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STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2020-21)

SEVENTEENTH LOK SABHA

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifth Report (Seventeenth Lok Sabha) on 'Demands for Grants (2020-21)]

EIGHTEENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

February, 2021/Magha, 1942 (Saka)

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Presented to Lok Sabha on 8-2-2021
Laid in Rajya Sabha on 8-2-2021

LOK SABHA SECRETARIAT
NEW DELHI

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2. Dr. Sagarika Dash	-	Additional Director
3. Shri Abhishek Sharma	-	Assistant Executive Officer

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*Nominated to the Committee w.e.f. 15.10.2020 *vide* Bulletin Part-II dated 15.10.2020
#Nominated to the Committee w.e.f. 28.12.2020 *vide* Bulletin Part-II dated 28.12.2020

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2020-21), having been authorised by the Committee, present this Eighteenth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifth Report (Seventeenth Lok Sabha) on 'Demands for Grants (2020-21)' of the Ministry of Electronics and Information Technology (MeitY).

2. The Fifth Report was presented to Lok Sabha and also laid on the Table of Rajya Sabha on 13th March, 2020. The Ministry of Electronics and Information Technology furnished their Action Taken Notes on the Observations/Recommendations contained in the Fifth Report on 8th July, 2020.

3. The Report was considered and adopted by the Committee at their sitting held on 25th November, 2020.

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 Fifth Report of the Committee is given at Annexure-II.

New Delhi;
4 February, 2021
15 Magha, 1942 (Saka)

DR. SHASHI THAROOR,
Chairperson,
Standing Committee on
Information Technology.

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology deals with action taken by Government on the Observations/Recommendations of the Committee contained in their Fifth Report (Seventeenth Lok Sabha) on Demands for Grants (2020-21) of Ministry of Electronics and Information Technology.

2. The Fifth Report was presented to Lok Sabha on the 13 March, 2020 and also laid in Rajya Sabha, the same day. It contained 17 Observations/ Recommendations. Replies of the Government in respect of all the Observations/Recommendations 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:- Para Nos. 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, and 17

Total : 12
Chapter II

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

Total : NIL
Chapter III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:-
Para Nos. 8, 13, 14, 15 & 16

Total : 05
Chapter IV

(iv) Observations/Recommendations in respect of which replies of the Government are interim in nature:-
Para No. NIL

Total: NIL
Chapter V

3. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. The Committee further desire that Action Taken Notes on the Observations/Recommendations contained in Chapter-I of this Report should be furnished to them at an early date.

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

<u>Digital Locker System- Promotion and Use</u>

(Recommendation Sl. No. 8)

5. The Committee note that Digital Locker System or DigiLocker is a platform for issuance and verification of documents and certificates in a digital way thereby eliminating use of physical documents. DigiLocker has striven to provide critical Identity, educational, transport, financial and municipal documents in digital format to citizens through a digital wallet. This massive exercise in liaising with issuers and helping digitize their documents and finally delivering these digital documents to the citizen has resulted in availability of over 373 crore authentic digital documents. The next step is to make these documents to be put in use/consumed by public and private agencies while delivering services to the citizens. Digital Locker System has over 3.59 Crore Registered Users and an average of 2 crore authentic documents are being consumed every month with an average of 30,000 citizens signing up on the platform daily. Some Important Documents and issuing Departments which have been on-boarded include Aadhaar issued by UIDAI, Driving License and Vehicle Registration issued by MoRTH, LPG Subscription Voucher issued by MoPNG, PAN Verification Record by CBDT, e-District Certificates of around 20 states, Land records for 4 States etc. Ministry of HRD has also granted in-principle approval for DigiLocker to become National Academic Depository (NAD). However, the acceptance of Digital documents for service delivery requires massive transformations across sectors. It also requires changes in corresponding acts and rules of different regulatory domains. The

major reasons impeding the proliferation of the DigiLocker system include lack of central digitization mandate, lack of provisions in regulatory frameworks for accepting digital document, Government departments' low tendency for consumption of digital documents for rendering services and lack of awareness among Government departments and citizens towards use of DigiLocker. The Committee are given to understand that the Ministry have taken initiatives such as Digital Locker Rules, 2016 and its Amendment for Rule 9A, 2017 notified under IT Act, 2000 to provide legal sanctity to documents available from DigiLocker. MeitY have worked with various Ministries such as Ministry of Finance, Ministry of Railways and Ministry of Civil Aviation etc., for promotion and effective use of the facility. MeitY are also in discussion with regulatory authorities like TRAI, IRDA, SEBI, ECI etc. to adopt DigiLocker based Digital document transaction system which will subsequently help in creation of the Digital ecosystem.

The Committee feel that DigiLocker is a great e-Governance initiative but with only 3.59 crore users till date, it has not been able to realize its true potential. While appreciating the efforts of the Ministry in promoting the adoption of Digital Lockers and do away with carrying original documents everywhere, the Committee feel that promoting consumption of digital documents by public and private agencies while delivering services to citizens is the next big challenge which would require modification/amendment to the relevant Acts/Rules to impart legal sanctity to the electronic documents. This initiative by the Ministry will make storage and consumption of important documents hassle free for all the stakeholders. The Committee recommend creation of a Digital ecosystem which promotes acceptance of digital documents for service delivery across sectors. Due publicity may also be given to DigiLocker for its large scale adoption by the citizens. The Committee be apprised of the initiatives taken in this regard.

6. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

" At present more than 3.87 crore citizens have registered on DigiLocker platform and 156 agencies have issued over 378 crore documents.

Policy Level Initiatives

MeitY has been liaising with various Central ministries (Ministry of Finance, CBDT, Election Commission of India, Ministry of External Affairs, Ministry of Rural Development, MHRD etc.), regulatory authorities such as RBI, SEBI, IRDA, TRAI and industry to bring about policy level changes to allow use of authentic digital documents available via DigiLocker in their respective processes.

Recently, RBI has amended its Master Customer KYC Directions to all its regulated entities to use authentic documents available via DigiLocker as valid Officially Seen & Verified (OSV) KYC documents which require no further verification.

Ministry of Finance has notified amendment to PMLA guideline for acceptance of edocuments via DigiLocker as part of customer KYC.

SEBI has also issued a notification along the lines of RBI Master KYC directions.

Further, DigiLocker has been designated as the sole National Academic Depository by Ministry of Human Resource Development, GoI. MeitY's DigiLocker team in collaboration with University Grants Commission (UGC) has begun to undertake a nationwide effort to make all Central, State and Private universities' academic awards available digitally via DigiLocker. This will provide a much needed fillip to consumption of digitally issued documents. This will allow various stakeholders such as students, eligibility assessment bodies and verifying entities i.e. banks, employers, institutes of higher learning, Government agencies a means to electronically verify educational credentials in real time without any need for further physical verification.

Awareness & Communication

State level on-boarding and awareness workshops in over 35 States and UTs have taken place. The primary objectives of these workshops is to make senior leadership in states aware of the benefits of DigiLocker enabled services for the State/UT resident as well as various means to provide DigiLocker services within their e-Governance services. In this regard, 5 States (Kerala, Haryana, Punjab, Gujarat, Odisha) have already issued notification for statewide adoption of DigiLocker services in the processes of all the State departments. Additionally, transport departments of 14 States have issued notifications to accept digital Driving License and RCs as part of transport rules enforcements.

DigiLocker team is actively involved in citizen engagement to create awareness about DigiLocker and its benefits. This is being done via use of social media platforms to connect with the target audience to create product awareness, increasing DigiLocker usage, and obtain feedback for continuous improvement of services. This involves publishing content on social media, listening to and engaging followers, and increasing signup rates. The social media platforms we are using (at the moment) are Facebook, Twitter, and LinkedIn.

<u>Expanding DigiLocker Ecosystem</u>

DigiLocker team has been in touch with UIDAI to finalize updated Digital Locker licensing specifications to enable other public or private agencies to offer Digital Locker services. This will help expand the footprint of Digital Locker system within the country.

7. The Committee had noted that DigiLocker is a great e-Governance initiative but with only 3.59 crore existing users, it has not been able to realize its full potential and felt that promoting consumption of digital documents by public and private agencies while delivering services to citizens is the next big challenge which would require modification/amendment to the relevant Acts/Rules to impart legal sanctity to the electronic documents. The Committee had recommended for creation of a Digital ecosystem which promotes acceptance of digital documents for service delivery across sectors. The Ministry, in their Action Taken Notes, have stated that they have been liaising with other Ministries/Departments to bring about various Policy Level changes to allow use of authentic digital documents available *via* diglock. The Ministry have also outlined several awareness & Communication measures being taken by them for expanding DigiLocker Ecosystem in order to promote adoption of digital lockers. The Committee observe that while the Ministry have been undertaking State level on-boarding and workshops across all States/UTs which is appreciable, only 5 States have issued notifications for State-wide adoption of Digilocker services. This points to the fact that despite all the initiatives being taken by the Ministry, there is still a

mismatch between the potential benefits of a Digilocker Ecosystem and the actual adoption and usage of DigiLockers. The Committee feel that there is a need to identify the root cause of a tepid response to the DigiLocker Ecosystem and take remedial action to facilitate hassle-free service delivery across sectors. The Committee desire that fresh initiatives are taken by the Ministry to tap the full potential of Digilocker scheme and the impact thereof along with updated status of finalisation of digital lincensing specifications for enabling public/private agencies to offer digital locker services may be communicated to them.

Promotion of Electronics and IT Hardware Manufacturing – Major impediments

(Recommendation Sl. No. 13)

8. The Committee note that amongst the major impediments faced by the Electronics hardware manufacturing sector in India include ITA of the WTO. Electronics was the first sector to be opened up and which accepted zero duty regime for large number of products. As a signatory to the Information Technology Agreement-1 (ITA-1) of the World Trade Organization (WTO), India has implemented zero duty regime on 217 tariff lines. Under the Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) with various countries, the import of electronics hardware from these countries is allowed at a duty which is lower than the normal duty rate resulting in limited protection to the electronics industry in the country. Other impediments include inadequate infrastructure and supply chain and high cost of Finance in India with average lending rate hovering around 9.5% which is too high and inability of Domestic Industry to sufficiently collateralize credit.

While the Government has already taken several initiatives to promote electronics hardware manufacturing in India which inter-alia include introduction of National Policy on Electronics - 2019, 100% FDI in electronics manufacturing, exemption from Basic Customs Duty (BCD) on capital goods, rationalized tariff order, Public Procurement Order and schemes such as MSIPS, EMC, EDF and PMP etc., in order to stimulate indigenous electronics production, there is also a need to address factors which remain unaddressed and which may require policy intervention at the Government level. The Committee, therefore, recommend that the Government may look at ways to address the challenges faced by domestic electronics manufacturers such as zero duty regime on electronics imports under Agreements such as ITA-1 wherein all kinds of electronic equipment are allowed to come in without imposing any duty. There is a need to relook at such multilateral agreements in consultation with the respective Ministries to safeguard the interests of domestic electronic equipment manufacturers. The Committee are given to understand that the Ministry have been having discussions with Department of Commerce and Ministry of Finance. They have also taken up the matter with other concerned Ministries. The Committee recommend the Ministry to expedite and complete the consultation process in a time bound manner for a favorable policy in this regard and apprise the Committee of the outcome thereof. Further, development of infrastructure and supply chains for electronics products and schemes aimed at providing low cost/collateral-free credit to domestic electronics hardware manufacturers are other priority areas which the Ministry need to address in order to promote electronics manufacturing in India.

9. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

"**Rationalization of tariff structure for electronics hardware manufacturing** sector is an on-going exercise. Based on the recommendations of MeitY, following steps have been taken by Department of Revenue (DoR) for promotion of electronics manufacturing:

i. BCD has been exempted on specified capital goods falling under Chapter 82, 84, 85 and 90] for use in the manufacture of specified electronic goods such as Printed Circuit Board (PCB), Charger of cellular mobile phones, Display Panel, etc., subject to actual user condition, with the objective of increasing competitiveness of the industry.

ii. BCD on Digital Video Recorder (DVR)/ Network Video Recorder (NVR) falling under HS 85219090 and CCTV camera/ IP camera falling under HS 852580 has been increased from 15% to 20% by increasing the tariff rate.

iii. BCD of 15% has been imposed on charger or adapter (falling under HS 850440) of Digital Video Recorder (DVR)/ Network Video Recorder (NVR) falling under HS 85219090 and CCTV camera/ IP camera falling under HS 852580

iv. Basic Customs Duty (BCD) on Open Cell used for manufacturing of panels LCD/ LED TVs has been reduced to Nil from 5% vide Customs Notification No.30/2019 dated 17.09.2019, till September 2020.

Further, based on the recommendations of MeitY, following tariff rationalization has been done in Budget 2020-21 for promotion of electronics manufacturing:

a. BCD on Printed Circuit Board Assembly (PCBA) of cellular mobile phones (HS 85177010) has been increased from 10% to 20% with effect from 01.04.2020 by increasing the tariff rate.

b. BCD@10% has been levied on the Vibrator Motor/ Ringer for use in the manufacture of cellular mobile phones w.e.f. 01.04.2020.

c. BCD has been exempted on specified parts of Microphones (covered under HS 85181000) viz., (i) Microphone Cartridge; (ii) Microphone Holder; (iii) Microphone Grill; and (iv) Microphone Body, subject to actual user condition.

d. BCD on charger or power adapter (except those covered in Information Technology Agreement-1) covered under HS 850440 has been increased from Nil/10%/15% to 20% by increasing the tariff rate on the items covered under HS 850440 from 10%/15% to 20%.

"Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012"

In the WTO regime, use of tariff barriers is showing declining trend in favor of non-tariff barriers, e.g. Technical Regulations (TRs) which provide a way to qualitatively regulate the imports. India has relatively high average tariff but comparatively lower number of TRs vis-a-vis other major economies.

In order to fill the regulatory gap in India, the Ministry of Electronics and Information Technology (MeitY), has notified "Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012" mandating Indian Safety Standards for notified electronic product categories. At present, 56 product categories have been notified under the schedule of the Order and the order is applicable on 44 product categories. As per the Scheme, the manufactures have to seek registration for the notified product categories from the Bureau of Indian Standards (BIS) based on testing of products at BIS recognized labs. The manufacturer has to seek registration before stock, sale, import, manufacture etc. in India.

The outcomes perceived are:

a. Ensure safety of citizens
b. Products compliant with Indian conditions

c. Industry moves to Global Standards and Goods becoming internationally competitive

d. A deterrent for traders /manufacturers exporting unsafe products into India and manufacturers/Traders become responsible. The Compulsory Registration Scheme has resulted in high compliance of notified electronic goods to Indian safety standards and more than 22,000 registrations have been granted by BIS to manufacturing units covering approximately 1,00,000 products models/series.

The Information Technology Agreement (ITA) is a plurilateral agreement concluded in the Ministerial Declaration on Trade in Information Technology and enforced by the World Trade Organization (WTO) Rules. It is implemented by adding specific commitments by modification of WTO schedule of concessions of the countries annexed to the Marrakesh Protocol to the GATT 1994 or to a Protocol of Accession. The obligation under WTO and GATT are applicable for the products notified by the countries.

There is no exit clause in the ITA agreement. Section 2 Article XV of the GATT states that 'Withdrawal from a Plurilateral Trade Agreement shall be governed by the provisions of that Agreement'. The modification or withdrawal of a concession is dealt under the Article XXVIII of GATT.

Department of Commerce is the nodal ministry for dealing with the Trade Agreements. In a meeting held on 02.06.2020, Department of Commerce has conveyed that withdrawal from ITA agreement is not possible at this stage and Ministry of Electronics and IT should focus on other alternate measures to promote the manufacturing in the electronics sector. In this regard, MeitY has come out with three schemes for promotion of electronics manufacturing in the country. "

10. The Committee had recommended that the Government may look at ways to address the challenges faced by domestic electronics manufacturers, including zero duty regime on electronics imports under Agreements such as ITA-1, wherein all kinds of electronic equipment are allowed to come in without imposition of any duty. Some members of the Committee had expressed a need for a review of such multilateral agreements in consultation with the respective Ministries to safeguard the interests of domestic electronic equipment manufacturers. The Ministry have informed that rationalization of tariff structure for electronics

hardware manufacturing sector is an ongoing exercise. Based on the recommendations of the Ministry, Department of Revenue (DoR) have taken a number of steps for promotion of electronics manufacturing. The Ministry have also informed that The Information Technology Agreement (ITA) is enforced by the WTO Rules and there is no exit clause in the ITA Agreement. Department of Commerce is the nodal Ministry for dealing with the Trade Agreements and they have conveyed to the Ministry that withdrawal from ITA agreement is not possible at this stage and the Ministry should focus on other alternate measures to promote the manufacturing in the electronics sector. The Committee have noted that MeitY have come out with three schemes for promotion of electronics manufacturing in the country. The Committee reiterate that initiatives such as development of infrastructure and supply chains for electronics products and schemes for promotion of domestic electronics manufacturing aimed at providing low cost/collateral-free credit to domestic electronics hardware manufacturers need to be accorded top priority for the promotion of electronics manufacturing in India and the Ministry should keep on working on these initiatives for the robust growth of the sector. In this context, the Committee reiterate the concerns expressed by them in 13th Action Taken Report on Demands for Grants (2019-20) of DoT (Para 17) and urges the Ministry of Electronics and Information Technology to take up the issue with the Ministry of Commerce.

<u>Electronics hardware Imports from China</u>

(Recommendation Sl. No. 14)

11. The Committee note that electronic goods imports into India from China stood at 55% in 2015-16, 57% in 2016-17, 60% in 2017-18 and came down to 39% in 2018-19. Presently, out of total electronics goods imports in the country, approximately 37% are from China. These imports are largely in the

nature of components that go into manufacturing of sub-assemblies and final products. The recent outbreak of Corona virus in China is likely to have an impact on supply of such components due to disruption in supply chain. However, the impact will depend upon the severity and persistence of Corona virus. At present, it has been ascertained from the industry associations and major manufacturing companies that sufficient inventory is available for the next few weeks. Steps are also being taken to explore sources of import of such components from other countries. Industry associations have been advised to organize buyer-seller meets to explore such avenues. In a medium and long-term perspective, companies are being encouraged to set up electronic components manufacturing in the country by offering them suitable incentives through schemes such as PLI, SPECS, MCS, etc.

The Committee are of the considered view that the Ministry should undertake a comprehensive evaluation of the likely impact of outbreak of Corona virus on the electronics hardware sector in India and take appropriate measures to mitigate any adverse impact on the electronics hardware sector in India. Even though electronics goods imports as a percentage of total electronics goods demand in India is showing a downward trend, the Committee feel that at current levels also there is too much dependency on electronics goods imports from China. Too much dependency on a single country for sourcing electronics goods is a cause for concern. The Committee, therefore, recommend review of short to medium term impact of Corona virus outbreak in China on electronics hardware sector in India and in the long-term, steps may be taken to broad base the sources of electronics hardware imports in India while promoting indigenous production at the same time in order to reduce dependency on a single market/geographical region so that any sudden/abrupt/unforeseen event such as the Corona virus outbreak in China do not cause any large-scale shortage of inventory in Indian market.

12. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

"The Committee has recommended a review of short to medium term impact of the Corona Virus outbreak in China and subsequent spread in the entire world resulting in a pandemic situation.

In this regard, it is submitted that a significant impact on the electronics manufacturing sector in India is expected due to corona pandemic. The virus outbreak in China in early part of the year manifested itself as disruption in global supply chains of electronics that are dependent on China to a large extent. There was depletion of inventories of electronics manufacturers in the month of January and February to the extent of 40% as per industry estimates that led to shortfall in production. The virus had spread in other parts of the world including India and a nation-wide lockdown was imposed on 25th March, 2020. This led to a complete halt in all production activities including electronics manufacturing with an exception of few companies who were manufacturing electronics components for essential medical equipment like ventilators.

During this period of lockdown, extensive interaction was done with the industry to check the status of their global supply chain and other operational issues. Based on industry feedback, recommendations were sent to Ministry of Home Affairs(MHA). MHA issued Order No.40-3/2020-DM-I(A) dated 15thApril, 2020, giving consolidated guidelines on the measures to be taken by Ministries/ Departments of Government of India, State/ UT Governments and State/ UT authorities for containment of COVID-19 in the country. This included providing relaxation for activities pertaining to "Manufacturing of IT Hardware" in certain areas where the disease spread was under control. Based on such instructions, 20% to 30% of electronic manufacturing operations could be resumed by taking approvals from respective state and local authorities and observing safety and other precautionary measures as per Standard Operating Procedures (SOP) that were developed by the Ministry in consultation with industry bodies. These SOPs have been made to cover aspects like social and physical distancing norms, regulation of entry and exit of personnel, regular monitoring of health of employees, transport management, canteen operations, disinfection operations, awareness generation etc. These measures are aimed at gradual and sequenced approach to the restarting of operations and resuming economic activity, along with adoption of prevention and containment measures.

The Covid-19 related situation is still an evolving one and constant liaison is being maintained with states as well as industry stakeholders to facilitate manufacturing operations to the extent possible. In this scenario, when production is not only restrained by precautionary measures but also diminishing factors on account of both demand and supply, both nationally and internationally, as many countries which constitute export markets for Indian electronics products are still in various stages of lockdown.

The Committee also recommended that in the long-term, steps may be taken to broad base the sources of electronics hardware imports in India while promoting indigenous production at the same time in order to reduce dependency on a single market/geographical region so that any sudden/abrupt/unforeseen event such as the Corona virus outbreak in China do not cause any large-scale shortage of inventory in Indian market. In this regard, it is submitted that MeitY has recently notified three new schemes.

These schemes will reduce import dependency from China for electronic products and components. Further, alternate supply lines are also being explored in coordination with Indian Embassies, Industry Associations and Local Industry. Electronics industries are also being encouraged to take advantage of the aforementioned new Schemes notified by the Ministry, to strengthen the electronics sector. In this regard, MeitY is conducting series of webinars in association with Embassies, Missions, Invest India and organizations like for creating awareness of new schemes and to attract global electronics manufacturers along-with their supply chain. Going forward, a diversification of country's import portfolio is expected with larger chunks from Japan, Korea, and Vietnam along- with much larger portion of domestic manufacturing.

A meeting under the chairmanship of Shri Ravi Shankar Prasad, Hon'ble Minister for Electronics and Information Technology, Government of India was held with Electronics Industry Associations, Chambers and prominent Industry players on 29th April, 2020 to discuss the issues faced by Industry regarding the working of factories, logistics, export, supply chain disruption and demand shock due to COVID-19. In the meeting, Electronics industry was encouraged to take advantage of the opportunity and new Schemes notified by the Ministry, to strengthen the sector."

13. The Committee had recommended for a review of the short and medium term impact of Corona virus outbreak in China on electronics hardware sector in India and to take long-term measures to broad-base the sources of electronics hardware imports in India while promoting indigenous production at the same time in order to reduce dependency on a single market/geographical region so that any sudden/abrupt/unforeseen event such as the Corona virus outbreak or any future pandemic in China do not cause any large-scale shortage of inventory in Indian market. The Ministry have informed that a significant impact on the electronics manufacturing sector in India is expected due to corona pandemic. There was depletion of inventories of electronics manufacturers in the month of January and February to the extent of 40% as per industry estimates that led to shortfall in production. The Covid-19 related situation is still an evolving one and constant liaison is being maintained with States as well as industry stakeholders to facilitate manufacturing operations to the extent possible. The Ministry are hopeful that three New Schemes notified

by them as part of a long term measure viz., Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing, Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS) and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme, to attract and incentivize large investments in the electronics value chain and promote domestic value addition and exports are expected to reduce import dependency on China for electronic products and components. Further, alternate supply lines are also being explored in coordination with Indian Embassies, Industry Associations and Local Industry. Keeping in view the fact that Covid-19 situation continues to affect the electronics hardware sector and it is likely to remain for some time, the Committee reiterate that the Ministry should review the situation from time to time to see the impact and take long-term measures for promotion of indigenous production of electronics hardware in India through schemes such as PLI, SPECS and EMC 2.0 so as to mitigate the impact of Covid-19 on IT & Electronics hardware manufacturing sector.

Cyber Security Projects (NCCC & others)

(Recommendation Sl. No. 15)

14. The Committee note that cyberspace is the common tool used by citizens, civil society, businesses and Government for communication and dissemination of information. The objective of Cyber Security Projects (NCCC & others) scheme is to adopt a holistic approach towards securing the cyber space of the country. The Committee note that the allocation to the scheme in 2019-20 was Rs. 120 crore at BE stage which was reduced to Rs. 102.00 crore at RE stage and the actual utilization up to 31st January, 2020 was Rs. 58.60 crore. In 2020-21, as against the proposed allocation of Rs. 400.00 crore, Rs. 170 crore has been allocated at BE stage. The Ministry have stated that Government has proposed to set up the National Cyber Coordination Centre (NCCC) to generate near real time macroscopic views of the cyber security threats in the country. The project for setting up of NCCC was approved with an outlay of Rs. 770 Crores for a period of 5 years and was initiated in April 2015 after approval of competent authority. However, budget allocation for NCCC project was done in the F.Y. 2017-18

only. Phase-I of NCCC has been operationalized in July, 2017. In this phase metadata from 20 sites of ISPs and organisations is being collected and analyzed. The Phase-II Stage 1 is targeted to be operationalized during the year 2019-2020 aimed for collection and analysis of metadata from additional 15 remote sites. A total of 65 posts (60 S&T and 5 non-S&T) were sanctioned in the year 2016 out of which 26 posts have been filled (23 S&T and 3 non-S&T) and recruitment for remaining posts is currently going on. CERT-In is currently undertaking various tasks for the full-fledged implementation of the project. NCCC Phase-II implementation has commenced. Renovation of office space is currently underway. Data Centre colocation services will be hired for Primary as well as Disaster recovery site for NCCC. Budget in the next year will be required primarily on the procurement of capital IT infrastructure items (hardware, software and networking) and space requirement including Data Centre co-location services as mentioned above to cater to additional 40 sites.

The Committee are perturbed to find that the project for setting up of NCCC which was initiated in April 2015 with an outlay of Rs. 770 Crores spread over a period of 5 years began to get budget allocation only from FY 2017-18 onwards and during the five year period, the actual allocation to the project has been Rs. 105 crore which is just 13.63% of the approved outlay. Out of the 65 posts sanctioned in 2016, only 26 posts have been filled up till date. Considering the fact that cyber security is an area of major concern and requires allocation of significant resources, the lackadaisical attitude of the Ministry in setting up of NCCC as a pro-active agency in dealing with issues relating to cyber space is quite disappointing. The Committee desire the reason for delay in executing the project be submitted to them and also responsibility be fixed. The Committee strongly recommend that adequate funds may be made available to the scheme and remaining vacancies may be filled up in time so that NCCC can be established without any further delay and the Committee be apprised of the progress in this regard.

The Committee expressed concern about reports in the media and complaints by individuals that their telephones have been hacked using the sophisticated Pegasus software. Despite holding detailed hearings on the subject, the Committee were unable to obtain confirmation from the Government that this was the result of any authorized surveillance. In the circumstances, the Committee urge utmost vigilance to ensure that unauthorized surveillance of Indian users is not permitted to occur.

15. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

" Ministry of Finance generally sticks to the policy of increasing the total budgetary provision of the previous year by 5-7%. It may be noted that the scheme-wise allocation is done at the Ministry level keeping in mind the requirement on account of the committed/operational expenditure that may not be avoided and then the remaining funds are distributed among the schemes under Digital India Umbrella Programme based on prioritization of projects, specific instruction from MoF, etc. MeitY always tries to allocate funds amongst the schemes in such a manner that the schemes/projects are continued to be implemented with least adversary effects. In the current year, due to the current scenario of COVID-19 pandemic, MoF has issued guidelines for more stringent financial discipline and control over expenditures under the schemes/projects vide their OM dated 08.04.2020. Though there is no likelihood of availing additional funds through Supplementary Demands for Grants or RE 2020-21 stage, MeitY would explore the possibilities of availing additional funds or re-appropriate funds taking into account the re-prioritization of projects etc. and also take up the matter with MoF as and when MoF seeks proposals for Supplementary Demands for Grants or RE 2020-21 stage.

It is further stated that out of 65 S&T and non-S&T posts sanctioned for NCCC in the year 2016, a total no. of 01 Scientist 'E', 23 Scientist 'B' and 03 non-S&T posts were filled, of these 01 Scientist 'B' resigned in the year 2019. The recruitment process for 10 nos. Scientist 'D' and 20 nos. of Scientist 'C' posts have been completed and results have been publicized. The recruited manpower is likely to join shortly after completing the mandatory medical checkup and background security verification as per government norms. The recruitment of manpower for remaining vacant posts is also in advanced stage.

As regards Unauthorized Surveillance, it is stated that the subject is under the purview of Ministry of Home Affairs. However, the Information Technology (IT) Act authorises Government to do monitoring within the framework of the law subject to stringent checks and balances. Section 69 of the IT Act deals with it. No unauthorized surveillance is permitted under the law."

16. The Committee had expressed their concern that the project for setting up of NCCC which was initiated in April 2015 with an outlay of Rs. 770 Crores spread over a period of 5 years began to get budget allocation only from FY 2017-18 onwards and during the five year period, the actual allocation to the project had been Rs. 105 crore which was just 13.63% of the approved outlay. The Committee had accordingly recommended that

adequate funds may be made available to the scheme and also vacancies in NCCC be filled up in time. The Ministry have tried to justify the squeezing of funds for NCCC by stating that scheme-wise allocation is done at the Ministry level keeping in mind the requirement on account of the committed/operational expenditure that may not be avoided and then the remaining funds are distributed among the schemes under Digital India Umbrella Programme based on prioritization of projects, specific instruction from MoF, etc. This gives an impression to the Committee that NCCC has never been a priority project for the Ministry. Otherwise a project as important as cyber security initiated in April 2015 could not have escalated to Financial Year 2019-20 with a meagre allocation of just 13.6% of the approved outlay. This clearly reflects indifference and lack of seriousness on the part of the Ministry in setting up of NCCC whose mandate is to take care of cyber security needs of the country. The Committee reiterate that adequate funds are made available to the scheme and remaining vacancies be filled up in time so that NCCC is put in place without any further delay. The Committee intends to continue further examination of the issue of cyber security.

PMGDISHA

(Recommendation Sl. No. 16)

17. The Committee are concerned to note that the Government had approved the 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 31st March, 2019. However, as on 31st December, 2019, a total of 3.19 crore beneficiaries have been enrolled, out of which training has been imparted to only 2.56 crore beneficiaries and out of these more than 1.88 crore beneficiaries have been certified under the PMGDISHA Scheme. At the time of approval, the PMGDISHA scheme was expected to cover 6 crore rural households in a span of two years. However, after completion of almost three years, the scheme has managed to impart training to about 2.56 crore individuals which is just 42.66% of the set target. The outcome measurement criteria include undertaking at least 5 electronic payments

transactions by each beneficiary using UPI (including BHIM app), USSD, PoS, AEPS, Cards, Internet Banking. The total outlay of the above Scheme is Rs. 2,351.38 Crore (approx.). It is being implemented as a Central Sector Scheme by the Ministry of Electronics & Information Technology through an implementing agency namely CSC e-Governance Services India Limited, with active collaboration of all the State Governments and UT Administrations.

The Committee note that in spite of Cabinet approval for the scheme to cover 6 crore people over 2 years, the Scheme has faced major setback due to scarcity of resources year-after-year and the targets deferred. During the year 2020-21, once again out of the proposed Rs. 1175.00 crore, it has got a drastically reduced allocation of Rs. 400.00 crore which is a cause for concern. The Committee are at a loss to understand as to how a Scheme which had the approval of the Cabinet has failed to get the requisite allocation. While expressing serious displeasure over non-achievement of targets in the important PMGDISHA scheme, the Committee feel that this important scheme under Digital India Programme should not suffer for want of funds and recommend that urgent measures be taken up to address shortage of funds and other challenges in order to speed up implementation of the scheme. The Committee desire all the correspondence of the Ministry with MoF regarding allocation of funds to PMGDISHA scheme be furnished to the Committee.

18. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated as under:

"Under the PMGDISHA Scheme, so far, a total of around 3.60 crore beneficiaries have been enrolled. 2.96 crore persons have been trained and out of which 2.16 crore person are duly certified by authorized 3rd party Assessment Agencies. This is in commensurate with the amount of Rs. 938 crore released so far for the implementation of the Scheme.

As regards want of funds to address shortage of funds, it is informed that Ministry of Finance generally sticks to the policy of increasing the total budgetary provision of the previous year by 5-7%. The scheme provision which was Rs.3750.76 crore in BE 2019- 20 has been increased by approx. 5.5% to Rs.3958 cr in BE 2020-21. It may be noted that the scheme-wise allocation is done at the Ministry level keeping in mind the requirement on account of the committed/operational expenditure that may not be avoided and then the remaining funds are distributed among the schemes under Digital India Umbrella Programme based on prioritization of projects, specific instruction from MoF, etc. MeitY always tries to allocate funds amongst the schemes in such a manner that the schemes/projects are continued to be implemented with least adversary effects. In the current year, due to the current scenario of COVID-19 pandemic, MoF has issued guidelines for more stringent financial discipline and control over expenditures under the schemes/projects vide their OM dated 08.04.2020. Though there is no likelihood of availing additional funds through Supplementary Demands for Grants or RE 2020-21 stage, MeitY would explore the possibilities of availing additional funds or re-appropirate funds taking into account the re-prioritization of projects etc. and also take up the matter with MoF as and when MoF seeks proposals for Supplementary Demands for Grants or RE 2020-21 stage."

19. At the time of approval, the PMGDISHA scheme was expected to cover 6 crore rural households in a span of two years. However, after completion of almost three years, the scheme has managed to impart training to about 2.56 crore individuals which is just 42.66% of the set target. To the concern of the Committee over non-achievement of targets due to shortage of funds, the Ministry have informed that under the PMGDISHA Scheme, so far, a total of around 3.60 crore beneficiaries have been enrolled, 2.96 crore persons have been trained out of which 2.16 crore persons are duly certified by authorized 3rd party Assessment Agencies. The Ministry have expressed satisfaction that this is in commensurate with amount of Rs. 938 crore released so far for implementation of this scheme. However, it is still a matter of concern that the initial target of covering 6 crore households has not been achieved under the scheme for want of funds. The Ministry's argument that funds for the scheme which was Rs. 3750.76 crore in BE 2019- 20 has actually increased by approx. 5.5% to Rs. 3958 cr in BE 2020-21 is not convincing because the overall target to cover 6 crore rural household has already suffered. The Ministry have also not furnished the details of their correspondence with MoF on the issue of grants to PMGDISHA in the absence of which Committee are at a loss to understand the reasons as to why grants have been slashed for such an important scheme. The Committee find Ministry's submission that they would explore the possibilities of availing additional funds or reappropriate funds taking into account the re-prioritization of projects etc. and also take

up the matter with MoF at Supplementary Grants repetitive and hence do not appeal to the Committee. The Committee desire urgent measures be taken to address the issue of shortage of funds and other challenges in the PMGDISHA scheme.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Budget Analysis

(Recommendation Sl. No. 1)

The Committee note that for the year 2020-21, as against the proposed allocation of Rs. 11,023.00crores, the Budget allocation of MeitY is Rs. 6899.03 crore which includes Rs. 6524.03 Crore under Revenue section and Rs. 375.00 crore under Capital section. During the year 2019-20, as against the proposed allocation of Rs. 12059.39 crore, the budget allocation was Rs. 6654.00 crore which was reduced to Rs. 5839.46 crore at RE stage and the actual utilization was Rs. 4610.95 crore till 31st January, 2020. Both the years have witnessed a wide mismatch between the amount proposed and the amount allocated to the Ministry. During 2019-20, the BE allocation was 55.17% of the proposed amount and during 2020-21, the BE allocation is 62.59% of the proposed amount. When asked about the steep reduction in allocation from the proposed Rs. 11023.00 crore to Rs. 6899.03 crore at BE stage in 2020-21, the Ministry have stated that Ministry of Finance (MoF) usually sticks to the policy of increasing the budgetary provision of ongoing schemes by 5-7%. The scheme provision which was Rs.3750.76 crore in BE 2019-20 has been increased by approx. 5.5% to Rs.3958 cr in BE 2020-21. However, the allocation gets increased in case of approval of new schemes/projects, implementation of new policies of the government etc. There is usually a gap between proposed and approved expenditure estimates and at the Ministry level, it is ensured that funds are allocated first to meet the committed/operational expenditure that may not be avoided and then the balance funds are distributed among the schemes/projects based on prioritization, specific instruction from MoF etc. in such a manner that the schemes/projects are continued to be implemented with least adversary effects and if required, MoF is also requested at Revised Estimates (RE) stage to allocate additional funds for better implementation of schemes. While the Committee understand that various factors are taken into consideration by the Ministry of Finance during allocation of funds to the different Ministries/Departments and there is usually a gap between the proposed andapproved expenditure, the extent of variation between the proposed expenditure and the approved expenditure is a cause for concern, more so when the Ministry are citing lack of resources as a major limitation/handicap in respect of flagship programmes. When the amount proposed by the Ministry is curtailed by almost half by the MoF, the committed/operational expenditure takes priority over the schemes/projects being implemented by the Ministry necessitating a reallocation amongst the schemes/priority areas by the Ministry resulting in delay in execution of some of the schemes/projects of the Ministry. MeitY are implementing some of the important schemes of the Government such as Digital India and Make in India and such drastic budgetary cuts affect their implementation schedules/timelines which may be avoided through realistic projection and adequate planning. Keeping in view that Ministry are more than hopeful of spending 100 per cent and they have the capacity to spend, the Committee recommend that the demands raised by them under various heads should be taken up seriously by MoF and adequate resources be made available to them for execution/implementation of Schemes/Projects.

Reply of the Government

It is a fact that there is usually a gap between proposed and approved expenditure estimates. It is also true that MeitY has the capacity to spend more under various schemes but has to face constraintsdue to less allocation at RE stage. It may be noted that despite repeated requests to MoF at the level of Secretary and Hon'ble Minister, MoF was not in a position to retain the original provision (BE 2019-20)at RE 2019-20 stage.

During the current year, due to COVID-19 pandemic scenario, MoF has already restricted the 1st quarter expenditure of MeitY to 15% and monthly expenditure to 5%. Further, MoF has intimated that Government of India would face the twin challenge of not only substantially lower revenue mobilization but also higher expenditure demands to accommodate the extra funding requirements of the relief and incentive packages. Under the prevailing circumstances, there is no likelihood of additional fund allocation over and above BE 2020-21 provision. However, the comments of the Committee have been noted and would be taken up with MoF at Revised Estimates stage or when proposals for Supplementary Demands for Grants are called for by MoF.

Position of Outstanding Utilization Certificates

(Recommendation Sl. No. 2)

The Committee note that as on 31st December 2019, a total of 150 Utilization certificates amounting to Rs. 398.62 crore were due. The Committee further note that MeitY are monitoring/reviewing implementation status of schemes/projects from time to time to ensure smooth implementation of various projects which further ensures that the grants released by MeitY are being utilized. Besides, Secretary (MeitY)/AS&FA review the UC status from time to time to ascertain utilization status of released grant to various agencies. The number of pending UCs has reduced from 305 amounting to Rs. 987.55 crore as on 01.04.2019 to 141 amounting to Rs. 319.85 crore as on 03.02.2020. It is evident that the number of pending UCs has been reduced from 305 to 141 and corresponding amount also has been substantially reduced. i.e. 68% during the last ten months. While appreciating the efforts of the Ministry towards liquidating UCs and minimizing unspent balance with the grantee institutions, the Committee recommend that the aforesaid measures should be continued to avoid any pendency in Utilization Certificates which could adversely impact release of subsequent funds for important Government schemes and the Ministry should regularly follow-up with the grantee institutions.

Reply of the Government

As recommended by the Committee, MeitY has been following up with the grantee institutions for timely submission of utilization certificates for release of subsequent installments of the sanctioned grant. Since liquidation of UCs and minimization of unspent balances with grantee institutions are significant factors not only in release of grants but also in deciding the ceiling for revised estimates by MoF, MeitY has been continuing its efforts towards zero pendency in utilization certificates and minimizing the unspent balances. In this regard, it is further informed that Principal Accounts Office, MeitY has also issued an OM bearing no. PAO/MeitY/UC/2020-21 dated 17th June, 2020 seeking clearance of UC by all implementing agencies.

<u>Internal and Extra Budgetary Resources (IEBR)</u>

(Recommendation Sl. No.3)

The Committee note that during the year 2018-19, an IEBR target of Rs. 1108.47 crore had been set by the Ministry at BE stage which increased to Rs. 1160.77 crore at the RE stage. Against this, the Autonomous Societies under MeitY achieved an IEBR target of Rs.1291.00 crore which exceeded the targets set at both BE and RE stages. The Committee note that during the year 2019-20, a target of Rs. 1248.89 crore had been set initially by the Ministry at BE stage for the Societies, this target was slightly increased to Rs. 1260.42 crore at RE stage and the achievement has been Rs. 1485.75 crore as on 31.12.2019. It is a matter of satisfaction that for both the years 2018-19 and 2019-20, the Societies under the Ministry have exceeded the overall targets set at BE stage for their Internal and Extra Budgetary Resources (IEBR). The Committee also note that during 2019-20, IEBR achievement stands at Rs. 1485.75 crore which is approximately 18.80% of the total approved outlay of Rs. 7902.89 crore and the rest 81.20% is met through Government Grants. However, when it comes to individual targets set for each society, the Committee note that except for C-DAC which has impressively exceeded the IEBR target, the achievement in respect of NIELIT, ERNET, STPI/EHTP and SAMEER are not satisfactory. The Committee are given to understand that under National Supercomputing Mission, C-DAC has received Rs 586 crore from the Ministry and DST. In addition to this, CDAC has also received projects from other organizations/institutions and PSUs. The Committee, while hoping that IEBR achievement under the autonomous organization would improve in coming months, recommend that the Ministry should identify new areas of operations with potential for revenue generation by them and strive for increasing the share of IEBR component in the total outlay of the Ministry to reduce their dependence on Government Grants.

Reply of the Government

All autonomous societies under the aegis of MeitY have been requested to explore new areas of operation and execute more and more projects from other Ministries/Departments/State Governments/PSUs so that they would move forward towards self-sustaining institutions having little or no dependence upon core grants from this Ministry for sustenance. It is noteworthy that no core grant is being provided to NIELIT, ERNET and STPI for meeting their salary/establishment related expenses as these Autonomous Societies are self-sustained ones. The action taken by the other three Autonomous Societies are given below:

C-DAC is exploring new areas for implementing its R&D outcomes in other Ministries/ Departments to generate more IEBR. The target of IEBR for FY 2020-21 has also been increased to Rs. 800 crore from Rs. 620.00 crore in FY 2019-20.

C-MET is exploring to move forward towards self-sustaining institution having less dependence upon core grants from MeitY. C-MET has planned and executed various new areas of research with support from other Ministries/Departments/State Governments/Industries. For effective monetization, some of the facilities i.e. RoHS testing and certification, LTCC packaging facility etc. essential for development of niche R&D, made major contribution in self sustainability by providing internal as well as external services. Various technologies developed at C-MET have also been transferred to industries in the last financial year and some are in pipeline to achieve their full potential for revenue generation.

SAMEER has achieved IEBR target during the last two years. SAMEER has established a facility at Visakhapatnam to offer EMI/EMC and EMP tests, measurements and consultancy services. The current facility at SAMEER, Mumbai and Chennai is being augmented to meet the requirement of Industry in EMI/EMC tests, measurement and consultancy. In addition, SAMEER is also exploring new areas for implementing its R&D outcomes in another Ministry/ Department to generate more IEBR so as to sustain itself.

National Informatics Centre (NIC) - Development of Government Instant Messaging Service (GIMS)

(Recommendation Sl. No. 4)

The Committee note that GIMS is an Open source, Secure, Cloud enabled and Indigenous platform developed by NIC for instant messaging within Government. It comprises of a mobile app and a portal. The App is for Inter and Intra-Government communication at various levels and can be configured to manage messaging & integration with other Government apps. The management portal is for Organization and employee on boarding, official group management, dashboard and analytics. GIMS is hosted at NDC Sastry Park and the Android and iOS version are available at https://gims.nic.in. Highlights of GIMS include One to One and Group Messaging, Single sign-on with LDAP, end to end encryption, API based integration with eGov applications like Nice mail, Digi locker. GIMS is the official communication channel for Alerts and notifications from e-office, Application Security, NIC CERT, NIC HRMS, Duty Portal etc. It has Encrypted Backup facility and Chatbot enabled instant Dashboard services along with Instant Feedback System. The Ministry further informed that GIMS is in Beta testing phase and many Departments are participating in its POC. The feedback is being received from them and being incorporated for the improvisation. While appreciating the Ministry's initiative in providing an indigenous platform for instant messaging to cater to Inter and Intra-Government communication needs, the Committee recommend the Ministry to take all measures for early rollout of GIMS for providing a safe, secure and convenient alternative to the existing instant messengers such as WhatsApp which are owned and operated by foreign entities and have limited customization options for inter and intraGovernment communication. The Committee may be apprised of the likely period of rollout of fully functional GIMS.

Reply of the Government

The software part of GIMS will be ready by June 2020 and the corresponding infrastructure is being arranged. As per initial conceptualization, GIMS was to be used for communication within Government. However, as per the directions from Government, the architectural revamp has been done and now GIMS can be used by citizens as well.

Cyber Security (CERT-In), NCCC & Data Governance- synergy amongst agencies and need for a consolidated fund for cyber security

(Recommendation Sl. No. 5)

The Committee note that budgetary allocation to Cyber Security (CERT-In), NCCC & Data Governance has increased from Rs. 42.00 crore in 2019-20 to Rs. 140.00 crore in 2020-21. The increase in allocation is due to requirement of allocation of funds for recurring expenditure (Non-scheme) for NCCC project in addition to CERT-In operational expenditure. Further, the allocated funds also now include expenditure towards capital (Machinery & equipment) cost which was earlier a separate budget head and now merged in this single head. Hence the actual increase is from Rs. 90 crores (2019-20) to Rs. 140 crores (2020-21). This increased allocation will be utilized towards positioning of trained manpower and augmentation of ICT infrastructure of CERT-In. Government has taken steps to set up the National Cyber Coordination Centre (NCCC) to generate macroscopic views of the cyber security breaches and cyber security threats in the country.

Considering the fact that cyber security is going to be an area of major concern in future which would require allocation of significant resources, the Committee recommend that instead of having multiple/separate budgetary heads for funding cyber security agencies/programs, the Ministry can look at having a consolidated fund covering all aspects related to cyber security. The consolidated fund can be used for schemes such as Cyber Security Projects (NCCC & others) which includes setting up of the proposed NCCC as well as meeting the operational expenditure of the existing organizations such as CERT-In. The Committee also hope that the two institutions viz. the existing CERT-In and the proposed NCCC would be sufficiently integrated to complement each other and provide a seamless security framework for dealing with emerging threats in the Indian cyber space in the most effective manner. The Committee have also expressed alarm over recent well-publicized breaches in cyber security and urged that expeditious measures be taken, including all necessary budgetary allocations, to protect the nation against such threats.

Reply of the Government

As per Ministry of Finance’s directions, the salary and other establishment related expenditure provisions of Cyber Security Scheme have been kept separate as **Non-Scheme** and other project related expenditure provisions have been kept as **Scheme** under Digital India Umbrella Scheme.

NCCC is a Multi stakeholder body wherein NSCS, NCIIPC, NTRO, CERT-In etc. are the key government stakeholders. The aim of NCCC is to provide a common platform to all the Stakeholders to get involved in achieving overall goal of improving cyber security of the Nation. It may be seen that, CERT-In is also a key stakeholder in the Project. As a multi-stakeholder entity, stakeholders have deployed their manpower in the Centre for efficient threat analysis and coordination activities for dealing with emerging threats in the Indian cyber space effectively.

With the increase in the proliferation of Information Technology and related services there is a rise in cyber security incidents in the country as well as globally. Government is taking various measures to enhance the cyber security posture and prevent cyber attacks. Some of the key measures are:

i. The Indian Computer Emergency Response Team (CERT-In) is issuing alerts and advisories regarding latest cyber threats/vulnerabilities and countermeasures to protect computers and networks on regular basis. CERT-In is sharing threat information to organisations to enable proactive security measures at organizational level.

ii. Government has issued guidelines for Chief Information Security Officers (CISOs) regarding their key roles and responsibilities for securing applications / infrastructure and compliance.

iii. Government has empaneled 90 security auditing organisations to support and audit implementation of Information Security Best Practices.

iv. Government has formulated Crisis Management Plan for countering cyber attacks and cyber terrorism for implementation by all Ministries/ Departments of Central Government, State Governments and their organizations and critical sectors.

v. Cyber security mock drills are being conducted regularly to enable assessment of cyber security posture and preparedness of organisations in Government and critical sectors.

Digital India Programme – Schemes affected due to shortage of funds

(Recommendation Sl. No. 6)

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. Considering the fact that Digital India aims to provide the much needed thrust to the nine pillars of growth areas such as (i) Broadband Highways (ii) Universal Access to Mobile Connectivity (iii) Public Internet Access Programme (iv) eGovernance (v) e-Kranti (vi) Information for All (vii) Electronics Manufacturing (viii) IT for Jobs and (ix) Early Harvest Programmes. It is essential that adequate budgetary provisions are made to meet the targets in each component. The Committee are, however, concerned to note that despite optimum utilization of allocation by the Ministry in the Digital India Programme, the Ministry of Finance have not been considerate to the requirement of funds as proposed by the Ministry. The Committee note that while in 2018-19, the Ministry had proposed Rs. 5880.00 crore, the allocation was only Rs. 3073.00 crore and actual utilization was Rs. 3328.54 crore. Similarly, in 2019-20, against the proposed amount of Rs. 7931.14 crore, the actual allocation was Rs. 3750.76 crore and actual utilization up to 31.01.2020 was Rs. 2453.68

crore. In 2020-21 too, against the proposed amount of Rs.6940.00 crore, the Ministry have been allocated a reduced amount of Rs. 3958.00 crore. With increasing fund requirement in important schemes such as PMGDISHA and Promotion of Electronics and IT Hardware Manufacturing, the Committee recommend the Ministry to impress upon the Ministry of Finance for higher allocation in Digital India Programme which is a flagship scheme of the Government so as to ensure that scarcity of funds do not affect the implementation of the sub-schemes.

Reply of the Government

The comments of the Committee have been noted. It may be further noted that during the current year, due to COVID-19 pandemic scenario, MoF has already restricted the 1st quarter expenditure of MeitY to 15% and monthly expenditure to 5%. Further, MoF has intimated that Government of India would face the twin challenge of not only substantially lower revenue mobilization but also higher expenditure demands to accommodate the extra funding requirements of the relief and incentive packages. Under the prevailing circumstances, there is no likelihood of additional fund allocation over and above BE 2020-21 provision. However, the comments of the Committee have been noted and would be taken up with MoF at Revised Estimates stageor when proposals for Supplementary Demands for Grants are called for by MoF.

Digital India Programme – Need for regular evaluation/monitoring of Schemes

(Recommendation Sl. No.7)

The Committee note that when the Ministry were asked about schemes with maximum and minimum progress during 2015-16 to 2019-20, the Ministry informed that no such evaluation has been undertaken either by NITI Aayog or Economic Planning Division of MeitY. However, a third party evaluation is presently being undertaken in consultation with NITI Aayog. Besides, the Parliamentary Committee on Estimates has taken up a number of subjects pertaining to various Ministries/ Departments for examination during the year 2019-20. The Committee has selected the subject “Review of Digital India Programme” in respect of MeitY.

The Committee are surprised to find that even after four years of implementation of various Schemes under Digital India Programme, the Ministry have not undertaken a comprehensive review of their own schemes and are relying on a third party evaluation and examination of the subject ‘Review of Digital India Programme’ by Parliamentary Committee on Estimates to gauge the relative performance of their schemes. The Committee therefore recommend timely and comprehensive evaluation of ongoing schemes so as to enable the Ministry to undertake any course correction/remedial measures if a scheme deviates from its intended objectives.

Reply of the Government

The observation of the Committee for timely comprehensive review has been noted. It is informed that the third-party evaluation of individual sub-schemes under 'Digital India Program' has already been initiated and draft reports of some of few sub-schemes have been received. The review of the sub-schemes will be undertaken based on the final reports. Further, status of evaluation has been intimated to NITI Aayog on 25.02.2020 and also being furnished to Department of Expenditure, Ministry of Finance.

State Data Centre (SDC)

(Recommendation Sl. No. 9)

During the year 2019-20, there was a target of operationalizing three SDCs in Assam, Arunachal Pradesh and Dadar & Nagar Haveli and Daman & Diu which are at various stages of implementation. The Committee were further informed that during 2016-17, SDCs in Himachal Pradesh & Jharkhand were declared operational, during 2017-18, SDCs in Goa and Punjab were declared operational and in 2018-19, the Data Center Operators (DCOs) have been selected for Uttarakhand and Assam. As on date 29 State Data Centres (SDCs) have been declared operational and out of the three pending SDCs (yet to be operational), Assam SDC is expected to become operational by 31st March, 2020. The Committee hope that the SDC in Assam becomes operational soon. The Committee are, however, disappointed to see the progress of establishment of SDCs in Arunanchal Pradesh and Dadar & Nagar Haveli and Daman & Diu. In Arunachal Pradesh, the DCO is not yet selected. While the SDC bid was floated on GeM portal planned to be opened on 28th August 2019, no vendor participated and the bid was again cancelled. In Dadar & Nagar Haveli and Daman & Diu, the DCO was terminated on non-performance issues. They are again coming out with fresh RFP.

While noting that Data Centres are critical to consolidate services, applications and infrastructure, the Committee recommend that steps may be taken to fast-track establishment of State Data Centers in the remaining States/UTs to enable them to deliver electronic services through common service delivery platforms.

Reply of the Government

Scheme for establishing State Data Centres (SDC) across 35 States/UTs across the country was approved by the Government of India on 24th January 2008.Total outlay of Rs.1623.20 Cr. was allocated towards the Capital and Operational expenses over a period of 5 years. SDC projects have been implemented in 29 States, 02 UTs (Delhi and

Chandigarh) have opted out from the SDC Scheme.

The actions taken for the three SDCs under discussion are given below:

1. **Assam**:

SDC Assam has selected Data Center Operator, M/s. Sify Technologies Ltd. and has issued the work order on 2nd February 2019. The implementation of SDC Assam is in full swing and is progressing without any hindrance. The expected Go-Live date is 31st July 2020.

- Basis the fund request from Assam, MeitY has initiated the release of funds for the period of FY 2020-21.

2. Dadra & Nagar Haveli:

- The project for establishing the SDC for Dadra & Nagar Haveli got approved on 26th February 2013. The SDC was envisioned to coverSDC requirements of both Dadra & Nagar Haveli, and Daman and Diu.
- The total DPR approved outlay is Rs. 32.12 Cr.
- The Project got terminated in Jan 2016 due to poor performance of the DCO (Data Centre Operator).
- The union territory is contemplating to implement the SDC project under Silvassa Smart city Project.

3. Arunachal Pradesh:

- The proposal for setting up of SDC by Government of Arunachal Pradesh was duly approved by the Empowered Committee on September 2008.
- The total DPR approved outlay is Rs. 31.81 Cr.

Basis the information shared by Arunachal Pradesh SDC team, an EoI (Expression of Interest) has been published for hiring a consultant for reworking on RFP.

Promotion of Electronics and IT Hardware Manufacturing

(Recommendation Sl. No. 10)

The Committee note that during 2019-20, the BE allocation for the scheme was Rs. 986.00 crore which was reduced to Rs. 690.00 crore at RE stage and the actual expenditure as on 31.01.2020 stood at Rs. 501.54 crore. For the year 2020-21, as against the proposed amount of Rs. 1545 crore, there has been an allocation of Rs. 980.00 crore. The Committee were informed that the demand for electronics items in India is increasing at a fast pace and rose from Rs. 5,10,258 crore during 2016-17 to Rs. 6,21,797 crore during 2017-18 and stood at Rs. 6,95,207 crore during 2018-19. During the year 2018-19, the demand met through domestic production stood at 57% while the remaining 43% was met through imports which translates to total electronics imports in India during 2018-19 at a staggering figure of Rs. 2,98,939.01 crore. The Committee note that the Ministry have taken several steps such as National Policy on Electronics 2019, 100 percent FDI, Modified Special Incentive Package Scheme(MSIPS), Electronic Manufacturing Cluster (EMC) scheme and Electronics Development Fund (EDF), Phased Manufacturing Programme (PMP), rationalization of Tariff structure, preference to Make in India, etc. for incentivizing indigenous Electronics and IT Hardware Manufacturing. The Committee express satisfaction that as per the submission of Ministry, domestic production of electronic items has surpassed the import of electronic items due to the above initiatives. India's electronic production increased from Rs. 3,88,306 crores in 2017-18 to Rs. 5,46,550 crore in the year 2019-20.

While taking note of the above statistics which point to progress in the right direction, the Committee recommend the Ministry to continue and sustain the measures so as to further boost domestic production of electronics hardware and reduce our reliance on electronics imports from other countries.

Reply of the Government

The Committee has noted that Ministry has taken several initiatives to promote electronics manufacturing and recommended for continuation and sustaining of the measures in this regard, while also expressing satisfaction that domestic production of electronic items has surpassed the import of electronic items due to the above initiatives. India's electronic production increased from Rs. 3,88,306 crores in 2017-18 to Rs. 5,46,550 crores in the year 2019-20.

In addition to the existing initiates being taken to promote electronics manufacturing in the country, the following Schemes have been notified to attract and incentivize large investments in the electronics value chain and promote domestic value addition and exports:

i. **Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing**

The PLI Scheme notified vide Gazette Notification No.CG-DL-E-01042020-218990 dated April 01, 2020 offers a production linked incentive to boost domestic manufacturing and attract large investments in mobile phone manufacturing and specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units. The Scheme would tremendously boost the electronics manufacturing landscape and establish India at the global level in electronics sector.

- The scheme shall extend an incentive of 4% to 6% on incremental sales (over base year) of goods manufactured in India and covered under target segments, to eligible companies, for a period of five (5) years subsequent to the base year as defined.
- The Scheme is open for applications for a period of 4 months i.e. till 31.07.2020. Support under the Scheme shall be provided for a period of five (5) years subsequent to the base year.

ii. **Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS)**

The SPECS Scheme notified vide Gazette Notification No.CG-DL-E-01042020-218992 dated April 01, 2020 will help offset the disability for domestic manufacturing of electronic components and semiconductors in order to strengthen the electronics manufacturing ecosystem in the country.

- The Scheme shall provide financial incentive of 25% on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products, i.e., electronic components, semiconductor/ display fabrication units, ATMP units, specialized sub-assemblies and capital goods for manufacture of aforesaid goods, all of which involve high value added manufacturing.
- The Scheme will be applicable to investments in new units and expansion of capacity/ modernization and diversification of existing units. Application under the Scheme can be made by any entity registered in India.
- The capital expenditure will be total of expenditure in plant, machinery, equipment, associated utilities and technology, including for Research & Development (R&D).
- The Scheme is open for applications initially for 3 years from the date of its notification. Incentives under the Scheme will be applicable from the date of acknowledgment of the application. The incentives will be available for investment made within 5 years from the date of acknowledgement of application.

iii. **Electronics Manufacturing Clusters Scheme (EMC 2.0)**

Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme has been notified vide Gazette Notification No.CG-DL-E-01042020-218991 dated April 01, 2020 with the objective to address the disabilities, by providing support for creation of world class infrastructure along with common facilities and amenities, including Ready Built Factory (RBF) sheds / Plug and Play facilities for attracting major global electronics manufacturers along with their supply chain to set up units in these clusters.

- This Scheme will fortify the linkage between domestic and international market by strengthening supply chain responsiveness, consolidation of suppliers, decreased time-to-market, lower logistics costs, etc.

- The EMC 2.0 Scheme provides financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country.

- Financial assistance under EMC2.0 scheme for Electronics Manufacturing Clusters will be provided for 50% of the project cost subject to a ceiling of Rs. 70 crores for every 100 acres of land. For larger areas, pro-rata ceiling would apply with the overall commitment from Government of India not exceeding Rs. 350 crores per project.

- For EMC projects, there should be a commitment from Anchor Unit(s) or industry for taking (purchase or lease) at-least 20% of the saleable / leasable land area and a minimum investment commitment of Rs.300 crore.

- Ready Built Factory (RBF) Sheds / Plug & Play facility should be provided in at least 10% of the saleable / leasable land within the proposed electronics manufacturing cluster.

- The Scheme is open for receipt of applications for a period of 3 years from the date of notification. Further period of 5 years is available for disbursement of funds to the approved projects.

In respect of expenditure on the Scheme for "Promotion of electronics/IT Hardware manufacturing" during FY 2019-20, it is stated that the BE allocation for the scheme was Rs. 986.00 crore which was reduced to Rs. 690.00 crore at RE stage and the actual expenditure as on 31.03.2020 stood at Rs. 655.02 crore despite disruptions in supply chain and manufacturing in the last quarter of 2019-20.

National Policy on Electronics Modified Special Incentive Package Scheme (MSIPS)

(Recommendation Sl. No. 11)

The Committee note that in order to promote large scale manufacturing in the country, a Modified Special Incentive Package Scheme (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 capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The incentives are available for 44 categories /

verticals of electronic products and components covering entire electronics manufacturing value chain. It has been amended in August, 2015 to extend the period of the scheme, enhance scope of the Scheme by including 15 more product verticals, and attract more investment. The scheme was further amended in January, 2017 to expedite the investments. M-SIPS scheme was open to receive applications till 31st December 2018 and is now in implementation mode. The incentives are available under the scheme for a period of 5 years from the date of approval of the application. As on February 2020, 396 active applications with proposed investments of Rs. 1,07,964.11 crores had been received under MSIPS. Out of which, 259 applications with proposed investments of Rs. 72,649.83 crore have been approved. The process of disbursement of incentives has also been started under MSIPS. As of now, incentives of Rs.900.39 crore have been disbursed to the 72 applicants. The Committee note that from 201213 to 2015-16, there was a gradual increase in the number of fresh/new proposals received by the Ministry followed by a decline from 2016-17 to 2017-18. During 201819, the last year of receipt of proposals under the scheme, the receipt of fresh/new proposals peaked at 170.

The Committee are constrained to note that the pace of disposal of applications received under the scheme has been quite slow. The scheme was open to applicants till 31st December 2018 and since 2012-13 had received a total of approximately 400 proposals. However, till February, 2020 i.e. 14 months after the cut-off date to submit applications, 137 proposals worth about 35,314.28 crore of investment are yet to be approved by the Ministry. Keeping in view the fact that half-life of technologies in the Electronics hardware manufacturing sector has been continuously reducing and is estimated to be even less than six months in certain verticals, it is imperative that the investment proposals are disposed swiftly. Any delay in granting approval to investment projects in electronics manufacturing sector can render the entire project unviable and force the manufacturer to look elsewhere for setting up the manufacturing facility. The Committee, therefore, recommend that the procedure for disposal of pending applications received under the Modified Special Incentive Package Scheme (MSIPS) be reviewed and it must be ensured that there is faster disbursement of incentives failing which the very intent of the Scheme is defeated. The Committee would also like to be apprised of the current status of pendency, average time taken in approval of a proposal and average time taken in disbursement of incentive.

Reply of the Government

The status of implementation of M-SIPS is as follows:

As on 19 June, 2020, there are 368 active applications under M-SIPS with proposed investment of Rs. 1,05,373 crores. Out of these 368 applications, 290 applications with proposed investment of approximately Rs. 83,053 crores have either been approved or recommended by the Appraisal Committee for approval. 78 applications with proposed investment of Rs 22,320 crore are under appraisal.

With regard to slow pace of disposal of applications, it is submitted that 146 of the total

368 applications were received in the month of December 2018 alone i.e. in the last month before the closure of scheme for filing applications. The delay in approval of projects is partly because of the lack of readiness of applicants to undertake the projects. Many of these applications were submitted by the applicants just to secure their application under the scheme without their readiness for compliance towards land availability and financial closure.

Since the scheme is dealing with large number of public funds, in order to avoid frivolous applications and non-serious investors, a robust approval process has been put in place wherein Appraisal Agencies have been appointed to appraise the projects, which presents appraisal reports to the inter-ministerial Appraisal Committee (AC) headed by Secretary, MeitY,

Presently, 78 applications have been shown as “under appraisal”. Almost all of these applicants have not been able to submit either or all of the following documents despite repeated follow-ups. These are essential requirements for approval of the project and incentives commitment, as per the scheme guidelines:

i. Financial Closure: Ability to fund the project (either by way of bank loans or equity or internal accruals etc.)
ii. Possession of project land
iii. List of Capital items to be procured along-with quantity, rates and quotations.

These remaining applicants have been seeking more time for submitting the above documents. Keeping in view the promotional nature of the scheme and the Force Majeure situation in last few months, these applications have not been closed for lack of compliance conditions, although notices have been served to many of them and appropriate action would be taken in the matter post Covid-19 period.

For minimizing the delays in approval and disbursement of incentives, workshops and meetings are conducted by the Ministry/ Appraisal Agency / Verification agency on regular basis to educate the applicants about the documentary requirements and the approval process. Monitoring of the status of applications and delays delays in either appraising or processing the applications is being done regularly by Secretary MeitY and action is being taken to close all the applications in a time bound manner.

The current status of pendency is as given below:

78 applications are under appraisal with the Appraisal agencies. The applicants could not provide complete documents as per scheme / guidelines. Average time taken in approval of the project after financial closure and land availability have been confirmed by the applicant is 45 days.

7 disbursement claim investments have been verified and are in the process of approval. 5 claim applications are under assessment by Verification agency. Average time taken in disbursement of incentives is nearly 60 days.

Electronics Manufacturing Clusters (EMC) Scheme

(Recommendation Sl. No. 12)

The Committee note that the Electronics Manufacturing Cluster Scheme was notified on 22nd October, 2012 to provide support for creation of world-class infrastructure along with common facilities and amenities for attracting investment in both Greenfield and Brownfield Clusters. The scheme was open for receipt of application for a period of 5 years i.e. up to 21st October, 2017. Further period of 5 years (i.e. up to October, 2022) is available for disbursement of funds for the approved projects. The assistance for the project in Greenfield EMC is available up to 50% of the project cost subject to a ceiling of Rs. 50 Crore for every 100 acres of land. For Brownfield EMC, 75% of the cost of infrastructure, subjected to a ceiling of Rs. 50 crore is provided as Grant. Under the Scheme, 20 Greenfield EMCs and 3 Common Facility Centres (CFCs) have been approved in 15 states across the country measuring an area of 3,565 acres with total project cost of Rs 3,898 crore including Government Grant-in-Aid (GIA) of Rs 1,577 crore have been approved. Out of the total approved GIA of Rs. 1577 crore, till February 2020 GIA of Rs. 595 crore has been released to approved projects. The remaining GIA of Rs. 982 is to be released by October, 2022.

The Committee find that the number of applications received annually under the scheme from 2012-13 till 2017-18 have been 4, 18, 12, 12, 3 and 1 respectively which is not very encouraging as compared to the huge potential the sector offers. Nonetheless, since the disbursement will continue upto October, 2022, the Committee recommend that adequate allocation of funds to the EMC scheme is ensured and subsequent installments of Grant-in-Aid are released on time so that the projects take off bringing perceptible change in Electronics Manufacturing Sector.

Reply of the Government

For smooth implementation of the Electronics Manufacturing Clusters (EMC) Scheme and the projects thereof, adequate measures are taken care of. The progress of the projects is reviewed by Project Review Committee (PRC) on regular basis to assess the project developmental activities, roadblocks in project implementation and to ensure compliance of requisite mandates for release of Grant-in-aid to the projects in time. Implementing agencies are being pursued rigorously and extensive support is provided for completion of the projects. The provisioned amount of Rs. 117.66 crore in FY 2019-20 at RE stage was fully utilized and released to the projects. Further, requisite steps have already initiated for release of funds as per provision of Rs. 139 crore at BE stage in FY 2020-21 for implementation of EMC Scheme. Grant-in-aid of Rs. 7.71 crore has already been released in the month of April 2020 itself. With these releases, a cumulative amount of Rs. 619.25 crore has been released under EMC Scheme so far.

National Policy on Software Products

(Recommendation Sl. No. 17)

The Committee note that at present, the Global Software Product industry is estimated to be USD 413 billion of which India's share is just USD 7.1 billion including USD 2.3 billion are exports. In addition, import of software products is nearly USD 10 billion. Hence, India is a net importer of software products. For the holistic growth of the IT industry, the Union Cabinet has approved the National Policy on Software Products–2019 on February 28, 2019 that would synergies the efforts of the Government, Academia and Industry to create a robust Software Product ecosystem, which enables the germinating ground for large number of Software product startups, promotes development of an ecosystem encouraging R&D and innovation, opens up multitude of opportunities of access to capital and helps build and improve the domestic demand so as to develop India as a Software Product Nation. The initiatives under the scheme include constitution of National Software Product Mission (NSPM), creation of Indian Software Product Registry (ISPR), Software Product Development Fund (SPDF) and Next Generation Incubation Scheme (NGIS) etc.

Taking note of the fact that contrary to popular perception, India has a miniscule share in the global software product industry and India is also a net importer of software products, the Committee are of the view that in order to move up the software product value chain, it is imperative to develop a conducive Software product ecosystem to transform a predominantly service oriented Indian IT/ITeS industry into a technology oriented products and service industry. For this, the Committee recommend the Ministry to effectively implement the Schemes/Programmes visualized under National Policy on Software products and the tangible progress made under each of the components be apprised to the Committee.

Reply of the Government

The followings programmes have been implemented/are under implementation under the National Policy on Software Products-2019:

I. Implemented:

1. **National Software Product Mission (NSPM):** The National Software Product Mission (NSPM) has been constituted to evolve and monitor schemes,

programmes and strategy for the implementation of National Policy on Software Products (NPSP 2019).

2. **Indian Software Product Registry (ISPR):** Indian Software Product Registry (ISPR) has been created to analyze numbers/ statistics/ database of Indian Software Product Companies (ISPC) and to bring all software products at one single platform. The key features of the ISPR are as below:

   - The Indian Software product registry acts as a common pool of Indian Software Products thereby providing a trusted trade environment.
   - Serving as a gateway to the Indian Software Product Company (ISPC) with exposures to millions of global players.
   - Core Identity base for ISPC's to be a part of Government e-Marketplace (GeM)
   - Facilitation of Indian Software Product Industry for providing fiscal incentives, if any, at a later stage.
   - Database for the Indian Software Product Companies, products developed in India with any analytics around what kind of domains, sectors, geo-regions are currently serves.
   - List Products Industry-wise, Technology-wise, intended audience (B2B, B2C, B2G), product stage etc.
   - Updates on latest news/events

   The ISPR (www.ispr.gov.in) has been launched on 21 October, 2019.As of now, more than 500 users, 125 software product companies and 160 software products have been successfully applied for registration on ISPR. Out of these, more than 80 Indian Software Product Companies having ownership over the software product(s) and more than 60 Indian Software Product have been displayed live on the portal after internal verification and declaration provided by the applicants.

3. **Next Generation Incubation Scheme (NGIS):** Next Generation Incubation Scheme (NGIS) has been approved to support software product ecosystem and to address a significant portion of National Policy on Software Product (NPSP 2019). It is envisaged to create a vibrant software product ecosystem to complement the robust IT Industry for continued growth, new employment and enhance competitiveness.

   Some salient features of NGIS scheme are as below:

   - To identify start-ups working towards solutions/ outstanding software products for futuristic problems/ emerging ICT technology/ societal problems
   - To promote them through technical & financial support and provide them training on business solutions/ mentoring support/ plug-n-play facility/ Security and Vulnerability Testing facility and a “Challenge / Internship Grant”.
   - Scheme has been launched inlaunchedin 12 locations i.e. Agartala, Bhilai, Bhopal, Bhubaneswar, Dehradun, Guwahati, Jaipur, Lucknow/ Prayagraj, Mohali/ Chandigarh, Patna &Vijaywada.

The Scheme has been approved and is being implemented under the umbrella Champion Services Sector Scheme.The Scheme has solution oriented architecture and aims to handhold 300 Tech Start-ups. The first challenge under the scheme is going to be launched through an online Idea Challenge Contest “CHUNAUTI - Covid Headway Under NGIS by Advancing Uninhibited Technology Innovation” to find the products & solutions to address the issues/ challenges faced during and post COVID-19 pandemic situation.

4. **ICT Grand Challenge (ICTGC) under National Policy on Software Products:** National Policy on Software Products has a provision to conduct at least 20 Grand Challenge so as to develop a variety of software products addressing socio-economic challenges. ICT Grand Challenge (ICTGC) Scheme has been launched to develop innovative software product by conducting four challenges around in the specified area. The 1st ICTGC is being conducted in area of Work from Home (WFH). A call for proposal to select implementing agency has been opened forproviding the detailed plan as per ICTGC for selecting the right Startups / MSMEs that have the potential to build the suitable Work from Home(WFH) products/solutions enabling employees to work & execute tasks remotely for seamless operations/business continuity of organizations in fully secure & reliable environment. Upcoming ICTGC would be focusing on agri-tech and edu-tech for masses.

5. **Innovation Challenge for Development of Indian Video Conferencing Solution (Software Product):** A programme of Innovation Challenge for development of Video Conferencing solution has been launched to develop innovative Video Conferencing solution. The end product will be an Indian Software Product at par with International video and audio quality, should work in low and high network scenarios. The initiative is an attempt to promote Indian Software products as envisaged under the National Policy on Software Products.

II. Under implementation/development:

1. Model RFP template for software products: For ensuring Ease of Doing Business and to provide an ecosystem for the Software Product companies to thrive, there is a need to standardize and harmonize the IT Software Product Procurement process though creation of Model RFP Template. Importantly, promoting the Product based mindset and developing a culture of creating world class Software Products that are ‘Made in India’ and ensuring self-reliance in the Software Product Domain.Draft model RFP template is ready and is under finalization.

2. HS codes for software products: The IT Software (products and services) is defined as one single HS code i.e. 8523 80 20 - Information technology software. Under NPSP 2019, it is envisaged and proposed that a classification system for Indian Software products will be evolved through a model HSN code.

Due to non availability of separate HSN code for software products, authentic /promising statistical data of industry is not available at present. The proper classification of Software Products and Software services will benefit in tracking of software industry (software product and software services separately). The tracking of software industry will generate data that will help in measuring import, export and size of software industry, which will further help in taking informed and supportive decision for the promotion & expansion of Indian software product industry.

Matter regarding formulation/ notification of new HSN Codes has been taken up with the concerned Departments i.e. Department of Revenue and Department of Commerce and regular exchange of information is being done for fast tracking of the issue.

3. **Software Product Development Fund (SPDF):** The National Policy on Software Products (NPSP) envisioned setting up of dedicated Software Product Development Fund (SPDF) in the form of Fund of Funds (FoF).The objective of the SPDF is to support Venture Funds to provide risk capital so as to promote scaling up of market ready Software Products. The supported Daughter Funds will promote innovation, design & development of software product within the country. Any Daughter Fund which is registered in India and abides with relevant rules and regulations including the Securities and Exchange Board of India (SEBI) regulations on Venture Funds will be eligible for support from the SPDF.

   It is estimated that the Government investment of Rs 1,000Crore into the SPDF can have a 125x multiplier effect on the Indian Software Product Ecosystem, ensuring a higher return that's guarded against any concentration risk. Further, this ecosystem can help in creating at least 100 Indian software product companies with a combined enterprise valuation of at least Rs 50,000Crore and which shall create at least 20,000 jobs. The SPDF proposal is under finalization.

4. **Research and Innovation Scheme for Software Products Development:** A Research & Innovation Scheme for Software Products Development (RISE4Software Products) has been prepared which is aimed to boost Public - Private - Partnership (PPP) efforts in the country. The backbone of this Scheme is to create an enabling platform for the identified organizations to realize their potential in terms of product and process development and taking them to the market so as to contribute in Indian Economic growth. It will also facilitate research & innovation, risk taking by MSMEs, Startups and bringing together the private industry, public institutions and the government under one roof to promote the research and innovation in the Indian Software Products Sector. The proposal is under development.

5. **R&D credit schemes for Software products sector:** In order to review and formulate new programme for R&D tax credit on software products, a working group has been constituted with participation from Government, Academia. The following five specific programs have been identified for the purpose.The proposal is under drafting.

   a) R&D grant in aid program for software products development
   b) Setting up of Software product Innovation Research Credit Program
   c) Deferred tax credit
   d) Change the Patents act to allow software patents.
   e) Support for IP filing and maintenance

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 REQUIRE REITERATION

Digital Locker System- Promotion and Use

(Recommendation Sl. No. 8)

The Committee note that Digital Locker System or DigiLocker is a platform for issuance and verification of documents and certificates in a digital way thereby eliminating use of physical documents. DigiLocker has striven to provide critical Identity, educational, transport, financial and municipal documents in digital format to citizens through a digital wallet. This massive exercise in liaising with issuers and helping digitize their documents and finally delivering these digital documents to the citizen has resulted in availability of over 373 crore authentic digital documents. The next step is to make these documents to be put in use/consumed by public and private agencies while delivering services to the citizens. Digital Locker System has over 3.59 Crore Registered Users and an average of 2 crore authentic documents are being consumed every month with an average of 30,000 citizens signing up on the platform daily. Some Important Documents and issuing Departments which have been on-boarded include Aadhaar issued by UIDAI, Driving License and Vehicle Registration issued by MoRTH, LPG Subscription Voucher issued by MoPNG, PAN Verification Record by CBDT, e-District Certificates of around 20 states, Land records for 4 States etc. Ministry of HRD has also granted in-principle approval for DigiLocker to become National Academic Depository (NAD). However, the acceptance of Digital documents for service delivery requires massive transformations across sectors. It also requires changes in corresponding acts and rules of different regulatory domains. The major reasons impeding the proliferation of the DigiLocker system include lack of central digitization mandate, lack of provisions in regulatory frameworks for accepting digital document, Government departments' low tendency for consumption of digital documents for rendering services and lack of awareness among Government departments and citizens towards use of DigiLocker. The Committee are given to understand that the Ministry have taken initiatives such as Digital Locker Rules, 2016 and its Amendment for Rule 9A, 2017 notified under IT Act, 2000 to provide legal sanctity to documents available from DigiLocker. MeitY have worked with various Ministries such as Ministry of Finance, Ministry of Railways and Ministry of Civil Aviation etc., for promotion and effective use of the facility. MeitY are also in discussion with regulatory authorities like TRAI, IRDA, SEBI, ECI etc. to adopt DigiLocker based Digital document transaction system which will subsequently help in creation of the Digital ecosystem.

The Committee feel that DigiLocker is a great e-Governance initiative but with only 3.59 crore users till date, it has not been able to realize its true potential. While appreciating the efforts of the Ministry in promoting the adoption of Digital Lockers and do away with carrying original documents everywhere, the Committee feel that promoting consumption of digital documents by public and private agencies while delivering services to citizens is the next big challenge which would require modification/amendment to the relevant Acts/Rules to impart legal sanctity to the electronic documents. This initiative by the Ministry will make storage and consumption of important documents hassle free for all the stakeholders. The Committee recommend creation of a Digital ecosystem which promotes acceptance of digital documents for service delivery across sectors. Due publicity may also be given to DigiLocker for its large scale adoption by the citizens. The Committee be apprised of the initiatives taken in this regard.

Reply of the Government

At present more than 3.87 crore citizens have registered on DigiLocker platform and 156 agencies have issued over 378 crore documents.

Policy Level Initiatives
MeitY has been liaising with various Central ministries (Ministry of Finance, CBDT, Election Commission of India, Ministry of External Affairs, Ministry of Rural Development, MHRD etc.), regulatory authorities such as RBI, SEBI, IRDA, TRAI and industry to bring about policy level changes to allow use of authentic digital documents available via DigiLocker in their respective processes.

Recently, RBI has amended its Master Customer KYC Directions to all its regulated entities to use authentic documents available via DigiLocker as valid Officially Seen & Verified (OSV) KYC documents which require no further verification.

Ministry of Finance has notified amendment to PMLA guideline for acceptance of edocuments via DigiLocker as part of customer KYC.

SEBI has also issued a notification along the lines of RBI Master KYC directions.
Further, DigiLocker has been designated as the sole National Academic Depository by Ministry of Human Resource Development, GoI. MeitY's DigiLocker team in collaboration with University Grants Commission (UGC) has begun to undertake a nationwide effort to make all Central, State and Private universities' academic awards available digitally via DigiLocker. This will provide a much needed fillip to consumption of digitally issued documents. This will allow various stakeholders such as students, eligibility assessment bodies and verifying entities i.e. banks, employers, institutes of higher learning, Government agencies a means to electronically verify educational credentials in real time without any need for further physical verification.

Awareness & Communication
State level on-boarding and awareness workshops in over 35 States and UTs have taken place. The primary objectives of these workshops is to make senior leadership in states aware of the benefits of DigiLocker enabled services for the State/UT resident as

well as various means to provide DigiLocker services within their e-Governance services. In this regard, 5 States (Kerala, Haryana, Punjab, Gujarat, Odisha) have already issued notification for statewide adoption of DigiLocker services in the processes of all the State departments. Additionally, transport departments of 14 States have issued notifications to accept digital Driving License and RCs as part of transport rules enforcements.

DigiLocker team is actively involved in citizen engagement to create awareness about DigiLocker and its benefits. This is being done via use of social media platforms to connect with the target audience to create product awareness, increasing DigiLocker usage, and obtain feedback for continuous improvement of services. This involves publishing content on social media, listening to and engaging followers, and increasing signup rates. The social media platforms we are using (at the moment) are Facebook, Twitter, and LinkedIn.

Expanding DigiLocker Ecosystem

DigiLocker team has been in touch with UIDAI to finalize updated Digital Locker licensing specifications to enable other public or private agencies to offer Digital Locker services. This will help expand the footprint of Digital Locker system within the country.

Comments of the Committee
(Please seePara No. 7 of Chapter I)

Promotion of Electronics and IT Hardware Manufacturing – Major impediments

(Recommendation Sl. No. 13)

The Committee note that amongst the major impediments faced by the Electronics hardware manufacturing sector in India include ITA of the WTO. Electronics was the first sector to be opened up and which accepted zero duty regime for large number of products. As a signatory to the Information Technology Agreement-1 (ITA-1) of the World Trade Organization (WTO), India has implemented zero duty regime on 217 tariff lines. Under the Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) with various countries, the import of electronics hardware from these countries is allowed at a duty which is lower than the normal duty rate resulting in limited protection to the electronics industry in the country. Other impediments include inadequate infrastructure and supply chain and high cost of Finance in India with average lending rate hovering around 9.5% which is too high and inability of Domestic Industry to sufficiently collateralize credit.

While the Government has already taken several initiatives to promote electronics hardware manufacturing in India which inter-alia include introduction of National Policy on Electronics - 2019, 100% FDI in electronics manufacturing, exemption from Basic Customs Duty (BCD) on capital goods, rationalized tariff order, Public Procurement Order and schemes such as MSIPS, EMC, EDF and PMP etc., in order to stimulate indigenous electronics production, there is also a need to address factors which remain unaddressed and which may require policy intervention at the Government level. The Committee, therefore, recommend that the Government may look at ways to address the challenges faced by domestic electronics manufacturers such as zero duty regime on electronics imports under Agreements such as ITA-1 wherein all kinds of electronic equipment are allowed to come in without imposing any duty. There is a need to relook at such multilateral agreements in consultation with the respective Ministries to safeguard the interests of domestic electronic equipment manufacturers. The Committee are given to understand that the Ministry have been having discussions with Department of Commerce and Ministry of Finance. They have also taken up the matter with other concerned Ministries. The Committee recommend the Ministry to expedite and complete the consultation process in a time bound manner for a favorable policy in this regard and apprise the Committee of the outcome thereof. Further, development of infrastructure and supply chains for electronics products and schemes aimed at providing low cost/collateral-free credit to domestic electronics hardware manufacturers are other priority areas which the Ministry need to address in order to promote electronics manufacturing in India.

Reply of the Government

Rationalization of tariff structure for electronics hardware manufacturing sector is an on-going exercise. Based on the recommendations of MeitY, following steps have been taken by Department of Revenue (DoR) for promotion of electronics manufacturing:

i. BCD has been exempted on specified capital goods falling under Chapter 82, 84, 85 and 90] for use in the manufacture of specified electronic goods such as Printed Circuit Board (PCB), Charger of cellular mobile phones, Display Panel, etc., subject to actual user condition, with the objective of increasing competitiveness of the industry.
ii. BCD on Digital Video Recorder (DVR)/ Network Video Recorder (NVR) falling under HS 85219090 and CCTV camera/ IP camera falling under HS 852580 has been increased from 15% to 20% by increasing the tariff rate.
iii. BCD of 15% has been imposed on charger or adapter (falling under HS 850440) of Digital Video Recorder (DVR)/ Network Video Recorder (NVR) falling under HS 85219090 and CCTV camera/ IP camera falling under HS 852580
iv. Basic Customs Duty (BCD) on Open Cell used for manufacturing of panels LCD/ LED TVs has been reduced to Nil from 5% vide Customs Notification No.30/2019 dated 17.09.2019, till September 2020.

Further, based on the recommendations of MeitY, following tariff rationalization has been done in Budget 2020-21 for promotion of electronics manufacturing:

a. BCD on Printed Circuit Board Assembly (PCBA) of cellular mobile phones (HS 85177010) has been increased from 10% to 20% with effect from 01.04.2020 by increasing the tariff rate.
b. BCD@10% has been levied on the Vibrator Motor/ Ringer for use in the manufacture of cellular mobile phones w.e.f. 01.04.2020.
c. BCD has been exempted on specified parts of Microphones (covered under HS 85181000) viz., (i) Microphone Cartridge; (ii) Microphone Holder; (iii) Microphone Grill; and (iv) Microphone Body, subject to actual user condition.
d. BCD on charger or power adapter (except those covered in Information Technology Agreement-1) covered under HS 850440 has been increased from Nil/10%/15% to 20% by increasing the tariff rate on the items covered under HS 850440 from 10%/15% to 20%.

"Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012"

In the WTO regime, use of tariff barriers is showing declining trend in favor of non-tariff barriers, e.g. Technical Regulations (TRs) which provide a way to qualitatively regulate the imports. India has relatively high average tariff but comparatively lower number of TRs vis-a-vis other major economies.

In order to fill the regulatory gap in India, the Ministry of Electronics and Information Technology (MeitY), has notified "Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012" mandating Indian Safety Standards for notified electronic product categories. At present, 56 product categories have been notified under the schedule of the Order and the order is applicable on 44 product categories. As per the Scheme, the manufactures have to seek registration for the notified product categories from the Bureau of Indian Standards (BIS) based on testing of products at BIS recognized labs. The manufacturer has to seek registration before stock, sale, import, manufacture etc. in India.

The outcomes perceived are:

a. Ensure safety of citizens
b. Products compliant with Indian conditions
c. Industry moves to Global Standards and Goods becoming internationally competitive
d. A deterrent for traders /manufacturers exporting unsafe products into India and manufacturers/Traders become responsible. The Compulsory Registration Scheme has resulted in high compliance of notified electronic goods to Indian safety standards and more than 22,000 registrations have been granted by BIS to manufacturing units covering approximately 1,00,000 products models/series.

The Information Technology Agreement (ITA) is a plurilateral agreement concluded in the Ministerial Declaration on Trade in Information Technology and enforced by the World Trade Organization (WTO) Rules. It is implemented by adding specific commitments by modification of WTO schedule of concessions of the countries annexed to the Marrakesh Protocol to the GATT 1994 or to a Protocol of Accession. The obligation under WTO and GATT are applicable for the products notified by the countries.

There is no exit clause in the ITA agreement. Section 2 Article XV of the GATT states that 'Withdrawal from a Plurilateral Trade Agreement shall be governed by the provisions of that Agreement'. The modification or withdrawal of a concession is dealt under the Article XXVIII of GATT.

Department of Commerce is the nodal ministry for dealing with the Trade Agreements. In a meeting held on 02.06.2020, Department of Commerce has conveyed that withdrawal from ITA agreement is not possible at this stage and Ministry of Electronics and IT should focus on other alternate measures to promote the manufacturing in the electronics sector. In this regard, MeitY has come out with three schemes for promotion of electronics manufacturing in the country.

Comments of the Committee
(Please seePara No. 10 of Chapter I)

Electronics hardware Imports from China

(Recommendation Sl. No. 14)

The Committee note that electronic goods imports into India from China stood at 55% in 2015-16, 57% in 2016-17, 60% in 2017-18 and came down to 39% in 2018-19. Presently, out of total electronics goods imports in the country, approximately 37% are from China. These imports are largely in the nature of components that go into manufacturing of sub-assemblies and final products. The recent outbreak of Corona virus in China is likely to have an impact on supply of such components due to disruption in supply chain. However, the impact will depend upon the severity and persistence of Corona virus. At present, it has been ascertained from the industry associations and major manufacturing companies that sufficient inventory is available for the next few weeks. Steps are also being taken to explore sources of import of such components from other countries. Industry associations have been advised to organize buyer-seller meets to explore such avenues. In a medium and long-term perspective, companies are being encouraged to set up electronic components manufacturing in the country by offering them suitable incentives through schemes such as PLI, SPECS, MCS, etc.

The Committee are of the considered view that the Ministry should undertake a comprehensive evaluation of the likely impact of outbreak of Corona virus on the electronics hardware sector in India and take appropriate measures to mitigate any adverse impact on the electronics hardware sector in India. Even though electronics goods imports as a percentage of total electronics goods demand in

India is showing a downward trend, the Committee feel that at current levels also there is too much dependency on electronics goods imports from China. Too much dependency on a single country for sourcing electronics goods is a cause for concern. The Committee, therefore, recommend review of short to medium term impact of Corona virus outbreak in China on electronics hardware sector in India and in the long-term, steps may be taken to broad base the sources of electronics hardware imports in India while promoting indigenous production at the same time in order to reduce dependency on a single market/geographical region so that any sudden/abrupt/unforeseen event such as the Corona virus outbreak in China do not cause any large-scale shortage of inventory in Indian market.

Reply of the Government

The Committee has recommended a review of short to medium term impact of the Corona Virus outbreak in China and subsequent spread in the entire world resulting in a pandemic situation.

In this regard, it is submitted that a significant impact on the electronics manufacturing sector in India is expected due to corona pandemic. The virus outbreak in China in early part of the year manifested itself as disruption in global supply chains of electronics that are dependent on China to a large extent. There was depletion of inventories of electronics manufacturers in the month of January and February to the extent of 40% as per industry estimates that led to shortfall in production. The virus had spread in other parts of the world including India and a nation-wide lockdown was imposed on 25th March, 2020. This led to a complete halt in all production activities including electronics manufacturing with an exception of few companies who were manufacturing electronics components for essential medical equipment like ventilators.

During this period of lockdown, extensive interaction was done with the industry to check the status of their global supply chain and other operational issues. Based on industry feedback, recommendations were sent to Ministry of Home Affairs(MHA). MHA issued Order No.40-3/2020-DM-I(A) dated 15thApril, 2020, giving consolidated guidelines on the measures to be taken by Ministries/ Departments of Government of India, State/ UT Governments and State/ UT authorities for containment of COVID-19 in the country. This included providing relaxation for activities pertaining to "Manufacturing of IT Hardware" in certain areas where the disease spread was under control. Based on such instructions, 20% to 30% of electronic manufacturing operations could be resumed by taking approvals from respective state and local authorities and observing safety and other precautionary measures as per Standard Operating Procedures (SOP) that were developed by the Ministry in consultation with industry bodies. These SOPs have been made to cover aspects like social and physical distancing norms, regulation of entry and exit of personnel, regular monitoring of health of employees, transport management, canteen operations, disinfection operations, awareness generation etc. These measures are aimed at gradual and sequenced approach to the restarting of operations and resuming economic activity, along with adoption of prevention and containment measures.

The Covid-19 related situation is still an evolving one and constant liaison is being maintained with states as well as industry stakeholders to facilitate manufacturing operations to the extent possible. In this scenario, when production is not only restrained by precautionary measures but also diminishing factors on account of both demand and supply, both nationally and internationally, as many countries which constitute export markets for Indian electronics products are still in various stages of lockdown.

The Committee also recommended that in the long-term, steps may be taken to broad base the sources of electronics hardware imports in India while promoting indigenous production at the same time in order to reduce dependency on a single market/geographical region so that any sudden/abrupt/unforeseen event such as the Corona virus outbreak in China do not cause any large-scale shortage of inventory in Indian market. In this regard, it is submitted that MeitY has recently notified three new schemes, viz., Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing, Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS) and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme, to attract and incentivize large investments in the electronics value chain and promote domestic value addition and exports. These schemes will reduce import dependency from China for electronic products and components. Further, alternate supply lines are also being explored in coordination with Indian Embassies, Industry Associations and Local Industry. Electronics industries are also being encouraged to take advantage of the aforementioned new Schemes notified by the Ministry, to strengthen the electronics sector. In this regard, MeitY is conducting series of webinars in association with Embassies, Missions, Invest India and organizations like for creating awareness of new schemes and to attract global electronics manufacturers along-with their supply chain. Going forward, a diversification of country's import portfolio is expected with larger chunks from Japan, Korea, and Vietnam along- with much larger portion of domestic manufacturing.

A meeting under the chairmanship of Shri Ravi Shankar Prasad, Hon'ble Minister for Electronics and Information Technology, Government of India was held with Electronics Industry Associations, Chambers and prominent Industry players on 29th April, 2020 to discuss the issues faced by Industry regarding the working of factories, logistics, export, supply chain disruption and demand shock due to COVID-19. In the meeting, Electronics industry was encouraged to take advantage of the opportunity and new Schemes notified by the Ministry, to strengthen the sector.

Comments of the Committee
(Please see Para No. 13 of Chapter I)

Cyber Security Projects (NCCC & others)

(Recommendation Sl. No. 15)

The Committee note that cyberspace is the common tool used by citizens, civil society, businesses and Government for communication and dissemination of information. The objective of Cyber Security Projects (NCCC & others) scheme is to adopt a holistic approach towards securing the cyber space of the country. The Committee note that the allocation to the scheme in 2019-20 was Rs. 120

crore at BE stage which was reduced to Rs. 102.00 crore at RE stage and the actual utilization up to 31st January, 2020 was Rs. 58.60 crore. In 2020-21, as against the proposed allocation of Rs. 400.00 crore, Rs. 170 crore has been allocated at BE stage. The Ministry have stated that Government has proposed to set up the National Cyber Coordination Centre (NCCC) to generate near real time macroscopic views of the cyber security threats in the country. The project for setting up of NCCC was approved with an outlay of Rs. 770 Crores for a period of 5 years and was initiated in April 2015 after approval of competent authority. However, budget allocation for NCCC project was done in the F.Y. 2017-18 only. Phase-I of NCCC has been operationalized in July, 2017. In this phase metadata from 20 sites of ISPs and organisations is being collected and analyzed. The Phase-II Stage 1 is targeted to be operationalized during the year 20192020 aimed for collection and analysis of metadata from additional 15 remote sites. A total of 65 posts (60 S&T and 5 non-S&T) were sanctioned in the year 2016 out of which 26 posts have been filled (23 S&T and 3 non-S&T) and recruitment for remaining posts is currently going on. CERT-In is currently undertaking various tasks for the full-fledged implementation of the project. NCCC Phase-II implementation has commenced. Renovation of office space is currently underway. Data Centre colocation services will be hired for Primary as well as Disaster recovery site for NCCC. Budget in the next year will be required primarily on the procurement of capital IT infrastructure items (hardware, software and networking) and space requirement including Data Centre co-location services as mentioned above to cater to additional 40 sites.

The Committee are perturbed to find that the project for setting up of NCCC which was initiated in April 2015 with an outlay of Rs. 770 Crores spread over a period of 5 years began to get budget allocation only from FY 2017-18 onwards and during the five year period, the actual allocation to the project has been Rs. 105 crore which is just 13.63% of the approved outlay. Out of the 65 posts sanctioned in 2016, only 26 posts have been filled up till date. Considering the fact that cyber security is an area of major concern and requires allocation of significant resources, the lackadaisical attitude of the Ministry in setting up of NCCC as a pro-active agency in dealing with issues relating to cyber space is quite disappointing. The Committee desire the reason for delay in executing the project be submitted to them and also responsibility be fixed. The Committee strongly recommend that adequate funds may be made available to the scheme and remaining vacancies may be filled up in time so that NCCC can be established without any further delay and the Committee be apprised of the progress in this regard.

The Committee expressed concern about reports in the media and complaints by individuals that their telephones have been hacked using the sophisticated Pegasus software. Despite holding detailed hearings on the subject, the Committee were unable to obtain confirmation from the Government that this was the result of any authorized surveillance. In the circumstances, the Committee urge utmost vigilance to ensure that unauthorized surveillance of Indian users is not permitted to occur.

Reply of the Government

Ministry of Finance generally sticks to the policy of increasing the total budgetary provision of the previous year by 5-7%. It may be noted that the scheme-wise allocation is done at the Ministry level keeping in mind the requirement on account of the committed/operational expenditure that may not be avoided and then the remaining funds are distributed among the schemes under Digital India Umbrella Programme based on prioritization of projects, specific instruction from MoF, etc. MeitY always tries to allocate funds amongst the schemes in such a manner that the schemes/projects are continued to be implemented with least adversary effects. In the current year, due to the current scenario of COVID-19 pandemic, MoF has issued guidelines for more stringent financial discipline and control over expenditures under the schemes/projects vide their OM dated 08.04.2020. Though there is no likelihood of availing additional funds through Supplementary Demands for Grants or RE 2020-21 stage, MeitY would explore the possibilities of availing additional funds or re-appropirate funds taking into account the re-prioritization of projects etc. and also take up the matter with MoF as and when MoF seeks proposals for Supplementary Demands for Grants or RE 2020-21 stage.

It is further stated that out of 65 S&T and non-S&T posts sanctioned for NCCC in the year 2016, a total no. of 01 Scientist 'E', 23 Scientist 'B' and 03 non-S&T posts were filled, of these 01 Scientist 'B' resigned in the year 2019. The recruitment process for 10 nos. Scientist 'D' and 20 nos. of Scientist 'C' posts have been completed and results have been publicized. The recruited manpower is likely to join shortly after completing the mandatory medical checkup and background security verification as per government norms. The recruitment of manpower for remaining vacant posts is also in advanced stage.

As regards Unauthorized Surveillance, it is stated that the subject is under the purview of Ministry of Home Affairs. However, the Information Technology (IT) Act authorises Government to do monitoring within the framework of the law subject to stringent checks and balances. Section 69 of the IT Act deals with it. No unauthorized surveillance is permitted under the law.

Comments of the Committee
(Please see Para No. 16 of Chapter I)

PMGDISHA

(Recommendation Sl. No. 16)

The Committee are concerned to note that the Government had approved the 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 31st March, 2019. However, as on 31st December, 2019, a total of 3.19 crore beneficiaries have been enrolled, out of which training has been imparted to only 2.56 crore beneficiaries and out of these more than 1.88 crore beneficiaries have been certified under the PMGDISHA Scheme. At the time of approval, the PMGDISHA scheme was expected to cover 6 crore rural households in a span of two years. However, after completion of almost three years, the scheme has managed to impart training to about 2.56 crore individuals which is just 42.66% of the set target. The outcome measurement criteria include undertaking at least 5 electronic payments transactions by each beneficiary using UPI (including BHIM app), USSD, PoS, AEPS, Cards, Internet Banking. The total outlay of the above Scheme is Rs. 2,351.38 Crore (approx.). It is being implemented as a Central Sector Scheme by the Ministry of Electronics & Information Technology through an implementing agency namely CSC e-Governance Services India Limited, with active collaboration of all the State Governments and UT Administrations.

The Committee note that in spite of Cabinet approval for the scheme to cover 6 crore people over 2 years, the Scheme has faced major setback due to scarcity of resources year-after-year and the targets deferred. During the year 2020-21, once again out of the proposed Rs. 1175.00 crore, it has got a drastically reduced allocation of Rs. 400.00 crore which is a cause for concern. The Committee are at a loss to understand as to how a Scheme which had the approval of the Cabinet has failed to get the requisite allocation. While expressing serious displeasure over non-achievement of targets in the important PMGDISHA scheme, the Committee feel that this important scheme under Digital India Programme should not suffer for want of funds and recommend that urgent measures be taken up to address shortage of funds and other challenges in order to speed up implementation of the scheme. The Committee desire all the correspondence of the Ministry with MoF regarding allocation of funds to PMGDISHA scheme be furnished to the Committee.

Reply of the Government

Under the PMGDISHA Scheme, so far, a total of around 3.60 crore beneficiaries have been enrolled. 2.96 crore persons have been trained and out of which 2.16 crore person are duly certified by authorized 3rd party Assessment Agencies. This is in commensurate with the amount of Rs. 938 crore released so far for the implementation of the Scheme.

As regards want of funds to address shortage of funds, it is informed that Ministry of Financegenerally sticks to the policy of increasing the total budgetary provision of the previous year by 5-7%. The scheme provision which was Rs.3750.76 crore in BE 2019-20 has been increased by approx. 5.5% to Rs.3958 cr in BE 2020-21. It may be noted that the scheme-wise allocation is done at the Ministry level keeping in mind the requirement on account of the committed/operational expenditure that may not be avoided and then the remaining funds are distributed among the schemes under Digital India Umbrella Programme based on prioritization of projects, specific instruction from MoF, etc. MeitY always tries to allocate funds amongst the schemes in such a manner that the schemes/projects are continued to be implemented with least adversary effects. In the current year, due to the current scenario of COVID-19 pandemic, MoF has issued guidelines for more stringent financial discipline and control over expenditures under the schemes/projects vide their OM dated 08.04.2020. Though there is no likelihood of availing additional funds through Supplementary Demands for Grants or RE 2020-21 stage, MeitY would explore the possibilities of availing additional funds or re-appropriate funds taking into account the re-prioritization of projects etc. and also take up the matter with MoF as and when MoF seeks proposals for Supplementary Demands for Grants or RE 2020-21 stage.

Comments of the Committee
(Please see Para No. 19 of Chapter I)

CHAPTER V

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

-NIL-

New Delhi;
_____February, 2021
Magha, 1942 (Saka)

DR. SHASHI THAROOR,
Chairperson,
Standing Committee on
Information Technology.

Annexure-I

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2020-21) HELD ON 25TH NOVEMBER 2020

The Committee sat on Wednesday, the 25th November, 2020 from 1600 hours to 1812 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor – Chairperson

MEMBERS

Lok Sabha

2. Shri Karti P. Chidambaram
3. Dr. Nishikant Dubey
4. Ms. Mahua Moitra
5. Col. Rajyavardhan Singh Rathore
6. Shri Jayadv Galla
7. Shri Sanjay Seth
8. Shri Bhanu Pratap Singh Verma

Rajya Sabha

9. Dr. Anil Agrawal
10. Shri Md. Nadimul Haque
11. Shri Syed Nasir Hussain

SECRETARIAT

1.	Dr. Sagarika Dash	-	Additional Director
2.	Smt. Geeta Parmar	-	Additional Director
3.	Shri Shangreiso Zimik	-	Deputy Secretary

List of Witnesses

Department of Telecommunications (DoT)

Sl. No.	Names	Designation
1.	Shri K. Ramchand	Member (T)
2.	Shri Ranjan Ghosh	DDG (AS-I)
3.	Shri P.K. Singh	DDG (SA)
4.	Shri Robin Adaval	Director (AS-II)

Ministry of Home Affairs

Sl. No.	Names	Designation
1.	Shri Govind Mohan	Additional Secretary (UT)
2.	Shri Ashutosh Agnihotri	Joint Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt four Draft Action Taken Reports on Demands for Grants (2020-21) and to take final evidence of the representatives of Department of Telecommunications and Ministry of Home Affairs on the subject 'Suspension of Telecom Services/Internet and its impact'.

3. The Committee took up the following draft Reports for consideration:

(i) xxxxx….xxxxx….....xxxxx….xxxxx….....xxxxx….xxxxx….....xxxxx;

(ii) Draft Action Taken Report on Demands for Grants (2020-21) of Ministry of Electronics and Information Technology;

(iii) xxxxx….xxxxx….....xxxxx….xxxxx….....xxxxx….xxxxx….....xxxxx… ; and

(iv) xxxxx….xxxxx….....xxxxx….xxxxx….....xxxxx….xxxxx….....xxxxx… ;

4. After due deliberations, the Committee adopted the Reports at (i) and (ii) with slight modifications and Reports at (iii) and (iv) without any modifications. The Committee, then, authorized the Chairperson to finalize the Draft Reports and present the same to the House during the next session of Parliament.

5. ….xxxxx….xxxxx….....xxxxx….xxxxx….....xxxxx….xxxxx….....xxxxx….

6. ....xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....

7. ....xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....

8. ....xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....

(....xxxxx....xxxxx.....)

9. ....xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....

10. ....xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....

11. ....xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....xxxxx..........xxxxx....

Verbatim proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

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

Annexure-II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THEIR FIFTH REPORT

(SEVENTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

(i) Observations/Recommendations which have been accepted by the Government
Rec. Sl. Nos.: 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12 and 17

Total	12
Percentage	70.59

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government
Rec. Sl. 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
Rec. Sl. Nos.: 8, 13, 14, 15 and 16

Total	05
Percentage	29.41

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

Total	Nil
Percentage	0.00