

FIFTY-EIGHTH REPORT
STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2003)

(THIRTEENTH LOK SABHA)

MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(DEPARTMENT OF TELECOMMUNICATIONS)

*[Action Taken by the Government on the Recommendations/
Observations of the Committee contained in its Forty-First Report (Thirteenth Lok
Sabha) on Procurement of WLL Equipment]*

*Presented to Lok Sabha on 22.12.2003
Laid in Rajya Sabha on 23.12.2003*

LOK SABHA SECRETARIAT
NEW DELHI

December, 2003/Agrahayana, 1925 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2003)

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

@2. Vacant

3. Shri Pawan Kumar Bansal
4. Prof. Dukha Bhagat
5. Shri Ajay Singh Chautala
6. Shri P.D. Elangovan
7. Shri Rama Mohan Gadde
8. Shri Jarbom Gamlin
9. Kumari Bhavana Pundlikrao Gawali
10. Shri T. Govindan
11. Shri Jawahar Lal Jaiswal
12. Shri K.K. Kaliappan
13. Shri A. Krishnaswamy
14. Shri K. Balrama Krishna Murthy
15. Shri Bhartruhari Mahtab
16. Shri Amarsinh Vasanttrao Patil
17. Shri Sheeshram Singh Ravi
18. Shri Saroj Tufani
19. Shri K.A. Sangtam
20. Shri C.N. Singh
21. Rajkumari Ratna Singh
22. Shri Nikhil Kumar Chowdhary

*23. Vacant

24. Shri Vanlalawma
25. Shri Rajesh Varma
26. Smt. Kanti Singh
27. Shri Amir Alam Khan
28. Shri Charanjit Singh
29. Shri Arun Kumar
30. Dr. Bikram Sarkar

Rajya Sabha

31. Shri Vijay J. Darda
32. Shri Dasari Narayana Rao
33. Dr. Prabha Thakur
34. Shri Suresh Pachouri
35. Shri S.S. Ahluwalia
36. Shri Balbir K. Punj
37. Shri Dina Nath Mishra
38. Smt. Sarla Maheshwari
39. Shri K. Rama Mohana Rao
40. Shri Shahid Siddiqui
41. Ms. Lata Mangeshkar
42. Shri Rajeev Shukla
43. Shri Sanjay Nirupam
- %44. Vacant
45. Shri Mukhtar Abbas Naqui

SECRETARIAT

- | | | |
|-----------------------|---|-------------------------------------|
| 1. Shri P.D.T. Achary | — | <i>Additional Secretary (P)</i> |
| 2. Shri S.K. Sharma | — | <i>Joint Secretary (SK)</i> |
| 3. Shri S.K. Sharma | — | <i>Officer on Special Duty (IT)</i> |
| 4. Shri B.D. Swan | — | <i>Under Secretary</i> |

@Shri Yogi Aditya Nath ceased to be Member of the Committee w.e.f. 17 July, 2003.

*Vacancy caused *vice* appointment of Shri P.C. Thomas as Minister w.e.f. 24 May, 2003.

%Shri Kartar Singh Duggal ceased to be Member of the Committee at his retirement from Rajya Sabha w.e.f. 26 August, 2003.

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2003) having been authorised by the Committee to submit the Report on its behalf, present this Fifty-Eighth Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in its Forty-First Report (Thirteenth Lok Sabha) on Procurement of WLL Equipment relating to the Department of Telecommunications (DoT).

2. The Forty-First Report was presented to Lok Sabha on 24 February, 2003 and was also laid in Rajya Sabha on the same day. The Department furnished Action Taken Notes on the Recommendations/Observations contained in the Report on 12 June, 2003.

3. The Report was considered and adopted by the Committee at its sitting held on 11 December, 2003.

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

5. An analysis of Action Taken by Government on the Recommendations/Observations contained in the Forty-First Report (Thirteenth Lok Sabha) of the Committee is given at Annexure-II.

NEW DELHI;
December 15, 2003
Agrahayana 24, 1925 (Saka)

SOMNATH CHATTERJEE,
Chairman,
Standing Committee on
Information Technology.

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology deals with action taken by Government on the Recommendations/Observations of the Committee contained in its Forty-First Report (Thirteenth Lok Sabha) on 'Procurement of WLL Equipment' pertaining to the Department of Telecommunications (DoT).

2. The Forty-First Report was presented to Lok Sabha on 24 February, 2003 and also laid on the Table of Rajya Sabha the same day. It contained 8 Recommendations/Observations.

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

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

Paragraph Nos:— 41, 43, 44, 45, 46, 47 and 48

Total: 7
Chapter-II

- (ii) Recommendations/Observations which the Committee does not desire to pursue in view of the reply of the Government:—

Paragraph No.:— NIL

Total: Nil
Chapter-III

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

Paragraph No.:— 42

Total: 1
Chapter-IV

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

Paragraph No:- NIL

Total: Nil
Chapter-V

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation/Observation (Paragraph No. 41)

The Committee observes that placement of order for CDMA WLL switches and denial of orders for New Technology digital Switches (NTDS) by BSNL during the financial year 2002-2003 has turned out to be a matter of serious concern for the manufacturers of indigenous New Technology Digital Switches (NDTS) represented by Telecom Industry and Services Association of India (TISA) who apprehended that this decision of BSNL would aim at wholesale replacement of traditional wireline switches by CDMA WLL and feared that procurement of NTDS may not take place at all in future. The Department of Telecommunications (DOT) has clarified that the alternate plan worked out by BSNL for 64.34 lakh Direct Exchange Lines (DELs) during the year 2002-2003, included 22.90 lakh wireline switches besides 11.94 lakh WLL and 29.50 lakh GSM. It has been clarified that approximately 3 million lines of switching capacity are required to meet the target of 22.90 lakh DELs through wireline. During the year 2001-2002, BSNL had placed orders for approximately 5 million wireline switches out of which approximately 3.5 million lines are to be procured in the current year *i.e.* 2002-2003 as the orders were placed late in 2001-2002. Thus, based on the orders in pipeline, BSNL would not require any additional wireline equipment for meeting the net switching capacity and the DEL targets for the year 2002-2003. Here, the Committee would like to point out that due to delayed placement of orders for the year 2001-02, BSNL has an excess carry forward of delivery or approximately 2 million lines of NTDS from previous year's order and this delayed action led to misapprehensions. The Committee, in almost all its Reports, has always been emphatic for timely and transparent action, be it placement of orders or procurement of equipment or taking any other decision. Since that was not done, TISA's apprehensions were more or less justified taking into consideration the fact that this indigenous C-DOT technology Industry consisting of reputed Indian Companies and armed with latest technology has supplied, during its existence of ten/twelve years, more than 35 million lines of New Technology and C-DOT switching products worth approximately Rs. 6,451 crore. Moreover, with a work force of around 50,000 and a total investment of Rs.19,000 crore to Rs.20,000 crore, it is but natural that TISA was quite concerned at the possible destruction of this huge industrial base in the event of BSNL not going in for traditional wireline switches in the coming year.

Action taken by Government

BSNL / MTNL shall continue to provide wireline connections during the 10th plan period in addition to WLL (Wireless in Local Loop) and Cellular connections. Wireline switch requirement of BSNL during the 10th plan period will be met by procuring C-DOT as well as New Digital Technology Switches.

Recommendation/Observation (Paragraph No. 43)

The Committee appreciates the clarifications and assurances made by both the Chairman, TRAI and the Secretary, DOT to the effect that BSNL would not be able to do without C-DOT switches and once the targets for the year 2003-2004 are approved by the Planning Commission, BSNL would take action for procurement of wireline equipment including C-DOT switches for the next year. The Committee trusts that orders for NTDS will be processed as early as possible for the next year so that the indigenous industry is not made to suffer for long without any substantial orders. After hearing both the sides, the Committee also feels that the placement of orders for CDMA WLL equipment is a situational strategy for the time being precipitated by a recent drop in demand for wireline basic telephones thereby urging BSNL to go more aggressively in those areas where they have so far not been able to reach through copper line. That does not necessarily mean that the BSNL is going to ignore the traditional wire line technology. Rather, both wire line and wireless technologies have to run in a parallel manner, at least for another few years, to give a fillip to the tele-density of the country.

Action taken by Government

Both technologies *i.e.* Wire line and Wireless technology are to run in a parallel manner. The provision envisaged for current year and last three years in 10th Five Year Plan of BSNL are as under:—

(Figure in Lakh)

Sl. No.	Year	Wire line	WLL	Cellular	Total
1.	2003-04	14.00	16.61	30.31	60.92
2.	2004-05	15.00	10.00	43.34	68.34
3.	2005-06	12.00	12.02	53.00	77.02
4.	2006-07	11.00	13.00	65.00	89.00

Recommendation/Observation (Paragraph No. 44)

The Committee notes that tele-density of the country is projected at 15 by the year 2010 which cannot be achieved by any single technology, as has been submitted by the Chairman, TRAI and the Secretary, DOT. As a matter of fact, the requirement of rural telephony will be met by both wireline and wireless technologies. Therefore, the apprehension of TISA that usage of WLL technology will not be tantamount to progress of tele-density does not hold good, more so in light of the fact that the main problem has been last mile connectivity in the villages which are far away from Exchanges. There,

WLL will act as one of the most potent ways of providing connectivity and thereby increasing tele-density of the country.

Action taken by Government

Department agrees with the recommendation of the Committee that WLL will act as one of the most potent ways of providing connectivity and there by increasing tele-density of the country. The rural tele-density of 1.21 as on 31.03.02 has been enhanced to 1.50 per 100 population as on 31.3.03. The overall tele-density as on 30.04.2003 is 5.11 per 100 population.

Recommendation/Observation (Paragraph No. 45)

The other allegations/apprehensions of TISA that WLL is not synergetic to broadband transmission facilities; that the cost of providing WLL solutions is considerably higher as compared to traditional wireline technology; that application of CDMA WLL technology has not been cleared by TEC; that BSNL is going for A+interface in deployment of CDMA WLL; that BSNL's decision to deploy CDMA WLL is against the very thrust of the licencing condition and that there would be considerable outflow of foreign exchange in the purchase of CDMA WLL equipment, have been negated by both TRAI and DOT. The Committee is of the view that such apprehensions of TISA are not based on facts and trusts that in the process of placement of orders for CDMA WLL equipment, the licencing condition, which intends to protect the interest of indigenous manufacturers, is not violated under any circumstances.

Action taken by Government

The views expressed by the Committee has been noted.

Recommendation/Observation (Paragraph No. 46)

The Committee notes that there would be no immediate impact upon the indigenous manufacturers by the decision of BSNL to go for V-5 interface CDMA WLL equipment. But when the A+interface, that is being talked about, comes into being, then surely these manufacturers will get affected unless they upgrade their products. Under the circumstances, it seems imperative for the indigenous manufacturers to diversify and upgrade their product line, sooner than later, so that they remain in contention. The Department, on its part, should extend all possible opportunities including sufficient time for such a change over in order to enable the indigenous manufacturers to gear up, meet and sustain the new challenges.

Action taken by Government

Department on its part always makes sincere attempts to safeguard the interest of the indigenous manufacturers.

Recommendation/Observation (Paragraph No. 47)

The Committee is happy to learn that on its suggestion, the Department took a meeting of the industry representatives to discuss the issues raised in their representation and their misapprehensions have been removed. A decision was taken to seek suggestion from the industry as to how the problem could be solved, besides constituting a Task Force consisting of industry representatives and senior officers from BSNL/MTNL to discuss, from time to time, the problems of procurement, technology and its impact upon future orders etc. The Committee feels that had such a Task Force been functioning earlier, all apprehensions of TISA generated due to information or communication gap could have been avoided. However, now that such a Task Force has been constituted, the Committee trusts that it would consistently endeavour to help the vendors and the vendee to work in tandem.

Action taken by Government

The Task Force consisting of representatives of TISA, TEMA, DOT, BSNL and MTNL had been constituted and the same will continue further also. It would consistently endeavour to help the vendors and vendees to work in tandem.

Recommendation/Observation (Paragraph No. 48)

To sum up, the Committee finds that all the misapprehensions and misunderstanding of TISA emanated for two reasons—one is delayed action for placement of orders during the year 2001-2002 and the other is the lack of communication between vendors and the DOT/BSNL. Once the matter was discussed sitting across the table, all misapprehensions and fears were removed. Needless to mention, timely action and sorting out the problems amicably will not allow any such misapprehension to resurface in future which will certainly augur well for the Industry, the Government and the country as a whole.

Action taken by Government

DOT is thankful to the Committee for suggesting dialogue across the table with TISA to remove misunderstanding.

CHAPTER III

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

—Nil—

CHAPTER IV

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

Recommendation/Observation (Paragraph No. 42)

The Committee does not subscribe to the view that any operator is free to take any action as it deems fit to buy any particular kind of switch for its own strategy and roll out and that no public interest is involved in BSNL's move to purchase WLL switches during the year 2002-03 since such decisions are bound to adversely affect an industrial base with Rs.20,000 crore investment and direct employment of 50,000 workforce. Moreover, WLL technology has been invented primarily for inaccessible, remote, far-flung and TNF areas where either wire line cannot go or even if it goes, it becomes highly expensive. But in urban areas, where land lines are already available, the Department/BSNL/MTNL should make use of those lines through the already established wire line technology and people should not be compelled to go in for WLL technology, without being given an option. In other words, the decision of any operator should not be purely governed by market economy disregarding public interest and DoT has a larger role to play in it.

Action Taken by Government

Suggestion of Committee is noted. However the present competitive scenario where revenue per connection is showing a declining trend, there is an urgent need to reduce the capital cost incurred for providing the connections. Therefore appropriate technology based on techno-economic consideration shall be deployed by the operators.

Comments of the Committee

(Please *see* Paragraph No. 8 of Chapter-I)

CHAPTER V

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

—Nil—

SOMNATH CHATTERJEE,
Chairman,
Standing Committee on Information Technology.

MINUTES OF THE THIRTY-THIRD SITTING OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2003)

The Committee sat on Thursday, 11 December, 2003 from 1500 hrs. to 1530 hrs. in
Committee Room 'E', Parliament House Annexe,
New Delhi.

PRESENT

Shri Somnath Chatterjee—*Chairman*

MEMBERS

Lok Sabha

2. Shri Pawan Kumar Bansal
3. Prof. Dukha Bhagat
4. Shri Ajay Singh Chautala
5. Smt. K.K. Kaliappan
6. Shri Bhartruhari Mahtab
7. Shri Saroj Tufani
8. Shri C.N. Singh
9. Shri Nikhil Kumar Chowdhary
10. Shri Vanlalazawma
11. Smt. Kanti Singh
12. Dr. Bikram Sarkar

Rajya Sabha

13. Shri Vijay J. Darda
14. Shri S.S. Ahluwalia
15. Smt. Sarla Maheshwari
16. Shri K. Rama Mohana Rao

SECRETARIAT

1. Shri S.K. Sharma — *Officer on Special Duty (IT)*
2. Shri B.D. Swan — *Under Secretary*
3. Shri D.R. Shekhar — *Assistant Director*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then, considered and adopted the following Draft Reports :—

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

(ii) *** *** *** *** ***

(iii) Draft Report on Action Taken by Govenment on the
Recommendations/Observations of the Committee contained in its Forty-
First Report on “Procurement of WLL Equipment” relating to the
Department of Telecommunications.

(iv) *** *** *** *** ***

3. The Committee, then, authorised the Chairman to finalise the Reports in light of the factual verifications received from the concerned Ministry/Departments and present the same to the House.

The Committee, then, adjourned.

*ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE FORTY-FIRST REPORT
(THIRTEENTH LOK SABHA)*

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

Paragraph Nos: 41, 43, 44, 45, 46, 47 and 48

Total: 7
Percentage : 87.5

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

Paragraph Nos.: NIL

Total : NIL
Percentage : NIL

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

Paragraph No.: 42

Total : 1
Percentage : 12.5

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

Paragraph No.: NIL

Total : NIL
Percentage : NIL