. Smt. Jaya Bachchan
12. Shri P. Bhattacharya
13. Shri Suresh Gopi
14. Smt. Kahkashan Perween
15. Dr. K.V.P. Ramachandra Rao

SECRETARIAT

- | | | | |
|----|---------------------------|---|----------------------|
| 1. | Shri R. S. Kambo | - | Additional Secretary |
| 2. | Shri Y. M. Kandpal | - | Director |
| 3. | Dr. Sagarika Dash | - | Additional Director |
| 4. | Smt. Reena Gopalakrishnan | - | Deputy Secretary |
| 5. | Shri Shangreiso Zimik | - | Under Secretary |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the following four Draft Action Taken Reports:-

- I. xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx...;
- II. Action Taken Report on the Twenty-fourth Report on 'Demands for Grants (2016-17)' of the Department of Telecommunications;
- III. xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx...;and
- IV. xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....

3. The Committee, thereafter, took up for consideration the above Reports and after due deliberation adopted the same without any modification.

4. The Committee, then, authorised the Chairperson to present the Action Taken Reports to the House during the current session of Parliament.

The Committee, then, adjourned

.....xxxxx Matter not related to the Report.

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/
RECOMMENDATIONS CONTAINED IN THEIR TWENTY-FOURTH REPORT**

(SIXTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

- (i) Observations/Recommendations which have been accepted by the Government

Para No.:- 1, 2, 4, 5, 11, 12, 14 and 15

Total 8

Percentage 53.33

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government

Para No.:- Nil

Total Nil

Percentage 0.00

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration

Para Nos.:- 3, 6, 7 and 8

Total 04

Percentage 26.67

- (iv) Observations/Recommendations in respect of the replies are of interim in nature

Para Nos.:- 9, 10, and 13

Total 03

Percentage 20.00