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STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2017-18)

SIXTEENTH LOK SABHA

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-sixth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2017-18)]

FORTY-SECOND REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2017/Pausha, 1939 (Saka)

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Presented to Lok Sabha on 29.12.2017

Laid in Rajya Sabha on 29.12.2017

LOK SABHA SECRETARIAT
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4. Shri Harishchandra alias Harish Dwivedi
5. Dr. Sunil Baliram Gaikwad
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19. Shri D.K. Suresh
20. Shri Ramdas C. Tadas
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Rajya Sabha

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23. Dr. Subhash Chandra
24. Shri Suresh Gopi
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31. Shri Beni Prasad Verma

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2.	Shri Y.M. Kandpal	-	Director
3.	Dr. Sagarika Dash	-	Additional Director
4.	Shri Abhishek Sharma	-	Executive Assistant

Committee constituted w.e.f. 1st September, 2017 *vide* Bulletin Part-II Para No. 5829 dated 26th September, 2017.

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2017-2018), having been authorised by the Committee, do present the Forty-second Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-sixth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2017-18)' of the Ministry of Electronics and Information Technology.

2. The Thirty-sixth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 17th March, 2017. The Ministry of Electronics and Information Technology furnished their Action Taken Notes on the Observations/Recommendations contained in the Thirty-sixth Report on 5th October, 2017.

3. The Report was considered and adopted by the Committee at their sitting held on 30th November, 2017.

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

New Delhi;
30 November, 2017
09 Agrahayana, 1939 (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 Thirty-sixth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2017-18)' relating to the Ministry of Electronics and Information Technology.

2. The Thirty-sixth Report was presented to Lok Sabha/laid in Rajya Sabha on the 17th March, 2017. It contained 21 Observations/ Recommendations.

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

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

(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.:- 4, 8, 9, 17 and 18

(iv) Observations/Recommendations in respect of which the reply of the Government are of interim in nature
Rec. Sl. Nos.:- Nil

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

National Informatics Centre (NIC)- Manpower & Infrastructure constraints

(Recommendation Sl. No. 4)

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

> "The National Informatics Centre (NIC) was established in 1976, and has emerged as a 'prime builder' of e-Government/e-Governance applications up to the grassroots level as well as a promoter of digital opportunities for sustainable development. NIC, through its ICT Network, "NICNET", has institutional linkages with all Ministries /Departments of Central Government, 36 State Governments/Union Territories, and about 680+ District administrations of India. The Committee note that during the year 2016-17, there has been an upward revision of allocation at RE stage from Rs. 800 crore to Rs. 960 crore, comprising of Rs. 69 crore meant for Salary revision due to implementation of recommendations of 7th Pay Commission and the remaining Rs. 91 crore for setting up of state-of-the-art National Data Centre at Bhubaneswar and for the development of Central Public Procurement Portal etc. The Committee are, however, concerned to note that two major constraints of NIC *i.e.* manpower and infrastructure have not been addressed by the Ministry till date. The Ministry themselves have submitted that with NIC's main focus in providing latest State-of-the-art ICT infrastructure, as per increasing IT requirement at State/District level, it has become difficult for them to sustain the number of projects with the existing manpower with NIC. Another constraint being faced by the institution is basic infrastructure upgradation across the country to match with its huge expansion of e-governance projects and activities. During the examination of Demands for Grants (2016-17), the Ministry had informed that with regard to shortage of regular manpower, a proposal has been

mooted for creation of 1407 posts across different levels of Scientific and Administrative Officers to meet the e-Governance requirements of NIC, which was under consideration for Inter-Ministerial approval. The Committee are dismayed to note that the above proposal which was mooted way back in 2014 is yet to be approved by the Ministry of Finance. The Committee need not emphasize that NIC being the backbone of the ICT infrastructure in the country, it is imperative that their manpower and infrastructure requirements are given due attention. The Committee, therefore, recommend the Ministry that manpower and infrastructure issues in NIC should be taken up on priority at the highest level and proposal of creation of additional posts in NIC be fast tracked without any delay."

7. The Ministry of Electronics and Information Technology, in the action taken note, have stated as under:-

"Ministry had observed that the financial implications need to be reworked factoring the 7th CPC recommendations and update the present status of the recommendations. Accordingly, NIC is working again on the resubmission of the file also taking into account the recommendations of the High Level Committee for transformation of NIC to NIC 2.0."

8. While expressing concern that two major constraints of NIC i.e. shortage of regular manpower and infrastructure upgradation have not been addressed adequately by the Ministry for so long, the Committee had recommended that both issues should be taken up on priority at the highest level. With regard to manpower requirement in NIC, the Committee had recommended that the proposal for creation of additional 1407 posts in NIC across different levels which was mooted way back in 2014 and not yet approved by the Ministry of Finance should be fast tracked without any delay. The Ministry, in their Action Taken Note, have informed that the financial implications need to be reworked factoring the 7th CPC recommendations and present status of the recommendations need to be updated. Accordingly, NIC is working again on the resubmission of the file taking into account the recommendations of the High Level Committee for transformation of NIC to NIC 2.0. The Committee are of the view that NIC being the backbone of country's digital infrastructure which is also critical agency in implementing the Digital India Programme, acute shortage of staff and the

manpower issue in the organization need to be addressed without any delay. The Committee, therefore, recommend that NIC should expeditiously analyse the financial implications of the Seventh Pay Commission and submit their revised recommendations to the Ministry in a time bound manner. The Committee urge the Ministry to consider the recommendations of NIC on priority basis so as to facilitate creation of long pending posts of NIC. The Committee also desire that prompt action should be taken for upgradation of basic infrastructure of NIC across the country. The Committee may be informed of the status of the proposal for creation of additional posts in NIC as well as the steps taken for upgradation of the infrastructure within a period of three months of presentation of this Report.

Manpower Development

(Recommendation Sl. No. 8)

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

> "The Committee note that during the year 2015-16, the Manpower Development scheme under the Digital India Programme was allocated Rs. 694.80 crore at BE stage which was reduced to Rs. 494.80 crore at RE stage and the actual utilization was 489.55 crore. In the year 2016-17, the scheme was allocated Rs. 365.00 crore at BE stage which remained unchanged at RE stage and the actual utilization has been Rs. 310.74 crore as on 31.01.2017. For the year 2017-18, the scheme has been allocated Rs. 306.76 crore. The Ministry of Skill Development and Entrepreneurship assigns a target of skilling every year to MeitY which is achieved through National Institute of Electronics and Information Technology (NIELIT), an autonomous scientific society setup by MeitY. A small portion of the target is also assigned to C-DAC which is also engaged in education and training in upcoming/emerging and niche areas. For the FY 2016-17, a target of skilling 3.96 lakh candidates was assigned to MeitY and as on 14.02.2016, a total of about 3.44 lakh candidates were trained by NIELIT and CDAC. While appreciating the role of NIELIT and C-DAC in imparting requisite skills for manpower development in the domain of Electronics and Information Technology, the Committee are of the view that gradual decline in the allocations for such an important scheme of the Ministry is an area of concern. Considering the huge requirement of funds, particularly in the light of thrust laid on digital payment, where Government is emphasizing on at least one person in

household to be digitally literate to operate the mobile application, adequate funds need to be ensured for this programme and role of societies like NIELET and C-DAC which have got pan-India presence and are engaged in skilling in non-formal sector in IT and Electronics should be expanded and possibility may be explored to recognize them as skilling institutes in IT and Electronics and allied verticals to generate skilled manpower. The Committee also recommend that instead of solely depending on Government grant, the Ministry should explore new avenues of funding for programmes like digital literacy. Being the nodal Ministry, MeitY should act as a facilitator and ensure that the funds under the Corporate Social Responsibility is properly channelized and financial resources of the industry is tapped for manpower development and digital literacy. The Ministry should also increase their coordination with the Ministry of Skill Development to meet the manpower and training related requirement of the sector."

10. The Ministry of Electronics and Information Technology, in the action taken note, have stated as under:-

"The action taken by MeitY is as under:

1. As against a target of a target of skilling 3.96 lakh candidates assigned to MeitY for FY 2016-17 by M/o Skill Development and Entrepreneurship, a total of about 4.66 lakh candidates were trained by NIELIT, CDAC and others.

2. The Government of India has implemented two Schemes for Digital Literacy namely 'National Digital Literacy Mission' (NDLM) with a target of training 10 lakh persons and Digital Saksharta Abhiyan (DISHA) in 2014 with a target of training 42.5 lakh persons covering one person per family. These schemes were implemented concurrently across the country and a total of 53.67 lakh candidates were trained and certified by December 2016. Under these two schemes, a total of 1,15,650 candidates were trained through the industry initiatives under CSR funding, which was coordinated through NASSCOM Foundation. For such industry sponsored candidates, the training was imparted through their own resources without any financial support from Government. Only the certification cost of these candidates was borne by the Government.

3. The Government has approved a new scheme titled "Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA)" in February, 2017 to usher in digital literacy in rural India by covering 6 Crore rural households (one person per household) by 31.03.2019 with funding support of Government.

The Implementing Agency of the PMGDISHA Scheme viz. CSC e-Governance Services India Ltd. (CSC-SPV) is integrating various efforts towards spreading Digital Literacy in the country by Industry, NGOs and others. For such candidates, training would be imparted by these agencies through their own resources/Corporate Social Responsibility (CSR) funds. The candidates trained under such initiatives would be eligible to appear for certification exams conducted by the identified certifying agency and the Certification fee would also be borne by these respective agencies. Industry partners such as NASSCOM Foundation, IndusInd Bank, Hewlett Packard, etc have been on boarded with CSC-SPV as Industry partners under the scheme.

4. The M/o E&IT is actively engaging with M/o Skill Development & Entrepreneurship and relevant Sector Skill Councils, NIELIT and C-DAC, Industry Associations, etc. to meet the manpower and training requirement of the IECT sector.

5. The activities undertaken under Manpower Development are prioritized depending on the availability of funds. A sum of Rs 50 crore has been granted for the PMGDISHA Scheme in the first batch of Supplementary Demands for Grants 2017-18."

11. The Committee while expressing concern over the consistent reduction of allocation under the Scheme of Manpower Development, had emphasized that adequate funds needed to be ensured for this important programme. The Committee had further stressed that the role of societies like NIELET and C-DAC engaged in skilling non-formal sector in IT and electronics should be expanded and these institutes need to be recognized as skilling institutes for generating skilled manpower in IT. The Committee had also suggested the Ministry to explore new avenues for funding of programmes like Digital Literacy. The Ministry, instead of furnishing details of the initiatives taken by them, have narrated about the ongoing initiatives such as National Digital Literacy Mission (NDLM), Digital Saksharta Abhiyan (DISHA), Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA). The Committee feel that the skilled manpower being created through these ongoing initiatives are not adequate to meet the huge manpower requirements in the IT and Electronics sector. There is a need to involve the private sector as well as the NGOs working in the field of digital literacy in

a big way so as to realize the intended objectives of the Government. The Committee would reiterate that instead of solely depending on Government grants, the Ministry should explore new avenues of funding for programmes like digital literacy. MeitY being the nodal Ministry, should act as a facilitator and ensure that funds under the Corporate Social Responsibility in the private sector are properly channelized and financial resources of the industry are suitably tapped for manpower development and digital literacy in the IT domain. The Committee may be apprised of the specific initiatives taken by the Ministry on the above observations of the Committee and also the level of coordination with the Ministry of Skill Development to meet the manpower and training related requirement.

State Wide Area Network (SWAN) – J&K and A&N Islands

(Recommendation Sl. No. 9)

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

> "The Committee note that SWAN has been implemented in all the States/UTs except Jammu & Kashmir and Andaman & Nicobar Islands. The States/UTs have been utilizing the core infrastructure of SWAN for connectivity and dedicated close user application access connectivity. SWAN has been integrated with National Knowledge Network (NKN) in 29 States/UTs at SHQ level and at 440 district centers to provide high bandwidth. Increasing digitization amongst states has led to higher utilization of available bandwidth. At present, 30 States/UTs are utilizing more than 60% of bandwidth of the existing link capacity and the bandwidth utilization is likely to increase further in future. The Committee are, however, concerned to note that major impediments such as lack of participation of System Integrators (poor bid response) and higher bid value which has led to re-tendering four times in respect of J&K and twice in respect of A&N Islands are acting as major roadblocks in operationalization of SWAN in these States/UTs. The Committee have been informed that the State of J&K is in the process of re-floating of RFP for selection of System Integrator (SI) and the UT of A&N Islands has finalized the RFP/Technical requirement for selection of System Integrator (SI). The Committee are of the view that seamless connectivity through implementation of SWAN is essential to leverage the digital infrastructure in the States/UTs, and it is

disturbing to note that implementation of SWAN in Jammu & Kashmir and Andaman & Nicobar Islands has been delayed badly due to the above hurdles. The Committee recommend that concerted efforts be made to address the above issues and State Wide Area Network be made operational at the earliest in the remaining States/UTs including that of J&K and A&N Islands."

13. The Ministry of Electronics and Information Technology, in the action taken note, have stated as under:-

"Both J&K and A&N Islands have been impressed upon from time to time to expedite implementation of SWAN Scheme. The State of J&K has certain difficult geographical terrain and also problem of law and order/militancy due to which many of the existing vendors don't appear to be inclined to bid. Besides, for A&N Island, the bidders don't seem to be attracted due to its terrain/topography and non availability of technically skilled manpower in the UT itself. The experience suggests that getting unskilled, semi-skilled and technically qualified and skilled manpower for network management and operation presumably may be at a higher manpower cost and resultantly vendors do not find it financially viable to undertake this project for a period of 5 years.

However, both the governments have been suggested to widely circulate RFP for SWAN, load it on the website as it may facilitate fetch better response from prospective bidders.

This ministry is conscious of the delay and possibly may come out with a different strategy in consultation with J&K and A&N Islands in case there is no competitive bid response from prospective vendors in the near future."

14. The Committee had observed that impediments such as lack of participation of System Integrators (poor bid response) and higher bid value are acting as roadblocks in operationalization of SWAN in Jammu & Kashmir and Andaman and Nicobar Islands. Expressing concern that the implementation of SWAN has been delayed in these States, the Committee had recommended the Ministry to address the above issues. The Ministry, in their Action Taken Note, have informed that the State of J&K has certain difficult geographical terrain and because of law and order/militancy problems, many of the existing vendors don't appear to be inclined to bid. For A&N

Island, the bidders don't seem to be attracted due to its terrain/topography and non-availability of technically skilled manpower in the UT itself. The Governments in these States/UTs are being impressed upon to widely circulate RFP for SWAN, which may facilitate fetch better response from prospective bidders. The Ministry have further informed that they may come out with a different strategy in consultation with J&K and A&N Islands in case there is no competitive bid response from prospective vendors in near future. The Committee observe that SWAN being the core infrastructure for connectivity, delay in setting up of SWAN in the States/UTs are seriously hampering utilization of existing IT infrastructure in these States/UTs. Keeping in view the substantial delay in setting up SWAN in these States, the Committee are also of the firm view that the Ministry need to explore other viable alternatives to attract the bidders who are not willing to participate under the existing terms and conditions. The Committee may be apprised of the alternative strategy and action plan worked out by the Ministry to meet the above challenges.

<u>Cyber Security – Need for a victim centric approach</u>

(Recommendation Sl. No. 17)

15. The Committee, in their original Report, had recommended as under:-

> "The Committee note that there is no separate mechanism for dealing with cases of cyber crime in India. As is the case with other criminal offences, the Police and Public Order are State subjects under the Constitution and as such the State Governments and Union Territory Administrations are primarily responsible for prevention, detection, registration and investigation of cyber crime. In so far as the role of Indian Computer Emergency Response Team (CERT-In), the nodal agency for cyber security is concerned, it primarily relates to issuing alerts and advisories regarding latest cyber threats and countermeasures on regular basis and creating Cyber security awareness through initiatives such as the Digishala Campaign. The Committee note with concern that there is no central helpline for victims of cyber crime. However, in cases of cyber crime pertaining to online Digital Payments, the incident can be reported to CERT-In through any bank or payment system operator. The Committee are

concerned to find that there is no specialized nodal agency whom the victims can directly approach in cases of various kinds of cyber crimes, cyber frauds, financial e-frauds etc. which are occurring in the country and the victims are unaware as to whom to approach for remedy. If a person falls prey to financial fraud while transacting through his/her mobile phone, he/she is unaware of the appropriate agency to approach viz. the local police, RBI, the bank, the financial intermediary, the telecom service provider or CERT-In etc. A lack of coordination amongst the different agencies/stakeholders and inadequate publicity of the existing arrangements further complicates the matter for the victim. With increasing online activities/transactions, there is an urgent need to adopt a '*victim-centric*' approach through establishment of a nodal agency/helpline for victims of cyber crimes, cyber frauds, financial e-frauds etc. which could help them in identification of the cyber crime, inform them about the appropriate agency to approach and guide them regarding next course of action in dealing with the incident. The Committee recommend setting up of a nodal agency/helpline which could help victims of cyber crime in identification of the cyber crime, inform them about the appropriate agency to approach and guide them regarding next course of action in dealing with the incident. Setting up of such an agency/helpline would not only help the victims of cyber crime but would also improve reporting of cyber crime cases and act as a comprehensive repository of data on cases of cyber crime which would be of immense use for various agencies such as banks, financial institutions, data security providers, CERT-In, Law Enforcement Agencies (LEA) etc. The Ministry can also explore the possibility of setting up of dedicated cyber courts to deal with cases pertaining to cyber crime."

16. The Ministry of Electronics and Information Technology, in the action taken note, have stated as under:-

"For crime against women & children, MHA is already setting up a centralized portal under their CCWPC project (Cyber Crime Presentation for Women and children). The portal will Act as a single point reporting onsite for all cyber crimes targeted against women and children. For any other cyber crimes, LEA needs to be approached. MHA needs to act on it. For cyber security incidents like phishing, hacking, scanning, spoofing, malware attacks, etc CERT-In can be approached."

17. Taking note of the fact that there is no separate mechanism for dealing with cases of cyber crime in India, the Committee had recommended for setting up of a nodal agency/helpline which could help victims of cyber crime in identification of the

cyber crime, inform them about the appropriate agency to approach and guide them regarding next course of action in dealing with the incident. The Ministry have informed that for crime against women & children, MHA is already setting up a centralized portal under their CCWPC project (Cyber Crime Presentation for Women and children). The portal will Act as a single point reporting onsite for all cyber crimes targeted against women and children. However, for any other cyber crimes, Law Enforcement Agency (LEA) needs to be approached and MHA needs to act on it. For cyber security incidents like phishing, hacking, scanning, spoofing, malware attacks, etc. CERT-In can be approached. Keeping in view the fact that the victim or the field functionaries in LEAs may not have the kind of knowledge/resources/expertise to identify or deal with specialized cases of cybercrime, the Committee had emphasized on setting up of a nodal agency/helpline for victims of cyber crime. The Committee are, however, concerned to note that the Ministry have failed to understand the real intent of the recommendation in its right perspective. The Ministry of Electronics and Information Technology having sufficient knowledge/resources/expertise in dealing with cyber crime, can gratefully help, through a nodal agency/helpline, the victims of cyber crime in identification and appropriate follow-up action. The Committee, therefore, reiterate their earlier recommendation and urge the Ministry to think in the line of setting up of a nodal agency/helpline for cyber crime which will facilitate comprehensive handling of such crimes including dissemination of information to the victims about the appropriate agency to approach and also guiding them about the next course of action in dealing with the incidents. The Committee may be informed about the action taken for implementation of the above recommendation.

Cyber Security – Need for a robust legal framework

(Recommendation Sl. No. 18)

18. The Committee, in their original Report, had recommended as under:-

> "The Committee note that Information Technology Act 2000 (last amended in the year 2008) addressed all aspects related to cyber space in a comprehensive manner with adequate compliance and deterrent provisions to address cyber crimes such as computer related offences (section 66), Identity Theft (section 66C) and Cheating by impersonation (section 66D). Most of the cyber crimes involving financial transactions/ Digital Payments may fall under these sections. In addition section 43A and corresponding rules require a body corporate to deploy reasonable security practices and procedure including a Privacy Policy and a well defined and implemented information security system with adequate penal provisions. Section 72A of the Act provides for punishment for disclosure of information in breach of lawful contract. The Committee also note that the IT Act, 2000 addressed the prevailing cyber threats at that time but since then, with the ever evolving new technologies and innovations, the type and complexities of cyber threats and financial frauds have also increased manifold. In view of the same, the Act needs to be periodically revisited and updated to address the new threats. With emergence of new cyber threats, presently, the key areas of concern relate to privacy, security and an effective grievance redressal mechanism. Moreover, with the push towards Digital Payments and online transactions, security of Pre-paid payment instruments is another area of concern that needs to be addressed. While noting that cyber security threats keep on evolving at a fast pace, there is a need to keep the countermeasures/legal provisions abreast of the emerging threats on an almost real-time basis so as to ensure that no grey areas or loop holes can emerge which can be exploited by the cyber criminals. The Committee recommend setting up of an institutional framework to continuously monitor adequacy of existing legal provisions in effectively dealing with emerging cyber threats. The Committee may be apprised of the progress in framing of rules regarding security of pre-paid payment instruments."

19. The Ministry of Electronics and Information Technology, in the action taken note, have stated as under:-

> "MHA has already setup a committee under the chairmanship of Shri T.K. Viswanathan, ex-Secretary (Law) for advising on cyber laws and

international cyber law and suggest & recommend effective legal framework/guidelines to tackle cyber crime.

The draft rules for security of PPI were put up on MeitY website for public comments. The comments received from public, industry associations and other stakeholders are being examined for appropriate modifications in the draft. Meanwhile, Reserve Bank of India (RBI) has prepared Draft Master Directions for PPI which encompasses majority of the provisions of MeitY draft Rules. MeitY has requested RBI to include remaining clauses of MeitY draft Rules in their Master Directions. MeitY is also working on a framework for data protection law."

20. The Committee had observed that cyber security threats keep on evolving at a fast pace and there is a need to keep the counter-measures/legal provisions abreast of the emerging threats on an almost real-time basis so as to ensure that no grey areas or loopholes can emerge which can be exploited by the criminals in cyber space. The Committee had, therefore, recommended for setting up of an institutional framework to continuously monitor adequacy of existing legal provisions in effectively dealing with emerging cyber threats. The Ministry have informed that Ministry of Home Affairs has already set up a Committee for advising on cyber laws and international cyber laws and suggest and recommend legal framework to tackle cyber law. The Ministry of Electronics and Information Technology being the nodal Ministry should have a vigilant coordination mechanism with the agencies working under the Ministry of Home Affairs to ensure the adequacy of the legal provisions to deal with emerging cyber threat. Further, with regard to the Draft Rules for Security of Prepaid Payment Instruments (PPI), the Ministry have informed that the same are already in the public domain and they are in the process of examining the comments received from public, industry associations and stakeholders. The Committee are given to understand that Reserve Bank of India has prepared Draft Master Direction for PPI encompassing majority of provisions of MeitY Draft Rules. The Ministry are coordinating with RBI for inclusion of remaining Clauses of MeitY Draft Rules in their Master Directions. They are also working on a framework for data protection law. The Committee, while

taking note of the above initiatives, recommend that the Draft Rules for PPI and data protection law should be finalized in a time bound manner and Committee be apprised of the status in this regard.

CHAPTER II
OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Budget Analysis

(Recommendation No. 1)

The Budget Estimate (BE) allocation of MeitY for the year 2017-18 is Rs. 4039 crore as against the proposed allocation of Rs.4034.00 crore which includes Rs. 3690 Crore under Revenue section and Rs. 349 crore under Capital section. This is in sharp contrast to the allocation made in 2016-17 wherein as against the proposed amount of Rs. 9530.90 crore, the Ministry had been given plan allocation of Rs. 3200.00 crore only, which was subsequently enhanced to Rs. 3440.42 crore at RE stage. However, the actual expenditure incurred by the Ministry was Rs. 2931.97 crore till 31st January, 2017. On the increase in allocation during 2017-18 compared to the allocation during 2016-17, the Ministry have stated that there is an increase of about Rs. 710 crore in allocation in BE 2017-18 over and above the BE allocation of FY 2016-17. Out of this increased provision, Rs. 500 crore is meant for Promotion of Electronics and IT Hardware Manufacturing (MSIPS, EDF and Manufacturing Clusters). Hence, for other schemes/projects, the increase is very marginal. On the issue of adequacy of funds, the Ministry have stated that MeitY will not only achieve full utilization during the year 2016-17 but also may need to request for additional funds for smoother implementation of other projects/schemes. Keeping in view the vast mandate of the Ministry and increasing role of MeitY in Government's flagship programmes such as Digital India, Make in India and push towards digital payments through demonetization etc., the Committee feel that the Ministry need to have adequate budgetary resources to achieve and sustain balanced growth in all the areas and also ensure that critical programmes of Government of India implemented/executed through the Ministry are not affected due to want of funds. While hoping that the Ministry would be able to achieve optimal utilization of funds during 2017-18, the Committee recommend the Ministry to take special care and ensure that the enhanced allocation should be expended as per the plan chalked out by the Ministry.

Reply of the Government

The comments of the Committee have been noted for compliance. Optimal and judicious utilization of allocated funds is being ensured by MeitY.

Position of Outstanding Utilization Certificates

(Recommendation No. 2)

The Committee note that as on 31st December 2016, a total of 159 Utilization certificates amounting to Rs. 368.29 crore were due. The Ministry further informed that it has taken several initiatives for reducing the number of pending UCs and holding implementing agencies more accountable and is meticulously putting its efforts in liquidating the pending Utilization Certificates. As a result of the Ministry's efforts, during the last one year, the number of pending UCs has been liquidated at an accelerated pace. The number of pending UCs has reduced from 439 amounting to Rs. 1133.53 crore as on 01.04.2016 to 214 amounting to Rs. 648.56 crore as on 01.10.2016 and further reduced to 159 UCs amounting to Rs. 368.29 crore as on 01.01.2017. The Committee further note that out of total Unspent Balance of Rs. 2035.70 crore (674 UCs) with States/implementing Agencies, 254 UCs amounting to Rs. 767.20 crore would become due on 01.04.2017 and 261 UCs amounting to Rs. 900.21 crore would become due on 01.04.2018. While taking note of the efforts made by the Ministry during 2016-17 in liquidating the pending Utilization Certificates at a significant pace, the Committee desire the Ministry to make continuous and sustained effort with periodic monitoring in the future also to avoid any pendency in Utilization Certificates as it could have adverse impact on release of subsequent funds for important Government schemes.

Reply of the Government

The comments of the Committee have been noted. MeitY has been taking continuous and sustained effort to ensure that the funds released to various implementing agencies are utilized within the approved time-frame and further releases are made only after obtaining the utilization certificates. The present status of pending UCs/unspent balances is, however, given below which shows that a sum of ` 690.75 crore out of the releases made during the period 2002-03 to 2016-17, has been liquidated during the last four months.

Description	***As on 1.4.2017***		***As on 1.8.2017***		***Amount Liquidated****
	Number	*Amount (`in crore)*	*Number*	*Amount (`in crore)*	*(`in crore)*
(i) UCs Due (Pending)	355	1023.10	258	735.21	287.89
UCs Not Due					
(a) UCs in respect of grants released in FY 2016-17	337	952.93	283	550.07	402.86
(b) UCs in respect of grants released during the current FY 2017-18 (Not Due)	-	-	31	501.86	-
(ii) Sub-Total (UCs Not Due) [(a) + (b)]	337	952.93	314	1051.93	402.86
Total (Unspent Balance) [(i) + (ii)]	**692**	**1976.03**	**572**	**1787.14**	**690.75**

*corresponds to the releases made on or before 31.03.2017

Internal and Extra Budgetary Resources (IEBR)

(Recommendation No. 3)

The Committee note that during the year 2015-16, an IEBR target of Rs.897.93 crore had been set by the Ministry which was increased to Rs.1131.77 crore at the RE stage. Against this, the Autonomous Societies under MeitY could achieve an IEBR target of Rs.934.23 crore only which fell far short of the target set at RE stage. The Committee note with concern that during the year 2016-17, though a target of Rs.1514.94 crore had been set initially by the Ministry at BE stage for the Societies, this target was reduced to Rs. 1006.96 crore at RE stage and out of this the achievement has been Rs. 710.86 crore only as on 31.01.2017. For both the years 2015-16 and 2016-17, the Societies under the Ministry have fallen short of the targets set at RE stage for their Internal and Extra Budgetary Resources (IEBR). The Committee were given to understand that the shortfall in IEBR during 2016-17 was mainly due to non-materialization of project proposals of Software Technology Park of India. (STPI) The Committee also note that IEBR target for 2017-18 stands at Rs. 1036.13 crore which is approximately 20% of the total approved outlay of Rs. 5075.13 crore and the rest 80% is met through Government Grants. The Committee while appreciating the financial performance of National Institute of Electronics and Information Technology (NIELIT) and Centre for Development of Advanced Computing (C-DAC), the largest generators of IEBR for the Ministry which work in areas of skill development and R&D activities also take note of the fact that the performance of Societies such as STPI/EHTP and SAMEER have not been very encouraging. Ministry of Electronics and Information Technology being a knowledge based Ministry having several Autonomous Societies under their aegis such as NIELIT, ERNET, STPI, C-DAC, SAMEER and C-MET working in diverse niche areas like R&D in IT, Electronics and associated ICT technologies have significant potential for revenue generation. The Committee, therefore, recommend that sincere efforts should be made by the Ministry for achievement of IEBR targets set for 2017-18 and also the Ministry should explore and identify new areas of potential revenue generation by notable Autonomous Societies so as to increase the IEBR component in the total outlay of the Ministry and reduce their dependence on Government Grants.

Reply of the Government

The comments of the Committee have been noted. MeitY has been impressing upon the Autonomous Societies from time to time for increasing their revenue generation so that they won't have to be dependent upon core grants from this Ministry to meet their establishment-related expenses.

National Informatics Centre (NIC)- Promotion of email/Instant Communication Apps

(Recommendation No. 5)

The Committee note that the number of Government officials using the NIC mail which was 4.5 lakh at the time of release of the service has increased to over 1.5 million (15 lakh). The mandate as per the email policy of the Government is to provide email id's to 5 million (50 lakh) users. The Committee also note that the Government had approved formation of a High Level Review Committee for transformation of NIC to NIC 2.0. This Committee have recommended for redefining the vision, mission and objectives of NIC. As recommended by this Committee, NIC is to play a key role in architecturing, designing and developing the core information assets of the nation. The Committee learn that the recommendations are under implementation. Although the email policy has been circulated across all Ministries and Departments, there has been no special focus to ask users to migrate as the service is in the process of being upgraded. Once the service is upgraded, Ministries and Departments would be mandated to start using the Government service. To make the transition easier, videos and FAQ's are being prepared. While appreciating the efforts of NIC in promotion of its email services and efforts to transform itself into NIC 2.0, the Committee recommend that along with its ongoing initiatives, NIC should lay emphasis on promotion/adoption of its existing e-office solution and further explore development of innovative contemporary solutions for faster communication in Government setup/institutions such as introduction of instant communication Apps which can cater to instant communication needs and speed up the decision making process in a safe and secure environment.

Reply of the Government

The following action taken by NIC regarding NIC mail:

- All administrative processes and empanelment have been completed for upgradation of the email service. However, as the funds were to be made available by Meity, the upgradation has not been initiated as the grant-in-aid has yet to be received.

- The old email infrastructure has scaled from 4.5 lakhs userbase to approx 1.6 million and can no longer sustain the growth hence immediate GIA is required.

- Proof of concept to showcase a secure email service of the Government and its stability in the cyber eco-system has been implemented and put into production on a limited user base. Expansion of the same can be done once the GIA is released.

- Subsequent to release of GIA, the design of a prototype of a secure instant messaging will be initiated. The conceptual elements of the same have been completed.

- In the absence of upgradation, a very large volume of Government data remains insecure and available on servers offering free service outside the country, hence it is imperative that service is upgraded on an immediate basis and funds are made available.

As far as e-Office is concerned, NIC has taken various steps for adoption of e-Office by Central Government ministries/ departments and it is being monitored by DAR&PG regularly. NIC has also been conducting Continuous Capability Building Programmes (CBP) on eOffice for ministries / departments. It has also conducted a series of workshops on eOffice at DAR&PG, LBSNAA, ISTM, IIPA, NIFM, NIELIT, HIPA, YASHADA, CIPS and various other organizations.

e-Office solution developed by NIC also includes:

- *Interdepartmental File Exchange:* Promotes seamless movement of files from one department to another department, thereby increasing the flexibility of the workforce and efficiency in decision making.

- *Email Diarization:* Faster disposal of cases by using Email diarization feature integrated with eFile application.

- *SMS/Email:* alerts mechanism for tracking & movement of receipts/files.
-

Cyber Security (including CERT-In, IT Act) – Need for optimum utilization of funds

(Recommendation No. 6)

The Committee note that Cyber Security is an upcoming area which require increased allocation to meet the shortage of manpower in the form of Cyber Security experts, upgradation of technology and training, etc. The Committee are, however, concerned to note that allocations under Cyber Security has been reducing continuously during the past three years. During the year 2014-15, the allocation at the BE stage was Rs.120 crore which was reduced to Rs.62 crore at the RE stage and Actual Expenditure was Rs.58.59 crore only. During 2015-16, the allocation at BE stage was Rs.105 crore which was reduced to Rs.85 crore at RE stage and Actual Expenditure was Rs.68.21 crore only. Similarly, during the year 2016-17, the allocation at BE stage was Rs.70 crore which was reduced to Rs.53.61 crore at RE stage and Actual Expenditure has been Rs.31.84 crore. For the year 2017-18, there has been an allocation of Rs. 40.48 crore to Cyber Security programme. In 2017-18, establishment of National Cyber Co-ordination Centre (NCCC), which was earlier a part of this programme has been moved to Cyber Security Projects (NCCC & others) scheme under the Digital India programme with separate allocation of Rs. 100 crore. While deploring the consistent reduction in Budget allocation as also the underutilization of funds in the Cyber Security programme that caters to operational expenditure of critical statutory organizations such as CERT-In and CAT, the Committee recommend that the Ministry need to give focused attention to

this area and steps may be taken to optimally utilize the allocation made under this programme.

Reply of the Government

The allocation under Cyber Security Programme remained underutilized due to:

i) Non-payment of rent and electricity bills for CAT office. The landlord (i.e. LIC) has not raised rental and electricity Bills for last 13 months in spite of request made by CAT. The litigation is going on in consumer court and has not been settled during the financial year 2016-17.

ii) The procurement of equipments work was assigned to CDAC-Trivandrum. They have completed the process (including tendering) of procurement of equipments and submitted to Ministry for release of funds. However, due to improper bidding, retendering was done. Therefore funds for the financial year 2016-17 were not utilized.

Digital India Programme – Need for higher allocation of funds

(Recommendation No. 7)

The Committee note that Digital India Programme is an umbrella programme to prepare India for knowledge based transformation. The Digital India program is centered on three key vision areas viz., (i) Digital Infrastructure as a Utility to Every Citizen (ii) Governance and Services on Demand and (iii) Digital Empowerment of Citizens. Digital India also aims to provide the much needed thrust to the nine pillars of growth areas, viz., (i) Broadband Highways (ii) Universal Access to Mobile Connectivity (iii) Public Internet Access Programme (iv) e-Governance – Reforming Government through Technology (v) e-Kranti - Electronic Delivery of Services (vi) Information for All (vii) Electronics Manufacturing (viii) IT for Jobs and (ix) Early Harvest Programmes. The Committee also note that the allocation made by the Ministry of Finance for the year 2017-18 is more than that proposed by MeitY. For 2015-16, the Ministry had proposed Rs. 4034.10 crore but the actual allocation was only Rs. 1478.90 crore whereas for 2016-17, the Ministry had proposed Rs. 5778.07 crore and the allocation was only Rs. 1285.10 crore. Consequently, while the actual expenditure in Digital India program shows a gradual decline year-after-year from Rs. 2332.28 crore in 2014-15 to Rs. 1387.54 crore in 2015-16 to Rs. 1097.29 crore in 2016-17. The BE allocation for 2017-18, however marks a change in the previous trend. For 2017-18, against the proposed amount of Rs. 1498.55 crore, the Ministry have been allocated an amount of Rs. 1672.76 crore. The Committee find that despite good utilization of allocation by the Ministry for the Digital India Programme, the Ministry of Finance have not been considerate to the requirement of funds as proposed by MeitY. While appreciating the Ministry for optimum utilization of funds in the Digital India Programme, the Committee recommend the Ministry to impress upon the Ministry of Finance for higher allocation in such an

important flagship scheme of the Government which encompasses several crucial sub-schemes so that their implementation do not suffer for want of funds.

Reply of the Government

The comments of the Committee have been noted. Ministry of Finance would be requested to for higher allocation in respect of Digital India Programme that encompasses several crucial sub-schemes for better and speedier implementation.

Common Service Centres (CSCs)

(Recommendation No. 10)

The Committee note that CSC 2.0 launched in August, 2015 aims for establishing self sustaining network of 2.5 lakh CSCs at Gram Panchayat (GP) level under Digital India - Pillar 3 - Public Internet Access Programme. This model is envisaged as transaction based and service delivery based model, delivering a large bouquet of e-services through a single delivery platform, which would increase the sustainability of the CSCs across the country. The Committee note that the total number of CSCs established as of March, 2015 was 1,40,933. As of March, 2016, this number rose to 1,99,325 and by January, 2017, it further increased to 3,10,685. At Gram Panchayat level, 1,77,812 CSCs have been set up against the target of 2.5 lakhs. The Committee are glad to find that as per the available figures, new CSCs are being set up at an increasing rate. However, as far as the effectiveness of the CSCs is concerned, there is a huge variation in the progress of average transactions recorded across different States/UTs. During the year 2016, while Uttar Pradesh having 62,697 CSCs has recorded 12.52 lakh transactions, Maharashtra having 31,550 CSCs has recorded 44.42 lakh transactions whereas Karnataka having just 5337 CSCs has recorded a whopping 2.39 crore transactions. There is also a need to strengthen accountability through setting up of Quality of Service (QoS) benchmarks for the services offered through CSCs and strengthening extant grievance redressal mechanism for CSC users. In this regard, the Committee would like to stress the significant role of Rapid Assessment System (RAS) and urge the Government to implement the project efficiently. The Committee recommend the Ministry to take steps to ensure uniformity in access to e-services delivered through CSCs to ensure that a person living in remote areas such as Mizoram in North East has equal access to e-services through CSCs in comparison to a person living in Metropolitan cities of Delhi or Mumbai. The Committee also recommend that major hurdles like lack of connectivity, lack of power, and issues of last mile connectivity beyond BharatNet point be addressed suitably to facilitate faster rollout of CSCs.

Reply of the Government

It was envisaged under Digital India that for consolidated delivery of electronic services/ e-Gov services there is a need to integrate all service applications/ platforms working in silos with a common national level platform called Common Services Centre (CSC), now commonly known as Digital Seva. CSC has the proven potential to create sustainable rural entrepreneurship redefining governance and to meet the expectation of the Government in transforming India into a digitally & socially empowered society. CSCs under Digital India movement have now become the agents of socio-economic changes in rural India.

Under the ongoing CSC 2.0 project of Digital India, Government already made efforts to simplify the CSC registration process. Any entrepreneur with requisite eligibility criteria having or willing to set-up basic computing infrastructure can set-up a CSC by registering on CSC- Digital Seva portal (http://register.csc.gov.in/) through Electronic-Know Your Customer (eKYC). There is no fee charged for enabling setting up of a CSC.

Nonetheless, it is also a fact that operation of CSCs is still a challenge in case of remote/inaccessible rural areas, because of various factors, such as, requirement of stable Broadband Connectivity, uninterrupted power-supply, motivated entrepreneurs, footfalls of citizens and hence sustainability etc.

Despite these challenges, the ability of CSC ecosystem to avoid direct interaction of citizens with Government offices brings transparency, accountability and efficiency in the delivery of services through a reduced turnaround time to a great extent. CSCs are also trying to mitigate the digital divide by providing individual access to internet and access devices to citizens in rural India where the ICT intervention is very low. In nutshell, CSCs play a significant role in enabling universal access to plethora of eServices for citizens and acting as cornerstone for the citizens' digital empowerment, hence creating a transparent governance ecosystem.

This huge network of operational CSCs has a growing demand for more robust & scalable technology platform equipped with a digital B2B wallet for seamless electronic delivery of services. To cater to the need of this huge network of CSCs, and as envisaged in CSC 2.0, a robust and scalable CSC National Portal called 'Digital Seva Portal' has been designed, developed and launched during 2016-17 by CSC –SPV (being implementing agency of CSC 2.0), to enable dissemination of services through a universal technological platform at all the CSCs across the country, thereby *making the e-services, particularly G2C services, accessible anywhere across the country*. For making the CSC ecosystem a complete self sustainable entrepreneurship business, GoI also recommends revenue sharing between VLE and other stake-holders to be in ratio of 80:20. GoI is also encouraging women entrepreneurs to set up CSCs. Some of the key achievements by CSCs are summarized below:

- During 2016-17, more than 92 thousand CSCs have been set up across the country as the number of cumulative CSCs grew from 1.99 lakhs CSCs in March, 2016 to 2.91 lakhs CSCs in March, 2017, of them around 1.81 lakhs CSCs were set up at Gram Panchayat (GP) level as on 31st March, 2017 -registering an increase of around 58 thousands CSCs at GP level in 2016-17.

The comparative status of the CSC roll out progress is as follows –

Year	*Overall CSC (Cumulative)*	*CSC at GP level (Cumulative)*
Pre May-2014	1,34,956	83,903
2014-15	1,40,933	92,106
2015-16	1,99,325	1,22,621
2016-17	2,91,366	1,81,173
2017-18 (as on 30th June, 2017)	3,00,774	1,96,922

- Number of women VLEs has increased from 13,204 in May, 2014 to 32,361 in May, 2017.
- Indirect employment through CSC entrepreneurship model, is now enhanced from about 1.6 lakhs to 9.1 lakhs over a period of last three years.
- *Increase in number of CSC-Digital Seva services* from 32 to 170 during last 3 years on national CSC portal (Digital Seva).
- *Commission Earned by VLEs* has increased from Rs. 7.5 cr. in FY 2013-14 to Rs 585.78 Cr. in FY 2016-17 (an increase of around Rs 11405 lakhs over 2015-16) - a step towards sustainability of the CSCs.
- No. of *Aadhaar Generated* through CSCs has increased from 114.71 lakhs as on 31-May, 2014 to 977.63 lakhs as on 31-Mar-2016 to 1573.60 lakhs till March, 2017.
- Total number of certified persons under NDLM/DISHA increased from Nil in May, 2014 to 55.46 lakhs in March, 2017 (against target of 55.27 lakhs). Based on this, GoI now approved Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA) in March, 2017, with an aim to make six crores persons in rural areas, digitally literate. Total number of registered candidates under PMGDISHA till June, 2017 are 16.86 lakhs, 14.67 lakhs have been trained and 3.68 lakhs have been certified.
- During 2016-17, 11,200 CSCs as *Business Correspondent Agents (BCAs)* rendered 320.99 lakhs banking transactions and have earned a total commission of Rs. 7079.59 lakhs - increase of around Rs 2971 lakhs over 2015-16.
- CSCs are promoting *digital literacy, financial literacy and legal literacy* for rural communities, thus empowering them to actively participate in nation building.
- CSCs are also being enabled to work with FMCG Companies so as to enable them to utilize the CSC Network for selling products/services in rural India.
- CSCs are also being enabled as *White Label Business Correspondents (BCs)* for interoperable banking services
- CSCs are also providing *GST training Service for on-boarding of merchants***.**
- CSCs are also being enabled to render *Tele-Law services* through delivery of legal information and advice to rural citizens**.**

The huge variation over the transactions happened through CSCs across the States/UTs is mainly due to the fact that some high voluminous State specific services such as Electricity bill payment etc. were allowed by some States to deliver through national level integrated CSC-Digital Seva platform (maintained by CSC –SPV), whereas, the same is not allowed for

integration with Digital Seva platform by some other States. To address this issue, continuous supports from the respective States/UTs are pre-requisites. Relentless efforts are being made by this Ministry to resolve the pending issue of integration of State/UT portals for ease of access of the e-Services by the citizens from anywhere across the country. As a result of such efforts, a few State Governments now allowed integration of State Portal with Digital Seva Portal. It would increase the sustainability of the CSCs.

For CSC services, Rapid Assessment System (RAS) is already integrated with www.digitalseva.csc.gov.in for taking feedback from citizen for further analysis on them for improvement in the service delivery process.

To stress the significant role of Rapid Assessment System (RAS) and urge the Government to implement the project efficiently:

Ministry of Electronics & Information technology (MeitY) approved a project called Rapid Assessment System (RAS) in March, 2015 under Digital India for developing a system for continuous measurement of the quality of e-Governance services delivered by Government of India and State Governments and realign goals to achieve targeted benefits through online feedback from citizens after availing an eService, either through SMS or Web Browser or Mobile Application. The project is being implemented by National e-Governance Division (NeGD) under this Ministry. The project implementation is valid till 31st March, 2018.

RAS went live on 25th May 2016 and has been rolled out in 25 states/MMPs already. It is now adopted by 200 Government departments with 889 services integrated.
This system has multiple channels for receiving feedback and is backed by analytics. These analytics will help integrated departments for continuous system improvement and better governance.

A citizen may provide feedback using RAS through three channels – Web Portal, Mobile App and SMS. RAS Portal allows department to quickly build Feedback forms as per their requirement, publish them and make these feedback forms available to end-users on Department defined triggers i.e. delivery of service etc. Departments have their own dashboard and have option to view reports. Facility for providing feedback on eServices is an ongoing activity.

For CSC services, Rapid Assessment System (RAS) is integrated with www.digitalseva.csc.gov.in for taking feedback from citizen for further analysis on them for improvement in the service delivery process.
This Ministry is regularly monitoring the implementation of RAS Project for its efficient implementation. In this context, active support and cooperation from all Government Ministries/Departments are solicited for successful implementation of this project.

State Data Centre (SDC)

(Recommendation No. 11)

State Data Centre (SDC) is one of the three core infrastructure components. Under the SDC Scheme, a Data Centre is provided in all the States/UTs to consolidate

services, applications and infrastructure in order to provide efficient electronic delivery of Government to Government (G2G), Government to Citizen (G2C) and Government to Business (G2B) services. These services can be rendered by States through common service delivery platforms seamlessly supported by core connectivity infrastructure such as SWAN and CSC as the front-end delivery outlets at the village level. The Committee note that till now 26 SDCs have been declared operational. These are Tamil Nadu, Puducherry, West Bengal, Andhra Pradesh, Meghalaya, Karnataka, Manipur, Odisha, Sikkim, Haryana, Kerala, Maharashtra, Gujarat, Tripura, Rajasthan, Nagaland, Uttar Pradesh, Andaman & Nicobar, Madhya Pradesh, Lakshadweep, Chhattisgarh, Jammu & Kashmir, Mizoram, Bihar, Himachal Pradesh and Jharkhand. During the year 2017-18, there is a target of operationalizing six SDCs in Goa, Punjab, Uttaranchal, Arunachal Pradesh, Assam and Dadar & Nagar Haveli and Daman & Diu which are at preliminary stages of implementation. The Committee are given to understand that major challenges in setting up/operationalization of SDCs include lack of site availability, issues in finalization of site, delays in bid process, repetition of bidding by States involved due to multiple reasons, delays in getting internal approvals and signing of contracts. However, Ministry of Electronics and Information Technology have held several meetings with the stakeholders and provided necessary support to speed-up the process and fix any problems which were leading to delay in implementation and operationalization of SDCs. While noting that Data Centres are essential to consolidate services, applications and infrastructure, the Committee recommend that establishment of State Data Centers in the remaining States/UTs may be expedited on a mission mode so as to enable the States to deliver electronic services through common service delivery platforms in a seamless manner. The Committee would like to be informed in the matter.

Reply of the Government

State Data Centres (SDCs) in Goa, Punjab, Uttarakhand, Arunachal Pradesh, Assam, Dadra & Nagar Haveli and Daman & Diu are at various stages of implementation. Efforts are being made to address the issues for successful implementation of SDC in these above six States/UTs. MeitY is regularly following up with these States/UTs for speedy action towards the process of implementation.

- Goa SDC - is in the final stage of implementation.
- Punjab SDC - implementation activity started.
- Assam SDC – Bid process is in progress.
- Uttarakhand, Arunachal Pradesh – SDC RFP activity is initiated
- Dadra & Nagar Haveli and Daman & Diu – SDC RFP activity is to be initiated

Promotion of Electronics and IT Hardware Manufacturing

(Recommendation No. 12)

The Committee note that Government have been taking several initiatives on continuous basis for promotion of electronics manufacturing in the country to provide an enabling environment for the industry to compete globally. Electronics manufacturing is one of the important pillars of Digital India Programme with target to achieve net zero imports. The demand for electronics hardware is expected to rise rapidly and India has the potential to become an electronics hardware manufacturing hub and contribute significantly to the GDP, employment opportunities and exports. The Committee note that as against the proposed amount of Rs. 77 crore, there has been an allocation of Rs. 745 crore resulting in an almost ten-fold increase in its allocation for the year 2017-18. An almost ten-fold increase in the budgetary allocation for Promotion of Electronics & IT Hardware Manufacturing scheme under the Digital India Programme also underscores the importance which is attached to this programme. The Committee were informed that the consumption of electronics items in India is increasing at a fast pace and rose from Rs. 2,87,969 crore during 2012-13 to Rs. 4,68,046 crore during the year 2015-16. During the year 2015-16, the demand met through imports stood at 48% while the percentage of electronics consumption in India met through domestic production stood at 52% which translates to total electronics imports in India during 2015-16 at a staggering figure of Rs. 2,24,662.08 crore. While taking note of the huge electronics imports in India, the Committee recommend the Ministry to focus on creating an enabling environment in India for domestic production of electronics hardware and reduce the dependence on imports from other countries. Promotion of domestic hardware manufacturing would not only check the rising imports but also give a fillip to domestic GDP, employment generation and exports.

Reply of the Government

As a result of multipronged measures taken over the last few years, listed below, production of electronics hardware has shown significant increase:

- Rationalization of tariff structure
- Implementation of schemes such as Modified Special Incentive Package Scheme (M-SIPS), Electronics Manufacturing Clusters (EMC) Scheme, enforcement of safety standards and Preferential Market Access (PMA) in Government procurement
- Promotion of innovation and R&D - implementation of Indian Conditional Access System(iCAS) and Electronics Development Fund(EDF)

Production of Electronics Hardware has gone up from Rs. 1,90,366 crore in 2014-15 to Rs. 2,43,233 crore in 2015-16 (Y-o-Y growth of 28%) to Rs. 3,21,838 in 2016-17(Y-o-Y growth of 32%).

The demand of electronics hardware is increasing @ 19-20% p.a. (valued at Rs. 5,61,600 in 2016-17), which is increasingly being met by domestic production.

The growth rate of import of electronics which was 9% in 2015-16 has fallen to 4.6% in 2016-17 (valued at Rs. 2,78,710 crore in 2016-17).

There has been a significant increase in domestic production of Cellular Mobile Handsets, LCD/LED TVs and LED Products over the last two years, as depicted below:

Item	2014-15	2015-16	2016-17*
LCD/ LED TVs	87.5 lakh (nos.)	120 lakh (nos.)	150 lakh(nos.)
Light Emitting Diode (LED) Products	Rs.2,172 crore	Rs.5,092 crore	Rs.7,134 crore
Cellular Mobile Handsets	6 crore units Value: Rs.18,900 crore	11 crore units Value: Rs.54,000 crore	17.5 crore units Value: Rs.90,000 cror

MeitY had already implemented the policy for providing preference to domestically manufactured electronic products in Government procurement (Dec 2013) which is being subsumed in the Public Procurement (Preference to Make in India) Order 2017. Ten Electronic Products are being notified under the new Order.

A robust cellular mobile handsets ecosystem is evolving in the country as a result of implementation of differential excise duty dispensation in 2015-16 (1% Excise Duty on domestic production vs. 12.5% CVD on imports) and Phased Manufacturing Programme (PMP) started in 2016-17. The growth momentum has been preserved as a result of imposition of 10% Basic Customs Duty (BCD) on imports of cellular mobile handsets and parts thereof in accordance with PMP in the post GST regime. Around 45 new mobile handset manufacturing units and 49 mobile components/ accessory manufacturing units started during the last two years, providing employment opportunities to over 2,00,000 persons (Direct & Indirect).

Major items where imports have reduced are Cellular Mobile Phones, Set Top Boxes for TV, Monitors, Audio frequency amplifiers, Printers and Microwave ovens.

Successful development and deployment of Indian Conditional Access System (iCAS) in PPP Mode led to promotion of indigenous manufacturing of Set Top Boxes. The iCAS is available at a price of USD 0.5 per license to domestic set top box manufacturers,as against market price of USD 4-5 per license for other competing foreign products. More than 9,50,000 iCAS enabled STBs have been deployed with 115 cable operators in the country. Doordarshan has also decided to adopt iCAS for its Free Dish DTH platform, thus giving thrust to ‘Make-In-India’ initiative.

Safety standards regulations have been enforced in electronic sector on 'Self Declaration of Conformity' (SDoC) notified in 2012 under the BIS Act, 1986. No manufacturing/ sale /imports are being allowed for non-compliant notified electronic goods. The regulations have highest coverage for any BIS standards scheme: 10,000 registrations 50,000 models and over 4200 brands. In all, 43 product categories have been notified under the regulations.

Under Modified Special Incentive Package Scheme (M-SIPS), 234 applications with investment of Rs. 1,25,587 crore have been received. 107 applications have been approved with investment of Rs. 21,422 crore. 65 companies, out of above 107, have started commercial production wherein employment opportunities have been provided to 80,000 persons(direct and indirect). The investment made by these 65 units is Rs. 3,396 crore. These companies have also paid Rs. 1,908 crore as excise duty.

MeitY has accorded final approval to 18 Electronics Manufacturing Clusters (EMCs) (16 Greenfield EMCs and 2 Common Facility Centre (CFC) in Brownfield EMC) with project cost of Rs. 3291 crore including Grant-in-aid of Rs. 1322 crore across 13 states across the country. Till now, an amount of Rs. 108.41 crore has been released to 6 projects. These EMCs are expected to generate employment opportunities for about 6 lakh person (Direct & indirect). 75 units have been allotted land in 8 EMCs, out of which, 06 units have started commercial production with investment of Rs. Rs. 3,577 crore providing employment opportunities to over 7500 persons (Direct & Indirect).

Electronics Development Fund (EDF) is Fund of Funds to support start-ups, innovation and R&D in ESDM, Nano-electronics & IT. Managed by M/s. CANBANK Venture Capital Fund to leverages private sector investment towards innovation and R&D. 22 Funds with corpus of Rs. 10,090 crore have been mobilized with EDF commitment of Rs. 1,227 crore. 10 Funds have made initial closing of Rs. 887 crore and are supporting start-ups. 13 start-ups have been supported. Rs. 50.99 have been released by MeitY to EDF.

Promotion of Electronics and IT Hardware Manufacturing – Need for holistic approach

(Recommendation No. 13)

The Committee note that initiatives such as the Modified Special Incentive Package Scheme (M-SIPS), Electronics Development Fund (EDF) and Electronics Manufacturing Clusters (EMC) scheme etc. have been taken by the Government to boost the Electronics and IT Hardware Manufacturing sector in India. M-SIPS was announced by the Government in July 2012 to offset disability and attract investments in Electronics System Design and Manufacturing (ESDM) Industries. The scheme provides subsidy for investments in capital expenditure- 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZS. It also provides for reimbursements of CVD/ excise for capital equipment for the non-SEZ units. For select very high technology and high capital investment units like fabs, there is provision for reimbursement of central taxes and duties such as Customs duty, Service Tax and Excise Duties. The incentives are provided on reimbursement basis. Electronic Development Fund (EDF) policy has been operationalized to support Daughter Funds including Early Stage, Angel Funds and Venture Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The supported Daughter Funds will promote innovation, R&D, product development within the country. Government have appointed CANBANK Venture Capital Funds Ltd. (CVCFL)

as Fund Manager of the Electronics Development Fund and letters of commitment have already been given to four daughter funds. The EDF is receiving requests from Venture Funds, Angel Funds and Seed Funds in areas of electronics, IT and nano-electronics, which in-turn will provide risk capital to electronics industry. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs. 50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs. 50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided. The Committee are given to understand that recently the Ministry have notified a policy for providing preference to domestically manufactured electronic products wherein the percentage of procurement to be made from domestic manufacturers of electronic products shall not be less than 30 per cent of the total procurement value. The Committee are given to understand that Promotion of Electronics and IT hardware manufacturing in India is an uphill task owing to challenges such as unreliable and costly power supply, high cost of finance, poor infrastructure and logistics, weak components manufacturing base and high transaction costs due to stringent rules and regulations and complex administrative processes. All these issues put India in a disadvantaged position vis-a-vis other existing locations which already have manpower, experience, supply-chain and support systems for electronics & IT hardware manufacturing. A lack of targeted and proactive R&D in collaboration with the industry further adds to the problem. While appreciating the comprehensive schemes floated by the Government to promote electronics and IT hardware manufacturing in India, the Committee find that despite the best efforts of the Ministry, indigenous production of electronics and IT hardware is not picking up as expected and the issue needs to be addressed in a holistic manner on a priority basis. The Committee feel that the issue requires coordination amongst multiple Ministries/Departments of the Government and streamlining the various initiatives aimed at promotion of Electronics and IT hardware manufacturing in India. There is also an underlying need for regular monitoring of the schemes along with mechanisms for mid-term course correction in order to meet the desired objectives. At the same time, the Committee urge that huge upsurge in allocation of funds in this sector need to be matched with optimal and prudent utilization of funds as per Plan programmes. The Committee may also be apprised of the outcome and impact of the Ministry's policy with regard to providing preference to domestically manufactured electronic products in Government procurement and the implementation status of Electronics and Information Technology Goods (Requirements for Compulsory Registration) Order, 2012 concerning compulsory safety standards for electronic products.

Reply of the Government

The action taken mentioned in reference to Point No. 12 is relevant and the same is not repeated herein for the sake of brevity. The information on outcome and impact of the policy to provide preference to domestically manufactured electronics products in government procurement and the implementation status of Electronics and IT (Requirements for Compulsory Registration) Order, 2012 concerning safety standards, is given below:

Preference to Domestically Manufactured Electronic Products

Department of Industrial Policy and Promotion (DIPP) has issued notification for Public Procurement (Preference to Make in India) Order 2017 dated 15.06.2017. As per the para 19, of the Order, where any Ministry or Department has its own policy for providing preference to local content approved by the Cabinet after 1st January 2015, such policies will prevail over the provisions of this Order. All other existing orders on preference to local content shall be reviewed by the Nodal Ministries and revised as needed to conform to this Order.

MeitY had notified the Policy for providing preference to domestically manufactured electronic products in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale on 23.12.2013. The Policy was applicable to all Ministries/ Departments (except Ministry of Defence) and their agencies. It was also applicable for procurement of electronic products made under all Centrally Sponsored Schemes and grants made by Central Government. Detailed Guidelines had also been issued for operationalizing the Policy on 16.11.2015.

In furtherance of the Policy for providing preference to domestically manufactured electronic products in Government procurement, 9 generic electronic products, which are procured across sectors had been notified by the MeitY. Also, 23 Telecommunications Products had been notified by the Department of Telecommunications (DoT) on 05.10.2012 and subsequently revised on 11.01.2017, in furtherance of the policy.

A stakeholder consultation was convened in MeitY on 24.08.2017 to discuss and finalize the generic Electronic Products Notification for 10 electronic products viz; Desktop PCs, Laptop PCs, Tablet PCs, Dot Matrix Printers, Smart Cards, LED Products, Biometric Access Control/ Authentication Devices, Biometric Finger Print Sensors, Biometric Iris Sensors and Servers, in furtherance of the Public Procurement (Preference to Make in India) Order 2017. Based on the outcome of the stakeholder consultation, the Electronic Products Notification under the Public Procurement Order 2017 for aforesaid 10 electronic products has been finalized and shall be notified shortly after obtaining requisite approval.

A total of Rs. 622 crores worth of domestically manufactured electronic/ telecom products have been procured by the Ministries/ Departments/ Agencies till 31.07.2018, as per the information obtained from MeitY's web portal, DGS&D website and reports submitted by BBNL and NICSI.

Compulsory Safety Standards for Electronic Products:

Ministry of Electronics and Information Technology (MeitY), has notified "Electronics and IT Goods (Requirement of Compulsory Registration) Order, 2012"on 03.10.2012 and 13.11.2014 under the provision of Compulsory Registration Scheme of BIS Act, 1986 mandating Indian Safety Standards. Currently 30 categories of electronic products are covered under the Order.

These notified electronic products categories are Electronic Games (Video), Laptop/Notebook/Tablets, Plasma/ LCD/LED Television of screen size 32" or above, Optical disc players with built in amplifiers or input power 200W and above, Microwave Ovens, VDUs, Video Monitors of screen size 32" and above, Printers/Plotters, Scanners, Wireless Keyboards, Telephone

Answering Machines, Amplifiers with input power 2000W and above, Electronic Musical Systems with input power 200W and above, Electronics clocks with Main powers, Set Top Box, Automatic Data Processing Machines, Power Adaptors for IT Equipments; Power Adaptors for Audio, Video & Similar Electronic Apparatus; UPS of rating ≤ 5kVA; Invertors of rating ≤ 5kVA; Secondary Cells / Batteries / Power Banks containing Alkaline or other non-acid Electrolytes for use in portable applications; D.C. Supplied Electronic Control gear for LED Modules; Self- Ballasted LED Lamps for General Lighting Services; Fixed General Purpose LED Luminaires; Mobile Phones; Cash Registers; Point of Sale Terminals; Copying Machines / Duplicators; Smart Card Readers; Mail Processing Machines / Postage Machines / Franking Machines and Passport Reader.

Further, the Indian Language support for Mobile Phones as per IS 16333 (Part 3) has been added to the schedule of this Order vide notification dated 24.10.2016. The standard provides for allowing input of text in English, Hindi and at least one additional Indian official language along with facility of readability in the phones for all 22 Indian official languages and script supporting these languages. The Order is set to come into effect from 1st October, 2017.

MeitY has notified vide Gazette No. S.O. 2742(E) dated 23.08.2017 the following product categories under the Compulsory Registration Order-Phase-III. The items include recessed LED Luminaries, LED Luminaires for Road and Street lighting, LED Flood Lights, LED Hand lamps, LED Lighting Chains, LED Luminaires for Emergency Lighting, UPS/Inverters of rating ≤ 10kVA,Plasma/ LCD/LED Television of screen size up-to 32",Visual Display Units, Video Monitors of screen size up-to 32",CCTV Cameras/CCTV Recorders, Adapters for household and similar electrical appliances, USB driven Barcode readers, barcode scanners, Iris scanners, Optical fingerprint scanners and Smart watches. The provisions of the Order shall apply on these items upon the expiry of six months from the date of publication of this notification in the official Gazette.

The Compulsory Registration Scheme has resulted in high compliance of notified electronic goods to Indian safety standards and more than 10000 registrations have been granted by BIS to manufacturing units covering approximately 50,000 products models/series. Presently, there are more than 44 BIS recognized labs for the testing of the notified items.

Cyber Security Projects (NCCC and others)-synergy amongst agencies and need for a consolidated fund for cyber security

(Recommendation No. 14)

The Committee note that Cyber Security Projects (NCCC & others) have been allocated Rs. 100 crore as against the proposed allocation of Rs. 30.55 crore. The increase in budget allocation is to establish a limited version of National Cyber Coordination Centre (NCCC) which would serve as a test bed before its full scale implementation. The objective of setting up of NCCC is to generate necessary situational awareness of existing and potential cyber security threats and enable timely information sharing among stakeholders for proactive, preventive and protective actions by individual entities. At present, the process for procurement of equipment / technology for setting up of limited version of NCCC is in progress and the full scale NCCC is envisaged to become operational in a period of 1 year subject to availability of requisite

funds, manpower and suitable space to host the Centre. The Committee also note that these initiatives of the Ministry are in addition to the operational activities of the cyber security programme with an allocation of Rs. 40.48 crore for the year 2017-18, wherein the budget concerns the requirement of CERT-In (operational expenditure), Cyber Appellate Tribunal (CAT) (operational expenditure) and Cyber Security R&D (Grant-in-aid). Considering the fact that cyber security is going to be an area of major concern in future and would require allocation of significant resources, the Committee recommend that instead of having multiple budgetary heads for funding cyber security agencies/programs, the Ministry should have a separate consolidated fund covering all the aspects related to cyber security. The consolidated fund can be used for schemes such as Cyber Security Projects which includes setting up of the proposed NCCC as well as meeting the financial requirements of the existing organizations/programs such as CERT-In, CAT and Cyber Security R&D. The Committee also recommend steps to strengthen proposal for allocation of 10% of the IT budget of every Ministry/Department towards cyber security. While appreciating the setting up of NCCC as a pro-active agency in dealing with issues relating to cyber space in contrast to the existing CERT-In which plays a rather passive or reactive role, the Committee hope that setting up multiple institutions catering to cyber security would not give rise to confusion, overlapping of functions and lack of accountability. The Committee hope that the three institutions viz. the existing CERT-In, the Botnet centre and the proposed NCCC should be integrated to complement each other and provide a seamless security framework for effectively dealing with emerging threats in the Indian cyber space.

Reply of the Government

MeitY has noted the point and will take necessary action to consolidate budget head for Cyber Security.

As regards earmarking 10% of their IT budget towards cyber security by all Ministries/Departments, a letter to all the Ministries/Departments is being sent from competent authority with the appeal for necessary budget allocation towards cyber security.

MeitY has noted the point relating to integration of CERT-In, Botnet Centre and NCCC. It is noteworthy to mention that the Indian Computer Emergency Response Team (CERT-In) issues alerts and advisories regarding latest cyber threats and countermeasures on regular basis. The reported incidents to CERT-In are analysed and necessary actions are taken to mitigate the attacks in coordination with concerned organisations and service providers within and outside the country. Remedial measures are suggested to affected organisations to prevent recurrence of incidents. Botnet Cleaning and Malware Analysis Centre has been established. The centre is providing detection of malicious programs and free tools to remove the same for common users. The objective of NCCC is to generate necessary situational awareness of existing and potential cyber security threats and enable timely information sharing among stakeholders for proactive, preventive and protective actions by individual entities. The objectives of all the three initiatives are separate and complement each other to provide a seamless security framework.

Cyber Security – Need for a comprehensive overhaul through Sectoral CERTs

(Recommendation No. 15)

The Committee note that the number of cyber security incidents reported to CERT-In have been increasing year-on-year and have jumped from 7981 cases in 2009 to 50362 cases in 2016. With the Government's push towards a less-cash economy, the number of online transactions is expected to rise exponentially. With an exponential rise in the number of electronic transactions/digital payments, there is likely to be a proportionate increase in cases of cyber crimes, cyber frauds, financial e-frauds etc. The Indian Computer Emergency Response Team (CERT-In) is the nodal agency for cyber security in India. CERT-In has been designated under Section 70B of Information Technology (Amendment) Act 2008 to serve as the national agency to perform the various functions in the area of cyber security, *viz.* collection, analysis and dissemination of information on cyber incidents, forecast and alerts of cyber security incidents, emergency measures for handling cyber security incidents, coordination of cyber incident response activities, etc. The Committee find that CERT-In, the existing nodal agency for securing the Indian cyber space, in its existing passive/reactive role comprising of issuing advisories based on reported incidents of cyber crime and conducting training/awareness programs would require significant resource augmentation to meet the future challenges likely to emanate in the Indian cyber space. The increase in cyber security incidents would also put significant strain on the scarce resources of CERT-In. The Committee feel that securing the cyber space is an ongoing effort and a single CERT for the entire country would be grossly inadequate in view of the emerging cyber security threats. The Committee recommend that steps may be taken by the Ministry for setting up of sector specific CERTs and State CERTs in order to secure the Indian cyber space in a seamless manner. The country would need to augment the capacity of CERT-In through setting up of sectoral CERTs in critical sectors like power, telecommunications, financial institutions, etc. The Committee are glad to note that work on establishing CERT for power and telecom sectors is already underway and the work on CERT for financial sector is expected to commence soon. In addition to CERTs for critical sectors, there is also an impending need for setting up of State CERTs. While Kerala and Maharashtra have already set up their State CERTs, there is a need to encourage other states to have their own CERTs in place to protect their critical information infrastructure.

Reply of the Government

MeitY has noted the points raised by the Committee and is already working on Sectoral CERTs which would cover both the Sector specific CERTs as well as State CERTs. In addition, MeitY is working towards augmentation of manpower for CERT-In and also for providing additional office space for CERT-In.

Cyber Security – Need for trained Manpower

(Recommendation No. 16)

The Committee note that Cyber Security is an evolving area wherein new technologies are being introduced every day leading to ever increasing demand for human resources in the domain of cyber security. To address the requirement of trained professionals in this niche area, Government have taken several initiatives under the Information Security Education and Awareness (ISEA) project Phase I & II and through National Skill Development Corporation (NSDC). National Cyber Security Policy 2013 has envisaged a need to create a workforce of 5 lakh professionals skilled in cyber security in the next five years through capacity building, skill development and training. The Committee also note that CERT-In is empanelling Cyber Security auditors through a stringent testing mechanism to help government and critical sector organizations to conduct regular audits. At present there are 32 Cyber Security Auditors/ Auditing Organizations empanelled by the Indian Computer Emergency Response Team (CERT-In) for the purpose of carrying out cyber security audit related activities. The empanelment is a continuous process and new auditors are empanelled after successful completion of test procedures and verification of auditing skills. Government and critical sector organizations are consulting the list for their cyber security audit requirements. The Committee also note that under the NDLM and DISHA schemes, Industry has trained 1.15 lakh candidates under Corporate Social Responsibility (CSR). Under the newly approved PMGDISHA scheme, it is proposed that the Panchayats which are part of urban agglomerations would be covered under the Corporate Social Responsibility (CSR) activities of Industries/Organizations. In so far as online frauds/cyber security incidents are concerned, RBI has registered a total of 16,468, and 8689 cases of frauds involving credit cards, ATM/debit cards and internet banking during the year 2015-16 and 2016-17(upto December 2016), respectively whereas during the year 2016, a total of 50,362 cyber security incidents were reported to and tracked by Indian Computer Emergency Response Team (CERT-In). The types of cyber security incidents include phishing, scanning/probing, website intrusions and defacements, virus/malicious code, Denial of Service attacks, etc. While the existing number of online frauds/cyber security incidents do not seem to be very high, with increasing adoption of technology and online activities/transactions, the numbers are likely to increase in future. It is a matter of concern that at present there are only 32 Cyber Security Auditors/ Auditing Organizations empanelled by the Indian Computer Emergency Response Team (CERT-In) for the purpose of carrying out cyber security audit related activities. Even if the empanelment is a continuous process and new auditors are empanelled after successful completion of test procedures and verification of auditing skills, it would still take significant amount of time to have sufficient number of Cyber Security Auditors/Auditing Organizations in the country. The Committee feel that putting the entire burden of empanelling Cyber Security Auditors/Auditing Organizations on CERT-In

and the task of training 5 lakh cyber security experts on MeitY and related entities seems to be an impractical proposition. In view of the increasing number and complexity of cyber threats, there is an urgent need to scale up the enrolment/empanelment of cyber security experts/Auditors/Auditing organizations. The Committee recommend that while continuing with the enrolment/empanelment of cyber security experts/Auditors/Auditing organizations at an accelerated pace, the Ministry should also explore/strengthen collaboration with large players in the Indian IT/ITeS sector who have significant training infrastructure to cater to the requirement of 5 lakh cyber security experts as per the Cyber Security Policy 2013 and who are willing to contribute as part of their CSR initiatives to tide over the acute shortage of experts/manpower in the domain of cyber security. Such collaboration can significantly reduce the burden on critical Government agencies like CERT-In which are woefully short of resources to meet the increasing manpower requirement for cyber security. Separate funds should also be earmarked for training of professionals in the domain of cyber security.

Reply of the Government

MeitY is implenting ISEA project engaging 51 academic institutions for training and education for creation of 1.5 lakh cyber security professionals. MeitY has created 6000 professionals through CERT-In trainings, 32,628 (28000 + 1872 + 2756) professionals through cyber training labs established in collaboration with DSCI (at Mumbai, Pune, Bangalore and Kolkat), CDAC (in north eastern States) and NITTTR (at Chandigarah). Besides this, MeitY has engaged Data Security Council of India – (DSCI) for creation of cyber crime awareness in Law Enforcement Agencies (LEAs) through workshops in various cities and so far 1872 Police officers through 15 workshops in various States. MeitY is planning to initiate more programs for creating skilled manpower.

Unique Identification Authority of India (UIDAI)

(Recommendation No. 19)

The Committee note that UIDAI was established in 2009 with the vision 'to empower residents of India with a unique identity and a digital platform to authenticate anytime, anywhere'. UIDAI provides instant authentication and e-KYC facilities, using which various services such as banking, SIM cards, Passports, distribution of foodgrains, disbursal benefits through DBT and subsidies, Scholarships, Pension etc. are being delivered digitally with great convenience to people. Aadhaar being a disruptive technology with immense potential to transform existing systems, UIDAI had initially taken a conscious decision to make its services available to people free of cost to encourage widespread acceptance of Aadhaar both as a proof of identity and a mode of on line instant verification. At present, usage of Aadhaar is in a preliminary stage and several steps are being taken to promote use of Aadhaar in Government as well as private sectors. The Committee are glad to note that in the initial stage itself, Aadhaar

has started delivering huge benefits. Even with partial adoption, during the last three years, Aadhaar has plugged significant leakages in a number of government schemes yielding considerable savings in PDS, MNREGA, LPG Subsidies, etc. The Committee were also informed that for FY 2017-18, UIDAI has been allocated grants-in-aid of Rs.900 crore as against the BE 2017-18 projection of Rs.1938.76 crore. The BE proposals were put up after considering increased rate of enrolment assistance from existing Rs.40/- to Rs.50/- per Aadhaar generation which was necessitated since the Aadhaar eco-system partners were finding it commercially less viable to sustain the operations owing to low footfalls with increase in Aadhaar saturation. Since the current allocation of Rs.900.00 crore will not be sufficient to meet the committed and contractual requirements of UIDAI, Ministry has been requested to consider additional allocation of at least Rs.300 crore for UIDAI for 2017-18. The Committee find that with increasing saturation of UIDAI enrolment, the pace of UIDAI enrolment is likely to slow down to reach a stable equilibrium where the cost of enrolment may be higher than the present level due to reduction in scale of enrolment. The UIDAI enrolment process is following a desired progression and the current phase must have been factored in the scheme while it was conceptualized. UIDAI is an important national asset that has wide ranging applications and immense use in the digital economy from acting as unique identification to almost 128 crore Indians to providing valuable services such as instant authentication and e-KYC etc. It is a well accepted principle that to promote new disruptive technology system during initial phases, services have to be provided with incentives or at least free of cost to the public. However, after achieving large scale adoption and having huge potential applications in a digital economy, it is desirable that in the long run, the system is made self-sustainable and independent of government grants. While endorsing the Ministry's request for additional allocation in UIDAI for the year 2017-18, the Committee recommend that after achieving almost 87% enrolment, UIDAI should look adopting a self-sustainable financial model and reduce its reliance on Government funds. While presently, UIDAI does not charge anything for providing valuable services such as e-KYC and authentication, with widespread usage of UIDAI data for authentication, e-KYC, financial transactions etc. which will only increase in future, in the long run, UIDAI should study and examine various pricing models and come up with a suitable model that makes it self-sustainable while being minimalistic so as not to discourage/disrupt the Aadhaar adoption/usage or burden the average Indian citizen.

Reply of the Government

UIDAI was established in 2009 with a vision to empower residents of India with a unique identity and a digital platform to authenticate anytime, anywhere. The Ist Aadhaar was issued on 29.09.2010 and authority has so far issued more than 114 crore Aadhaar numbers to the residents of India. UIDAI also provides instant authentication and eKYC facilities, using which various services such as banking, SIM cards, Passports, distribution of food grains, disbursal

benefits through DBT and subsidies, scholarships, pension etc. are being delivered digitally with great convenience to people.

Aadhaar being a disruptive technology with immense potential to transform existing systems, UIDAI had initially taken a conscious decision to make its services available to people free of cost to encourage widespread acceptance of Aadhaar both as a proof of identity and a mode of online instant verification.

Usage of Aadhaar is at present in a very preliminary stage. Several steps are being taken to promote use of Aadhaar in Government as well as private sectors. In the initial stage itself, Aadhaar has started giving tremendous benefits. Even with partial adoption, Aadhaar has plugged massive leakages in a number of Government Schemes yielding huge savings in PDS, MNREGA, LPG subsidies etc. amounting to around Rs. 50,000 crore during the last 03 years. World Bank in its digital dividend report released in January 2016 has estimated that if Aadhaar is leveraged in all DBT Schemes in Govt. of India, it will be annually save US $ 11 billion every year. It is well accepted principle that to promote a new disruptive technology system, during initial phases, services should be provided with incentives or atleast free of cost to the public. Recent rapid successes of Paytm, Ola, Uber etc. are few examples as how incentives led to rapid adoption of new technologies.

However, UIDAI is in a process of examining various pricing models for evolving a self sustainable model while being minimalistic so as not to discourage/ disrupt the Aadhaar adoption/ usage or burden the average Indian citizen.

Unique Identification Authority of India (UIDAI) – Need to promote Aadhaar applications such as AEPS and eKYC etc.

(Recommendation No. 20)

The Committee note that Aadhaar is unique and does not change over the lifecycle of an individual. The 12-digit Aadhaar is sufficient to transfer any payments to an individual. Today, in order to transfer money to a beneficiary, the Governments/ Institutions need to know the bank account, IFSC Code, and bank branch details etc. which is prone to change. However, Aadhaar offers the possibility of sending money by just using the 12-digit number for life without bothering about any changes in the bank account of the individuals. Thus, with this unique property of being valid for a lifetime, Aadhaar is very well perceived as a Financial Address in the banking sector. The Committee also note that UIDAI has developed several innovative Aadhaar applications such as AEPS, Aadhaar Pay, Pay-to-Aadhaar and e-KYC. A payment platform called the Aadhaar-enabled Payment Systems (AEPS) has been designed and implemented by NPCI. The AEPS system works through a device called 'MicroATM' and resident validation for banking transaction is done through Aadhaar Based biometric authentication, online. Aadhaar enabled Payments System (AePS) facilitates basic banking access (viz. cash withdrawal, cash deposit, balance enquiry, fund transfers) to

the beneficiaries in a hassle free manner at/ near the doorsteps. Further, usage of Aadhaar authentication enables transactions in real time in an inter-operable environment. During the recent demonetization move with over 86% of the currency being demonetized, digital payments got the big push. Among the top five ways to move forward in the direction of digital payments AEPS plays a very important role from the digital payments perspective. With over 42 crore accounts seeded with over 39.4 crore unique Aadhaars, every second adult in the country has linked his/her bank account with Aadhaar. AePS platform is being used by banks for the BC (business correspondent) network. As on 31st January banks have deployed 1.85lac AEPS enabled devices. On an average 13.88 lac transactions take place on these devices on a daily basis. Since inception, overall AEPS transactions done is 35.98 crore. The AePS system is interoperable at over 81 banks and available with over 123 banks for ON-US transactions. Aadhaar Pay, the merchant version of AEPS, is due for official launch shortly. The application works on a low cost android phone with an attached finger bio-metric device and enables the merchant to take cashless payment from his customers. The customer is only required to give his Aadhaar number, name of the bank (from where the money is to be deducted) and his finger print for authentication. Pay-to-Aadhaar is the service of being able to make a payment to an individual's Aadhaar number. 17 Banks are offering this service on BHIM app. Based on industry inputs, which was looking for digital KYC solution coming directly from the issuer of KYC, UIDAI has developed another service called e-KYC. With the explicit consent/authorization by the resident, the Aadhaar e-KYC service provides an instant, electronic, non-repudiable proof of identity and proof of address along with date of birth and gender. In addition, it also provides the resident's mobile number and email address to the service provider, which helps in further streamlining the process of service delivery. While lauding the introduction of innovative Aadhaar based applications such as AEPS, Aadhaar Pay, Pay-to-Aadhaar and e-KYC, the Committee recommend that there is a strong need to promote these Aadhaar based applications which find tremendous use in a less-cash economy.

Reply of the Government

UIDAI has been taking up activities for promoting the Aadhaar based applications through various media and also planning to do so in future media campaigns.

Recent developments in US and impact on IT Sector

(Recommendation No. 21)

The Committee note that the recent change in the US immigration policy/visa rules poses a major challenge to the Indian IT sector since Indian IT companies have a strong presence in US. Although the full impact of the change in regulations is not yet clear, however, any change in the visa related legislations is likely to have a major

impact on the Indian IT companies. The Committee are of the considered view that the Ministry should undertake a comprehensive evaluation of the likely impact of any change in US visa policies on the Indian IT sector and take appropriate measures to mitigate any adverse impact on the Indian IT sector. At the same time, steps may be taken to broad base the footprint of the Indian IT companies across multiple geographical areas and reduce their dependence on single geographical region so that any sudden/abrupt change in Government policies/programs do not have any adverse impact on Indian IT companies.

Reply of the Government

The following action have been taken:

A. Key Concerns for Indian IT-ITES companies on H-1B & L-1 visas

Indian IT services companies need non-immigrant work visas, including H-1B visas for skilled temporary workers in specialty occupations and L-1 visas for intra-company transferees. The keys challenges are higher visa fees and high rejection rates for L-1 and H-1B visas. Indian IT companies go under constant scrutiny of US lawmakers and face continuing pressure from the US Congress, threatening to impose additional financial burden and other restrictions on them in the guise of immigration reforms.

B. H1B/L1 Visa Fee Hike

2016 Omnibus Appropriations Bill, signed into law by President Obama

- On December 18, 2015, President Obama signed into law the 2016 Omnibus Spending Bill which included doubling of the L-1 and H-1B visa fees for companies employing 50 or more employees in the United States, 50% of which are on L-1 and H-1B visas (50:50 rule). With this legislation in place, these companies would now need to pay an enhanced fee of $4,500 for each L-1 visa and $4000 for each H-1B visa, as compared to $2,250 and $2,000 previously. **As per this law, the higher visa fee would apply for a period of 10 years and would include visa extensions.** As per NASSCOM's estimates, the impact on India IT industry, of US visa fee hike on new applications alone will be **around USD 200 million p.a.**

C. Recent Visa Bills and executive order

The 115th Congress started on 3rd January 2017, old bills pending have lapsed and new bills have been introduced in the new congress, which mainly focused on **Visa Fee hike, Higher remuneration and educational bar** for outsourced employees.

The details are as under:

i. The "Protect and Grow American Jobs Act" Bill
ii. The "High-Skilled Integrity and Fairness Act of 2017" Bill
iii. The "H-1B and L-1 Visa Reform Act of 2017" Bill (Planned for Future)
iv. The Executive Order on "Buy American, Hire American"

i. *"Protect and Grow American Jobs Act" by Republican Congressman Darrell Issa and Democratic Congressman Scott Peters on H1B Visa:*

The legislation would help close a loophole in the nation's high-skilled immigration system being used by these companies to bring in cheaper foreign labor from abroad. It would raise the salary requirement for the positions to $100,000/year (up from $60,000/year currently) and eliminate the Masters Degree exemption.

ii. *High-Skilled Integrity and Fairness Act of 2017 by Zoe Lofgren (Democratic Congressmen, D-CA 19th District California) Bill on US Visa*

- The minimum salary of H-1B visa holders be more than doubled to $130,000 (up from $60,000/year currently).
- Removing incentives for companies to undercut American wages and outsource jobs.
- The legislation, called the High-Skilled Integrity and Fairness Act of 2017, prioritizes market-based allocation of visas to those companies willing to pay as much as 200 per cent of a wage calculated by the survey.
- The legislation also proposes eliminating the 'lowest pay' category. The raised salary level - to more than $130,000 - is more than double the current H-1B minimum wage of $60,000, which was established in 1989 and has since remained unchanged.
- "This legislation (act) refocuses the H-1B programme to its original intent - to seek out and find the best and brightest from around the world, and to supplement the US workforce with talented, highly-paid, and highly-skilled workers who help create jobs here in America, not replace them," said Lofgren.
- The legislation sets aside 20 percent of the annually allocated H-1B visas for small and start-up employers (50 or fewer employers) to ensure small businesses have an opportunity to compete for high-skilled workers, while still being protected from outsourcing.

iii. *H-1B and L-1 Visa Reform Act*

In a related development, Senator Sherrod Brown announced the introduction of an H-1B and L-1 Visa Reform Act in the Senate. The Act, he said, would close loopholes in the H-1B and L-1 visa programs and provide increased protections for both US workers and visa holders. The "H-1B and L-1 Visa Reform Act of 2017" Bill introduced by Senators Chuck Grassley and Dick Durbin on 20th January 2017, which seeks reforms to the H1B and L1 visa programmes in terms of prohibiting companies with more than 50 employees, of which at least half are H1B and L1 visa holders, from hiring additional H1B employees.

iv. *President Trump's Executive Order on "Buy American, Hire American" April 18th 2017*

On April 18, President Trump signed an executive order and for the part relating specifically to the hire American side, he called on the Secretary of State, the Attorney General, the Secretary of Labor, and the Secretary of Homeland Security to "propose new rules and issue new guidance, to supersede or revise previous rules and guidance if appropriate, to protect the interests of United States workers in the administration of our immigration system, including through the prevention of fraud or abuse;" and to "suggest

reforms to help ensure that H-1B visas are awarded to the most-skilled or highest-paid petition beneficiaries."

D. Indian Software & Services Industry - an Overview

- Indian continues to retain leadership position and accounts for ~ 55 % share of the total global IT sourcing market.
- The Indian IT-ITES industry has been progressively contributing to the growth of exports and creation of employment opportunities.
- The total IT-ITES Industry revenue (excluding hardware) is estimated at USD 155 Bn in 2016-17, including exports of USD 117 Billion.
- The IT-ITES Industry has created large employment opportunities, with over 3.86 million professionals directly employed by the industry, while indirect employment is estimated at over 11 million. The net addition of employees in FY 2016-17 is estimated at 1,75,000.

E. IT-ITES Industry Revenue Trend:

Indian IT-ITES industry has continued to perform its role as the consistent growth driver for the economy. Performance over the last 4 years is as under:

(US $ in Billion)

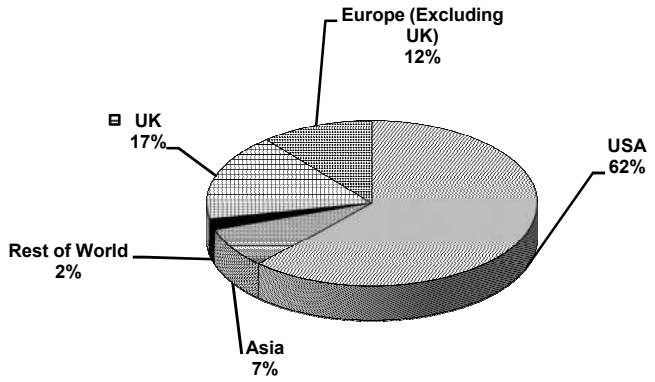
	2013-14	**2014-15**	**2015-16**	**2016-17(E)**
Exports	**88.0**	**97.8**	**108**	**117**
Domestic (incl. hardware)	**31.6**	**34.0**	**35**	**38**
Total Revenue	**119.6**	**131.8**	**143**	**155**

(E) = Estimate *Source: NASSCOM*

IT-ITES Exports Trend in Rupee Terms (Value in Rs. Crores)

	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17(E)**
Total in INR crores	4,14,630	5,27,292	6,00,492	7,00,000	7,90,000
YoY Growth %	24.6%	27.1%	13.8%	16.5%	12.8%

Pattern of IT-ITES Exports across Geographies (2016-17E)



- ***USA, UK and EU account for ~ 90% of the total IT-ITES exports.***

Geographical Market Share of Indian IT-ITES Exports (in %)

	FY-13	FY-14	FY-15	FY-16	FY-17(E)
USA	61.5%	61%	62%	62%	**62%**
UK	17.10%	17%	17%	17%	17%
EU (excl. UK)	11.40%	12%	11%	11%	12%
Asia	7.8%	8%	8%	8%	7%
Rest of the World	2.20%	2%	2%	2%	2%

Source: NASSCOM, E = estimate

- ***In Value terms IT-ITES exports to USA are estimated at US$ 73.0 billion in FY 2016-17***

Aggregate IT-ITES industry revenues for FY2016-17 are estimated at US$155 Billion. The sector continues to be one of the largest domestic employers; directly employing nearly 3.86 million professionals. Global companies have resoundingly voted for India as top-choice when looking for talent by opening up more than 1000+ Global In-house Centres (GIC's).

The importance of the IT industry can be seen from the fact that the current Indian IT-ITES exports accounts for over 49% of the total Indian services exports. In FY2015-16, India's merchandise exports stood at US$ 261 billion while merchandise imports were US$ 379 billion. This entails a merchandise balance of trade at US$ (-) 118 billion. As against this, our foreign exchange net inflow from software services was US$ 71 billion, and that from private remittances was US$ 63 billion (Source: RBI Statistics). In other words, well over half of the merchandise trade deficit is covered by the IT-ITES exports.

Employment Generation:

- Direct employment is estimated at 3.86 million in 2016-17(E).
- Net addition during FY 2016-17: 175,000 jobs
- The sector employs over 30 percent women employees.
- Indirect job creation is estimated at 11.6 million.

	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17(E)**
Employment (In Millions)	2.97	3.27	3.49	3.69	3.86
Net Addition	191000	301000	218000	203000	175000

F. Contributions of India IT firms in USA

- FDI to the US by Indian firms grew from $2.8 billion in 2008 to $7.1 billion in 2013.
- India-based information technology services firms provide vital operational support to more than three-quarters of Fortune 500 companies and thousands of other American businesses in Telecom, Banking and Finance sector.
- These IT firms make their customers more innovative, responsive to their customers, competitive, and primed for new market opportunities globally.
- Contribution of Indian IT industry to the U.S. economy, (2015 Study by NASSCOM-Zinnov)
    - More than $2 billion investments (FY2011-13)
    - Paid over $22.5 billion in taxes (FY2011-15E)
    - 10 per cent average growth rate in jobs – reaching 411,000 direct and indirect jobs – a majority held by American citizens and Green card holders.
    - Increase of productivity, development of IP in US companies by Indian professionals and
    - CSR activities.

G. Steps taken by the Government to safeguard the interests of Indian IT sector

Government of India has undertaken a consultative approach with the industry associations including NASSCOM and IT industry members to discuss measures to improve the overall state of the IT industry and key challenges being faced. MEA, DoC and MeitY have taken up the US visa issue with Highest Level in US Government and also in multiple business forums. Besides, efforts are also being made to diversify global markets which include markets like Africa, South America, Australia, Israel, China and Japan.

In order to mitigate the effect of the changes in US laws, Companies have also changed their strategy from offshore to nearshore and started hiring local talent.

CHAPTER III

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

-Nil-

CHAPTER IV

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

National Informatics Centre (NIC)- Manpower & Infrastructure constraints

(Recommendation No. 4)

The National Informatics Centre (NIC) was established in 1976, and has emerged as a 'prime builder' of e-Government/e-Governance applications up to the grassroots level as well as a promoter of digital opportunities for sustainable development. NIC, through its ICT Network, "NICNET", has institutional linkages with all Ministries /Departments of Central Government, 36 State Governments/Union Territories, and about 680+ District administrations of India. The Committee note that during the year 2016-17, there has been an upward revision of allocation at RE stage from Rs. 800 crore to Rs. 960 crore, comprising of Rs. 69 crore meant for Salary revision due to implementation of recommendations of 7th Pay Commission and the remaining Rs. 91 crore for setting up of state-of-the-art National Data Centre at Bhubaneswar and for the development of Central Public Procurement Portal etc. The Committee are, however, concerned to note that two major constraints of NIC *i.e.* manpower and infrastructure have not been addressed by the Ministry till date. The Ministry themselves have submitted that with NIC's main focus in providing latest State-of-the-art ICT infrastructure, as per increasing IT requirement at State/District level, it has become difficult for them to sustain the number of projects with the existing manpower with NIC. Another constraint being faced by the institution is basic infrastructure upgradation across the country to match with its huge expansion of e-governance projects and activities. During the examination of Demands for Grants (2016-17), the Ministry had informed that with regard to shortage of regular manpower, a proposal has been mooted for creation of 1407 posts across different levels of Scientific and Administrative Officers to meet the e-Governance requirements of NIC, which was under consideration for Inter-Ministerial approval. The Committee are dismayed to note that the above proposal which was mooted way back in 2014 is yet to be approved by the Ministry of Finance. The Committee need not emphasize that NIC being the backbone of the ICT infrastructure in the country, it is imperative that their manpower and infrastructure requirements are given due attention. The Committee, therefore, recommend the Ministry that manpower and infrastructure issues in NIC should be taken up on priority at the highest level and proposal of creation of additional posts in NIC be fast tracked without any delay.

Reply of the Government

Ministry had observed that the financial implications need to be reworked factoring the 7th CPC recommendations and update the present status of the recommendations. Accordingly, NIC is working again on the resubmission of the file also taking into account the recommendations of the High Level Committee for transformation of NIC to NIC 2.0.

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

Manpower Development

(Recommendation No. 8)

The Committee note that during the year 2015-16, the Manpower Development scheme under the Digital India Programme was allocated Rs. 694.80 crore at BE stage which was reduced to Rs. 494.80 crore at RE stage and the actual utilization was 489.55 crore. In the year 2016-17, the scheme was allocated Rs. 365.00 crore at BE stage which remained unchanged at RE stage and the actual utilization has been Rs. 310.74 crore as on 31.01.2017. For the year 2017-18, the scheme has been allocated Rs. 306.76 crore. The Ministry of Skill Development and Entrepreneurship assigns a target of skilling every year to MeitY which is achieved through National Institute of Electronics and Information Technology (NIELIT), an autonomous scientific society setup by MeitY. A small portion of the target is also assigned to C-DAC which is also engaged in education and training in upcoming/emerging and niche areas. For the FY 2016-17, a target of skilling 3.96 lakh candidates was assigned to MeitY and as on 14.02.2016, a total of about 3.44 lakh candidates were trained by NIELIT and CDAC. While appreciating the role of NIELIT and C-DAC in imparting requisite skills for manpower development in the domain of Electronics and Information Technology, the Committee are of the view that gradual decline in the allocations for such an important scheme of the Ministry is an area of concern. Considering the huge requirement of funds, particularly in the light of thrust laid on digital payment, where Government is emphasizing on at least one person in household to be digitally literate to operate the mobile application, adequate funds need to be ensured for this programme and role of societies like NIELET and C-DAC which have got pan-India presence and are engaged in skilling in non-formal sector in IT and Electronics should be expanded and possibility may be explored to recognize them as skilling institutes in IT and Electronics and allied verticals to generate skilled manpower. The Committee also recommend that instead of solely depending on Government grant, the Ministry should explore new avenues of funding for programmes like digital literacy. Being the nodal Ministry, MeitY should act as a facilitator and ensure that the funds under the Corporate Social Responsibility is properly channelized and financial resources of the industry is tapped for manpower development and digital

literacy. The Ministry should also increase their coordination with the Ministry of Skill Development to meet the manpower and training related requirement of the sector.

Reply of the Government

The action taken by MeitY is as under:

6. As against a target of a target of skilling 3.96 lakh candidates assigned to MeitY for FY 2016-17 by M/o Skill Development and Entrepreneurship, a total of about 4.66 lakh candidates were trained by NIELIT, CDAC and others.

7. The Government of India has implemented two Schemes for Digital Literacy namely 'National Digital Literacy Mission' (NDLM) with a target of training 10 lakh persons and Digital Saksharta Abhiyan (DISHA) in 2014 with a target of training 42.5 lakh persons covering one person per family. These schemes were implemented concurrently across the country and a total of 53.67 lakh candidates were trained and certified by December 2016. Under these two schemes, a total of 1,15,650 candidates were trained through the industry initiatives under CSR funding, which was coordinated through NASSCOM Foundation. For such industry sponsored candidates, the training was imparted through their own resources without any financial support from Government. Only the certification cost of these candidates was borne by the Government.

8. The Government has approved a new scheme titled "Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA)" in February, 2017 to usher in digital literacy in rural India by covering 6 Crore rural households (one person per household) by 31.03.2019 with funding support of Government.

   The Implementing Agency of the PMGDISHA Scheme viz. CSC e-Governance Services India Ltd. (CSC-SPV) is integrating various efforts towards spreading Digital Literacy in the country by Industry, NGOs and others. For such candidates, training would be imparted by these agencies through their own resources/Corporate Social Responsibility (CSR) funds. The candidates trained under such initiatives would be eligible to appear for certification exams conducted by the identified certifying agency and the Certification fee would also be borne by these respective agencies. Industry partners such as NASSCOM Foundation, IndusInd Bank, Hewlett Packard, etc have been on boarded with CSC-SPV as Industry partners under the scheme.

9. The M/o E&IT is actively engaging with M/o Skill Development & Entrepreneurship and relevant Sector Skill Councils, NIELIT and C-DAC, Industry Associations, etc. to meet the manpower and training requirement of the IECT sector.

10. The activities undertaken under Manpower Development are prioritized depending on the availability of funds. A sum of Rs 50 crore has been granted for the PMGDISHA Scheme in the first batch of Supplementary Demands for Grants 2017-18.

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

State Wide Area Network (SWAN) – J&K and A&N Islands

(Recommendation No. 9)

The Committee note that SWAN has been implemented in all the States/UTs except Jammu & Kashmir and Andaman & Nicobar Islands. The States/UTs have been utilizing the core infrastructure of SWAN for connectivity and dedicated close user application access connectivity. SWAN has been integrated with National Knowledge Network (NKN) in 29 States/UTs at SHQ level and at 440 district centers to provide high bandwidth. Increasing digitization amongst states has led to higher utilization of available bandwidth. At present, 30 States/UTs are utilizing more than 60% of bandwidth of the existing link capacity and the bandwidth utilization is likely to increase further in future. The Committee are, however, concerned to note that major impediments such as lack of participation of System Integrators (poor bid response) and higher bid value which has led to re-tendering four times in respect of J&K and twice in respect of A&N Islands are acting as major roadblocks in operationalization of SWAN in these States/UTs. The Committee have been informed that the State of J&K is in the process of re-floating of RFP for selection of System Integrator (SI) and the UT of A&N Islands has finalized the RFP/Technical requirement for selection of System Integrator (SI). The Committee are of the view that seamless connectivity through implementation of SWAN is essential to leverage the digital infrastructure in the States/UTs, and it is disturbing to note that implementation of SWAN in Jammu & Kashmir and Andaman & Nicobar Islands has been delayed badly due to the above hurdles. The Committee recommend that concerted efforts be made to address the above issues and State Wide Area Network be made operational at the earliest in the remaining States/UTs including that of J&K and A&N Islands.

Reply of the Government

Both J&K and A&N Islands have been impressed upon from time to time to expedite implementation of SWAN Scheme. The State of J&K has certain difficult geographical terrain and also problem of law and order/militancy due to which many of the existing vendors don't appear to be inclined to bid. Besides, for A&N Island, the bidders don't seem to be attracted due to its terrain/topography and non availability of technically skilled manpower in the UT itself. The experience suggests that getting unskilled, semi-skilled and technically qualified and skilled manpower for network management and operation presumably may be at a higher manpower cost and resultantly vendors do not find it financially viable to undertake this project for a period of 5 years.

However, both the governments have been suggested to widely circulate RFP for SWAN, load it on the website as it may facilitate fetch better response from prospective bidders.

This ministry is conscious of the delay and possibly may come out with a different strategy in consultation with J&K and A&N Islands in case there is no competitive bid response from prospective vendors in the near future.

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

Cyber Security – Need for a victim centric approach

(Recommendation No. 17)

The Committee note that there is no separate mechanism for dealing with cases of cyber crime in India. As is the case with other criminal offences, the Police and Public Order are State subjects under the Constitution and as such the State Governments and Union Territory Administrations are primarily responsible for prevention, detection, registration and investigation of cyber crime. In so far as the role of Indian Computer Emergency Response Team (CERT-In), the nodal agency for cyber security is concerned, it primarily relates to issuing alerts and advisories regarding latest cyber threats and countermeasures on regular basis and creating Cyber security awareness through initiatives such as the Digishala Campaign. The Committee note with concern that there is no central helpline for victims of cyber crime. However, in cases of cyber crime pertaining to online Digital Payments, the incident can be reported to CERT-In through any bank or payment system operator. The Committee are concerned to find that there is no specialized nodal agency whom the victims can directly approach in cases of various kinds of cyber crimes, cyber frauds, financial e-frauds etc. which are occurring in the country and the victims are unaware as to whom to approach for remedy. If a person falls prey to financial fraud while transacting through his/her mobile phone, he/she is unaware of the appropriate agency to approach viz. the local police, RBI, the bank, the financial intermediary, the telecom service provider or CERT-In etc. A lack of coordination amongst the different agencies/stakeholders and inadequate publicity of the existing arrangements further complicates the matter for the victim. With increasing online activities/transactions, there is an urgent need to adopt a '*victim-centric*' approach through establishment of a nodal agency/helpline for victims of cyber crimes, cyber frauds, financial e-frauds etc. which could help them in identification of the cyber crime, inform them about the appropriate agency to approach and guide them regarding next course of action in dealing with the incident. The Committee recommend setting up of a nodal agency/helpline which could help victims of cyber crime in identification of the cyber crime, inform them about the appropriate agency to approach and guide them regarding next course of action in dealing with the incident. Setting up of such an agency/helpline would not only help the victims of cyber crime but would also improve reporting of cyber crime cases and act as a comprehensive repository of data on cases of cyber crime which would be of immense use for various agencies such as banks, financial institutions, data security providers, CERT-In, Law Enforcement Agencies

(LEA) etc. The Ministry can also explore the possibility of setting up of dedicated cyber courts to deal with cases pertaining to cyber crime.

Reply of the Government

For crime against women & children, MHA is already setting up a centralized portal under their CCWPC project (Cyber Crime Presentation for Women and children). The portal will Act as a single point reporting onsite for all cyber crimes targeted against women and children. For any other cyber crimes, LEA needs to be approached. MHA needs to act on it. For cyber security incidents like phishing, hacking, scanning, spoofing, malware attacks, etc CERT-In can be approached.

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

Cyber Security – Need for a robust legal framework

(Recommendation No. 18)

The Committee note that Information Technology Act 2000 (last amended in the year 2008) addressed all aspects related to cyber space in a comprehensive manner with adequate compliance and deterrent provisions to address cyber crimes such as computer related offences (section 66), Identity Theft (section 66C) and Cheating by impersonation (section 66D). Most of the cyber crimes involving financial transactions/ Digital Payments may fall under these sections. In addition section 43A and corresponding rules require a body corporate to deploy reasonable security practices and procedure including a Privacy Policy and a well defined and implemented information security system with adequate penal provisions. Section 72A of the Act provides for punishment for disclosure of information in breach of lawful contract. The Committee also note that the IT Act, 2000 addressed the prevailing cyber threats at that time but since then, with the ever evolving new technologies and innovations, the type and complexities of cyber threats and financial frauds have also increased manifold. In view of the same, the Act needs to be periodically revisited and updated to address the new threats. With emergence of new cyber threats, presently, the key areas of concern relate to privacy, security and an effective grievance redressal mechanism. Moreover, with the push towards Digital Payments and online transactions, security of Pre-paid payment instruments is another area of concern that needs to be addressed. While noting that cyber security threats keep on evolving at a fast pace, there is a need to keep the countermeasures/legal provisions abreast of the emerging threats on an almost real-time basis so as to ensure that no grey areas or loop holes can emerge which can be exploited by the cyber criminals. The Committee recommend setting up of

an institutional framework to continuously monitor adequacy of existing legal provisions in effectively dealing with emerging cyber threats. The Committee may be apprised of the progress in framing of rules regarding security of pre-paid payment instruments.

Reply of the Government

MHA has already setup a committee under the chairmanship of Shri T.K. Viswanathan, ex-Secretary (Law) for advising on cyber laws and international cyber law and suggest & recommend effective legal framework/guidelines to tackle cyber crime.

The draft rules for security of PPI were put up on MeitY website for public comments. The comments received from public, industry associations and other stakeholders are being examined for appropriate modifications in the draft. Meanwhile, Reserve Bank of India (RBI) has prepared Draft Master Directions for PPI which encompasses majority of the provisions of MeitY draft Rules. MeitY has requested RBI to include remaining clauses of MeitY draft Rules in their Master Directions. MeitY is also working on a framework for data protection law.

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

CHAPTER V

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

-Nil-

New Delhi;
30 November, 2017
09 Agrahayana, 1939 (Saka)

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

Annexure-I

STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2017-18)

MINUTES OF THE FIFTH SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 30 November, 2017 from 1500 hours to 1730 hours in Committee Room No. '53', First Floor, Parliament House, New Delhi.

PRESENT

Shri Anurag Singh Thakur - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
5. Shri Hemant Tukaram Godse
6. Dr. Anupam Hazra
7. Shri P. Karunakaran
8. Shri Virender Kashyap
9. Shri Harinder Singh Khalsa
10. Smt. R. Vanaroja

Rajya Sabha

11. Shri Raj Babbar
12. Shri Suresh Gopi
13. Shri K.G. Kenye
14. Shri Santiuse Kujur
15. Smt. Kahkashan Perween
16. Dr. K.V.P. Ramachandra Rao

SECRETARIAT

1.	Sh. R.C. Tiwari	-	Joint Secretary
2.	Shri Y.M. Kandpal	-	Director
3.	Dr. Sagarika Dash	-	Additional Director
4.	Smt. Geeta Parmar	-	Deputy Secretary

2. At the outset, the Committee took up for consideration the following two Action Taken Reports and adopted the same without any modifications:

(i) Draft Report on action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-Sixth Report (Sixteenth Lok Sabha) on Demands for Grants(2017-18) of the Ministry of Electronics and Information Technology; and

(ii) ....xxxx....xxxx...xxxx... xxxx..

3. ....xxxx....xxxx...xxxx... xxxx..

4. ....xxxx....xxxx...xxxx... xxxx...

5. ....xxxx....xxxx...xxxx... xxxx...

6. ....xxxx....xxxx...xxxx... xxxx...

The Committee, then, adjourned.

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....xxxx....Matters not related to Report

Annexure-II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THEIR THIRTY-SITXTH REPORT

(SIXTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

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

Para Nos.:- 1, 2, 3, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 19, 20 and 21

Total	16
Percentage	76.20

(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.:- 4, 8, 9, 17 and 18

Total	05
Percentage	23.80

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

Para Nos.:- Nil

Total	Nil
Percentage	0.00