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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2020-21)**

SEVENTEENTH LOK SABHA

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

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

NINETEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2021/Magha, 1942 (Saka)

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**Presented to Lok Sabha on 08.02.2021
Laid in Rajya Sabha on 08.02.2021**



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2021/Magha, 1942 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY

(2020-21)

Dr. Shashi Tharoor - Chairperson

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3. Shri Karti P. Chidambaram
4. Shri Sunny Deol
5. Dr. Nishikant Dubey
6. Smt. Raksha Nikhil Khadse
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- *15. Shri Jayadev Galla
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20. Shri Bhanu Pratap Singh Verma
- #21. Smt. Sumalatha Ambareesh

Rajya Sabha

22. Dr. Anil Agrawal
23. Dr. Subhash Chandra
24. Shri Y. S. Chowdary
25. Shri Shaktisinh Gohil
26. Shri Suresh Gopi
27. Shri Md. Nadimul Haque
28. Shri Syed Nasir Hussain
29. Shri Syed Zafar Islam
30. Dr. Narendra Jadhav
31. Shri Nabam Rebia

Secretariat

1. Shri Y.M. Kandpal - Joint Secretary
2. Dr. Sagarika Dash - Additional Director
3. Shri Shangreiso Zimik - Deputy Secretary

*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 Nineteenth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Sixth Report (Seventeenth Lok Sabha) on 'Demands for Grants (2020-21)' of the Ministry of Communications (Department of Telecommunications).

2. The Sixth Report was presented to Lok Sabha and also laid on the Table of Rajya Sabha on 13th March, 2020. The Department of Telecommunications furnished their Action Taken Notes on the Observations/Recommendations contained in the Sixth Report on 6th 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 Sixth Report of the Committee is given at Annexure-II.

**New Delhi;
04 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 the action taken by the Government on the Observations/Recommendations of the Committee contained in their Sixth Report (Seventeenth Lok Sabha) on Demands for Grants (2020-210) relating to the Ministry of Communications (Department of Telecommunications).

2. The Sixth Report was presented to Lok Sabha/laid in Rajya Sabha on 13th March, 2020. It contained 13 Observations/Recommendations.

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

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

Rec. Sl. Nos.: 1,3,8,10,12 and 13

Total - 6
Chapter-II

- (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
Chapter-III

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

Rec. Sl. Nos.: 4, 5, 6 and 9

Total - 04
Chapter-IV

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

Rec. Sl. Nos.: 2, 7 and 11

Total - 03
Chapter-V

4. **The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. The Committee further desire that Action Taken Statement on the Observations/Recommendations contained in Chapter-I and final action taken replies to the Observations/Recommendations contained in Chapter-V of this Report should be furnished to them at an early date.**

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

Progress of Implementation of BharatNet

(Recommendation Sl. No.4)

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

-The Committee note that under the BharatNet project as against the BE allocation of Rs.6000 crore, which was reduced to Rs.2000 crore at RE stage the actual utilization till 31st January, 2020 has been Rs.1957.74 crore. The delay in implementation by States under State Led Model and precarious financial position of BSNL has adversely affected the implementation of the project. This firms up Committee's apprehension that adequate fund has not been allocated at RE stage due to poor performance of the project. The only solace is that under Private Led Model, the tender for Punjab and Bihar was approved in August, 2018 and work of Phase-II in these States is likely to be completed by March, 2020. The Committee note that as per the Cabinet approval, the target for connecting all the 2,50,000 GPs was March, 2019. However, only 1.18 lakh GPs could be connected by March, 2019. The project is now targeted to be completed by August, 2021. The Committee apprehend until and unless the implementation of the project is expedited, it will not be possible to meet the target of August, 2021. The Committee are given to understand that in order to speed up the project, Digital Communications Commission (DCC) in its meeting held on 13th June, 2019 and 20th December, 2019 had given in principle approval to move to Public Private Partnership (PPP) Model of BharatNet. Cabinet draft note is under preparation. The Committee have been informed that PPP Model anticipates speedier implementation since it is proposed that the network will be leased for a period of 25 years and RoW will be provided free of cost.

The Committee find it unfortunate that when the project was targeted to be completed by March, 2019, the Department are still grappling with implementation strategy. It is also unfortunate that the recommendations of TRAI Report on BharatNet appear to have been ignored. It may be pointed out here that State Led Model was brought in with the hope that it will lead to speedier implementation, greater utilization of the network created, etc. However, the experience thus

far has proven that it has remained a non-starter. The Committee feel that there is an urgent need to speed up the implementation so as to ensure that OFC is connected to all the GPs and the project is completed within the stipulated target. In this regard, the Committee desire that the draft Cabinet Note which is under preparation for State Led Model should be finalized at the earliest so that implementation strategy may be moved to PPP model. Necessary measures for taking the work under PPP Led Model from CPSU Led Model should also be speeded up by the Department.”

7. The Department of Telecommunications, in the Action Taken Note, have stated as under:-

-With reference to the observation of the committee, it is submitted that the implementation pace of Bharat Net was slower as compared to the expectation during 2019-20. It is stated that the Phase-II work is largely dependent on 8 States (around 65000 GPs under State Led Model) and BSNL (23000 GPs in CPSUs led Model). BSNL suffered from capacity constraints because of its precarious financial condition. The State-led Model, barring Gujarat, could not progress at the anticipated pace. One of the major reasons for slow progress is higher tender discovered rates, leading to revision in DPRs and their re-approval at Digital Communications Commission (DCC) level. Now, based on the recommendations of a committee Chaired by CEO, NITI Aayog, a PPP Model has also been proposed for certain areas for creation, O&M and Utilization of BharatNet.

The following steps have been taken to facilitate improved performance of the BharatNet Project:

- a) The cash-flow constraints of BSNL have been addressed to facilitate faster progress of the project under Phase-II.
- b) After review of BharatNet and on the recommendations of a Committee, Chaired by CEO, NITI Aayog, DCC in its meeting dated 13.06.2019 & 20.12.2019 has given in-principle approval to migrate to PPP Model of BharatNet, as required.
- c) For better utilisation of BharatNet, CSC e-Governance Services India Ltd. (CSC-SPV in short), which is an SPV under the Ministry of Information Technology (Meity), has been assigned the job of providing one Wi-Fi AP and 5 FTTH connections in the GPs of Phase – I of BharatNet.
- d) Further, regular reviews are also being undertaken with the State Implementing Agencies under State led Model to ensure early completion. Project is being monitored at appropriate levels for early completion.

The draft Cabinet Note is under preparation for PPP model of implementation of BharatNet. It is to inform to the Standing Committee that in parallel, the RFP document for floating the tender is also in an advanced stage and the Department is putting all its effort to complete the pending targets of BharatNet at the earliest. Similarly, regular

review meetings are being held with all the stakeholders of CPSU model to improve the performance of CPSU-led model as well.”

Comments of the Committee

8. The Committee had recommended that the draft Cabinet Note which was under preparation for moving to Public Private Partnership (PPP) Model of BharatNet should be finalized at the earliest so as to speed up the project implementation. The Committee are, however, disheartened to note that Cabinet draft Note is still under preparation. The Committee note that the State Led Model, barring Gujarat, could not progress at the anticipated pace. In the case of CPSU Led Model, BSNL has suffered from capacity constraints because of its precarious financial condition. This clearly indicates that implementation of BharatNet Project under State Led Model and CPSU Led Model has faced difficulties and considering that Phase-II is largely dependent on 8 States (around 65000 GPs under State Led Model) and BSNL (23000GPs under CPSU Led Model) moving to PPP Model of BharatNet appears to be the most viable strategy for effective implementation of the project. Under the given situation, there is uncertainty as to whether the Department will be able to achieve the target of providing connectivity to all the 2,50,000 GPs by August, 2021. The Department should also be mindful of the fact that BharatNet is the main pillar of Digital India and for expansion of broadband services in rural areas. Recently, the Department have also launched National Broadband Mission with main objective to provide broadband access to all villages by 2022. The Committee are of the view that the success of the above initiatives greatly depends on the successful implementation of BharatNet Project. Since DCC in its meeting dated 13.06.2019 & 20.12.2019 has already given in-principle approval to migrate to PPP Model of BharatNet, the Committee find no reason why there should be any delay in finalisation of draft Cabinet Note for effecting PPP Model for BharatNet. Since PPP Model anticipates speedier implementation, the Committee reiterate their earlier recommendation that Cabinet draft Note should be finalized at the earliest so that implementation strategy may be moved to PPP Model. The Committee further desire that the progress made under various Models in the implementation of the Project are communicated to them.

Provision of Wi-Fi at GPs

(Recommendation Sl. No.5)

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

“The poor status of utilization of BharatNet infrastructure has always been a matter of great concern to the Committee. In their First Report on Demands for Grants (2019-20) of the Department of Telecommunications, the Committee had urged the Department to make sincere efforts to increase utilization of the network created under BharatNet. However, the status of utilization of BharatNet network has not seen any remarkable improvement. The Committee note that 1,46,717 GPs have been connected, service has been made ready at 1,34,000 GPs (approximately), Wi-Fi hotspots have been installed at 45,769 GPs and out of them, services are being provided in 18,041 GPs only. An amount of Rs.22389 crore has been utilized so far. Another major concern of the Committee is the poor maintenance of the network infrastructure created, especially the OFC cable laid. When asked about poor status of utilization, the Department have cited reasons such as frequent damage to cable laid due to theft, natural calamities, frequent digging for expansion of roads, etc. They have further informed that the DCC on 13th June, 2019 had approved to award the work of provisioning of 2 Wi-Fi Access Points (APs) in each of the 90,000 GPs of BharatNet Phase-I in all the States, except where Wi-Fi APs are provided under USOF schemes and after the work assigned to CSCs, the utilization and maintenance of network have improved.

Keeping in view the fact that BharatNet infrastructure has been created at a huge cost, the Committee are of the view that proper attention and care need to be taken by the Department/BBNL for maintenance of infrastructure created under BharatNet through proper monitoring and inspections, especially in States like Jharkhand which have witnessed a massive damage to the infrastructure. The Committee express satisfaction that network utilization has increased after assigning the work to CSCs, however, under no circumstances, the responsibility should be left only to CSCs and the Department should ensure proper monitoring to ensure proper health and maintenance of the infrastructure. The Committee also recommend that more concerted efforts need to be made to increase the number of GPs under Wi-Fi hotspots. The Committee further desire that the details of revenue sharing in the case of CSCs, amount of revenue received by the Department and CSCs, etc. should also be furnished to them.”

10. The Department of Telecommunications, in the Action Taken Note, have stated as under:-

—In view of the concerns of the Committee regarding poor utilization of the network under BharatNet, the Department has decided to award the work of utilisation of the created network under Phase-I for

provision of Last Mile connectivity through Government of Rajasthan and CSC e-Governance Services Ltd. (an SPV under MeitY).

Steps taken by the Government to promote utilisation of BharatNet are as follows:

- i) As part of BharatNet project, the Last Mile connectivity, through Wi-Fi or any other suitable broadband technology to access broadband /internet services is being provided at all the 2.5 lakh GPs in the country through Viability Gap Funding by USOF, DoT. Work has already been awarded to the Govt. of Rajasthan for Wi-Fi provisioning in all the 10,000 GPs of Rajasthan and to CSC-SPV for 25,000 GPs in Uttar Pradesh, 3,243 GPs in Himachal Pradesh. Besides CSC-SPV is providing Wi-Fi services in 5,000 GPs in various states under a USOF pilot.
- ii) For the remaining GPs (about 78, 000 GPs) of Phase-I, keeping in view the GP-level presence of CSC e-Governance Services Ltd. (an SPV under MeitY), it has been assigned the provision of 1 Wi-Fi Access Point and 5 FTTH connection to Government institutions by the DCC in its meetings of 13.06.2019 and 20.12.2019. This approval has been taken in order to get maximum utilisation of the network for provision of e-Governance services that will hugely benefit the general public. This work is in an advanced stage and is expected to substantially increase the utilisation of the network in the next 6-9 months.
- iii) Field level surveys have been facilitated for the service providers.
- iv) Wi-Fi have been installed in 51,958 GPs, out of which Service are being provided in 23,231 GPs. The No. of users is 12.74 lakh, using 1,381,184 GB data per month.
- v) Fibre to the Home (FTTH) connections on BharatNet have been provided to 47,327 GPs and SWAN connections to 5334 GPs. Leasing of dark Fiber is of 14043 km and Bandwidth provisioning is 2709 Gbps.
- vi) BBNL is replacing the lossy fibre of BSNL with new fibre so that better optical power is available at Gram Panchayats as well as dark fibres from OLT location in a Block to GPs become available for the service providers.
- vii) BharatNet Phase-II provides for end to end fibre laying by BBNL from Block to GPs so that dark fibre is available to Service providers from Block to GP for delivery of their services.
- viii) Meetings and discussions are being held with the State Governments for utilization of the network for SWAN, e-governance and other services. Some States, such as Maharashtra, have issued instructions to all the District Collectors for getting broadband connections installed, say through BSNL, at the GPs
- ix) Conferences are being organized with TSPs/ISPs/Cable TV Operators in order to sensitize them about the availability of

BBNL bandwidth and dark fibre and further to encourage them for providing services in the rural areas using BharatNet.

x) Other steps:

- In Phase – II, under State-Led Model; SIAs, at their own cost, are to provide at least one FTTH connection in each GP. They are also supposed to submit a business model for utilization of the network from which part of the OPEX shall be met.
- All stakeholders – TSPs/ISPs/Content providers/Cable TV providers/State Government Agencies, etc. are encouraged to utilize the BharatNet network.
- To encourage utilization of BharatNet, Bandwidth and fibre lease charges have been kept at low rates by BBNL.
- Apart from the above, the Department has also taken the approval of the DCC on 20.12.2019 for a strategy (State-wise) to be implemented under the PPP model and hired a consultant, who has carried out market consultation, and the preparation of RFP for PPP model is in an advanced stage.

The Department is closely monitoring the utilization of BharatNet. It is also exploring all possibilities through State Governments' Departments/Central Government's Departments to find out the potential demand and looping in all the Stakeholders to spur the utilization. The e-education and e-medicine have become vital in COVID-19 lockdown situations and the BharatNet infrastructure is serving as a fruitful tool for upliftment of citizens."

Comments of the Committee

11. **The Committee had recommended that proper attention and care need to be taken by the Department/BBNL for maintenance of infrastructure created under BharatNet and also made concerted efforts to increase the number of GPs under Wi-Fi hotspots. The Committee had also desired that the details of revenue sharing in the case of CSCs should also be furnished to them. From the reply of the Department, the Committee observe that optimum utilization of the network created is still a far cry. While examining the Demands for Grants (2020-21) in the month of February, 2020, the Committee had been informed by the Department that 1,46,717 GPs had been provided with connectivity. As per the reply furnished by the Department Wi-Fi have been installed in 51,958 GPs and service are being provided in only 23,231 GPs. There is a contradiction in Department's submission of facts and in the absence of accurate figures, the Committee are unable to assess progress of the utilization of the network. The Committee desire the Department/BBNL to furnish the correct figures and**

also appropriate reasons for underutilisation of the network. The Committee also note that the Department have decided to award the work of utilization of the created network under Phase-I for provision of last mile connectivity through Government of Rajasthan and CSC e-Governance Services Ltd. (an SPV under MeitY). With regard to about 78,000 GPs under Phase-I which has been assigned to CSC e-Governance Services Ltd, the work is in advanced stage and is expected to substantially increase the utilization of the network in the next 6-9 months. The Committee may be kept apprised of the actual progress made under the project. On the revenue sharing front the Department has not furnished information on the amount of revenue generated and revenue sharing with CSCs. The Committee are of the view that participation of CSCs will not only help in generating employment in rural areas, but will also help in augmenting the income of the Village Level Entrepreneurs (VLE). While emphasizing that the Department should make sincere efforts to maintain and increase utilization of the network created, the Committee further reiterate that the details of revenue sharing in the case of CSCs, amount of revenue received by the Department and CSCs, etc. should also be furnished to them.

Scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas

(Recommendation SI. No.6)

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

“The Committee are glad to note that under LWE Phase-I, out of total 2355 towers, 2343 towers are radiating. 12 towers are not radiating due to damage by Naxalites. Since permission for sites had not been provided by the State Governments, the project has been foreclosed. This Committee in their First Report on Demands for Grants (2019-20) had recommended that renewed efforts should be made by the Department with the concerned State Governments to get the necessary site permissions for 12 towers destroyed by the Naxalites so that the towers could be set up in the areas for providing connectivity. The Department have further informed the Committee that an RFP has been floated on 4th November, 2019 for 2217 locations at the estimated cost of Rs.3214.65 crore for LWE Phase-II. With regard to allocation of funds an amount of Rs.200 crore only has been allocated at BE 2020-21. The Department have stated that the anticipated expenditure at BE stage has been kept as per tender payment schedules. In case of early achievement of targets, more funds will be sought at RE stage. At this point one important omission has come to the notice of the Committee. While LWE Phase-I

had been successfully implemented by BSNL, LWE Phase-II has not been allocated/awarded to BSNL. When asked about the reasons for this, the Department have informed during evidence that this has been due to the precarious financial position of BSNL. However, the tender is still at pre-bid stage and the tender has not been awarded yet. BSNL can bid if they want.

The Committee are at a loss to understand when the revival of BSNL is priority of Government and the revival package is being worked out for BSNL why BSNL was not considered to participate in the bidding process. In fact, this would have helped the cause of BSNL revival and put them in good stead to improve their financial position. If financial guarantee for bidding was the issue, Department could extend the support and Government could have come forward for the Sovereign Guarantee. Considering the fact that LWE Phase-I had been successfully implemented by BSNL and Secretary's submission that BSNL can bid now also, the Committee desire that the Department should make sincere efforts to ensure that the work of LWE Phase-II is allocated to BSNL. Since the tender is still at pre-bid stage and the tender had not been awarded yet, all necessary help may be given to BSNL so that it can participate in the bidding process. The matter regarding money for Sovereign Guarantee, if required, may also be taken up with the Ministry of Finance. The Committee may apprised of the measures taken in this regard."

13. The Department of Telecommunications, in the Action Taken Note, have stated as under:-

On 23 May 2018, the Cabinet approved the proposal for installing 4072 mobile towers by using 2G+4G technology at locations identified by the Ministry of Home Affairs (MHA) in LWE affected areas with subsidy support of Rs. 7330 crore (Excluding taxes) from USOF. The estimated project cost of the proposal was Rs 7,330 Crore plus applicable taxes, consisting of CAPEX and OPEX for 5 years for 4072 tower locations. Ministry of Home Affairs (MHA) provided a list of 4072 locations for provision of mobile services in the LWE affected areas on 27th Oct 2017. A meeting was held on 26.08.2019 under the Chairmanship of Hon'ble Home Minister wherein it was decided to verify the 4G coverage status at MHA identified locations for LWE Phase-II. Accordingly, the feedback on 4G coverage status was obtained from respective Licensed Service Area (LSA) Units. As per the coverage status given by LSAs, 2217 locations were found uncovered. Accordingly, an RFP has been floated on 04.11.2019 for 2217 locations at estimated cost of 3214.65 crore. The Implementing Agency is to be selected through an open competitive bidding process and the implementation period of the project is 18 months from the date of signing of contract with the Implementing Agency. The RFP has not been finalized yet as decision is to be taken on choice of technology between 2G+4G and 4G only. The matter is being resolved and RFP may be floated again as per decision.

As far as the bidding of BSNL in the tender is concerned, it is open to all and BSNL has not been forbidden to participate in the tender.”

Comments of the Committee

14. The Committee were informed that the LWE Phase-I has been successfully implemented by BSNL by setting up of 2345 towers. However, taking note of the fact that the LWE Phase-II for setting up of towers at 2217 locations at an estimated cost of Rs.3214.65 crore has not been allocated/awarded to BSNL, mainly because of the precarious financial position of BSNL, the Committee had desired that the Department should make sincere efforts to ensure that the work of LWE Phase-II is allocated to BSNL. To this end, the Committee also desired that the matter regarding money for Sovereign Guarantee, if required, may also be taken up with the Ministry of Finance. The Department have replied that the implementation agency is to be selected through an open competitive bidding process. It is open to all and BSNL has not been forbidden to participate in the tender. The Department have not mentioned anything about extending financial support to BSNL for the bid knowing fully well that BSNL on its own is not in a position to compete for the project. From the reply of the Department it appears either they have failed to understand the intent of the recommendation or they are not very keen that the project be awarded to and executed by BSNL. The Committee were of the view that because of its precarious financial position, BSNL will not be in a position to participate in the open competitive bidding process. The only way through which BSNL can get LWE Phase-II is by allocating the work to BSNL on nomination basis as was done for LWE Phase-I. The intention of the Committee was that this will help in improving the financial position of BSNL. The Committee are inquisitive to know as to why selection of implementing agency for LWE Phase-II is being done through open competitive bidding process and it cannot be awarded to BSNL on nomination basis when BSNL had already successfully implemented the LWE Phase-I. The Committee reiterate that efforts be made by the DoT for allocating LWE Phase-II project to BSNL on nomination basis. If the Department has any reservation/ limitation on this count, specific and pointed reply may be furnished to the Committee.

Mobile Connectivity in Arunachal Pradesh and 2 Districts (Karbi Anglong and Dima Hasao) of Assam

(Recommendation SI. No.9)

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

“The Committee note that the Department of Telecommunications had earlier signed an agreement with BSNL through USOF for provision of 2G based mobile services in 4119 (2805 + 1314) uncovered villages of Arunachal Pradesh and 2 Districts of Assam under Comprehensive Development Plan for North East Region. In the meantime, State Governments had requested to provide mobile services based on latest 4G technology. Telecom watchdog had also filed writ petition in Hon’ble Supreme Court to quash the agreement dated 16th January, 2018 on 2G technology which is sub-judice. The matter was also received in Niti Aayog, wherein it has been decided to prepare DPR for 4G connectivity and submit for the approval of Cabinet. In view of the decision taken in NITI Aayog, DCC has approved a proposal for provision of 4G based mobile services for revised number of 2968 uncovered villages. Meanwhile, due to expansion of network, uncovered villages for Arunachal Pradesh and 2 Districts of Assam Government got reduced to 2374 (1683 + 691) villages for which estimated cost is Rs.2028.80 crore. Draft Cabinet Note is under submission.

The Committee are given to understand that Airtel is implementing similar project in North-East based on the same tender. However, while Airtel has been allowed to continue with the project implementation, BSNL was not allowed to take up the work by filing Special Leave Petition (SLP) in the Hon’ble Supreme Court. The Committee are given to understand that Hon’ble Supreme Court has not issued any stay order. The Committee find the decision of the Department to take away the project from BSNL as gross injustice to BSNL. The Committee would, therefore, like to know the reasons for filing of SLP by telecom watchdog in the case of BSNL. When Hon’ble Supreme Court has not issued any stay order why BSNL was not allowed to continue with the project when on the same tender Airtel has been allowed to continue. Considering that 4G spectrum will be allocated to BSNL as a part of the revival plan, the Committee see no reason as to why the project could not be allocated to BSNL. The Committee desire that the approval of draft Cabinet Note which is under submission should be taken at the earliest and the Department should expedite the process of implementation of this project so as to provide the much needed connectivity to the people living in these areas. The Committee may be apprised of all the progress made in this regard.”

16. The Department of Telecommunications, in the Action Taken Note, have stated as under:-

-The Department of Telecommunications had earlier signed an Agreement with BSNL through Universal Service Obligation Fund for provision of 2G based mobile services in 4119 (2805+1314) uncovered villages of Arunachal Pradesh and 2 Districts of Assam, under Comprehensive Telecom Development Plan for NER. In the meantime, State Governments requested to provide mobile services based on latest 4G technology. Also, Telecom Watchdog filed a Writ Petition in the Hon'ble Supreme Court to quash the agreement dated 16.01.2018 on 2G technology, which is sub-judice. Subsequently, the matter was reviewed on 06.05.2019 in NITI Aayog, wherein it has been decided to prepare DPR for 4G connectivity and submit for the approval of the Cabinet. In June 2018, a revised list of 2968 (2215+753) uncovered villages of Arunachal Pradesh and 2 Districts of Assam was finalized. In view of the decision taken in NITI Aayog, DCC has approved a proposal for provision of 4G based mobile services for revised number of 2968 (2215+753) uncovered villages of Arunachal Pradesh and 2 Districts of Assam on 19.09.2019. Meanwhile, due to expansion of network, uncovered villages in Arunachal Pradesh & 2 Districts of Assam have reduced to 2374 (1683+691) uncovered villages for which estimated cost is Rs. 2028.80 crore."

Comments of the Committee

17. In view of the gross injustice done to BSNL by taking away the project for providing mobile services in uncovered villages of Arunachal Pradesh and 2 Districts of Assam, the Committee had desired to know the reason for filing of SLP by telecom watchdog in the case of BSNL. The Committee had also recommended that approval of draft Cabinet Note should also be taken at the earliest so as to expedite the process of implementation of the project. However, in their reply, the Department have neither furnished the reasons for filing of SLP nor the status of approval of draft Cabinet Note which was under submission. The Department have simply furnished the same status as indicated before, which indicates that no measures have been taken by the Department for the implementation of this project. The Committee are of the view that this project should be allocated to BSNL considering that the Government are in the process of implementing BSNL Revival Plan including allocation of 4G spectrum. The Committee feel that taking away this project from BSNL by filing SLP by telecom watchdog whereas allowing Airtel to continue their project under the same tender is akin to meeting out gross injustice to BSNL. Since the

reply of the Department in this regard is silent, the Committee again reiterate their earlier recommendation that the reason for filing of SLPs and not allowing BSNL to take up the project may be furnished to them. The Committee also reiterate their earlier recommendation that the Cabinet note should be finalised at the earliest so as to expedite the project implementation. The Committee will appreciate if they are apprised of the progress made.

Revival of BSNL and MTNL

(Recommendation SI. No.13)

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

“The Committee have been informed that the estimated total income and total expenses of BSNL during 2019-20 is Rs.17,728 crore and Rs.32,828 crore respectively leaving a negative balance of Rs.15,100 crore. For the year 2020-21, the projected income and expenses are Rs.25,204 crore and Rs.32,317 crore respectively leaving a negative balance of Rs.7013 crore. With regard to MTNL, against the total income target of Rs.2372 crore, the actual upto September, 2019 was Rs.1132.08 crore and the expenditure was Rs.3134.91 crore leaving a negative balance of Rs.2002.84 crore. The projected revenue and expenditure for the year 2020-21 is Rs.2372 crore and Rs.6238 crore respectively. With regard to outstanding debt, as on 31st March, 2019, the outstanding debt of BSNL was Rs.19,236 crore. In case of MTNL, it was Rs.19,750 crore excluding DoT bonds of Rs.4533.97 crore. The Committee are glad to note that the Department are implementing BSNL and MTNL Revival Plan by offering VRS to BSNL and MTNL employees, administrative allotment of 4G spectrum, monetisation of land/building, tower and fibre assets of BSNL/MTNL, debt restructuring through sovereign guarantee bonds and in-principle approval of merger of BSNL and MTNL. The Committee are also happy to note that the above components of the Revival Plan are at the various stages of implementation. With regard to status of implementation of VRS, the Committee have been informed that 78,569 employees of BSNL and 14,387 employees of MTNL have opted for the VRS. After this, the likely employee cost for BSNL and MTNL will be around 37 per cent and 28 per cent of their revenue respectively. The Department have also informed the Committee that the first instalment of ex-gratia will be paid before 31st March, during 2019-20. The second and final instalment of ex-gratia will be paid in first quarter of financial year 2020-21. In addition to ex-gratia, Rs.3294.77 crore has been allocated for incremental pension due to pre-payment of pensionary liabilities on account of VRS. Relating to roll out of 4G services, the Committee have been informed that an amount of Rs.20410 crore has been allocated for capital infusion for 4G spectrum for BSNL and MTNL. BSNL has started 4G services on its existing

spectrum. Around 8000 sites of BSNL are already operating on 4G. Another 40,000 sites are proposed to be upgraded to 4G that may happen by July-Aug 2020. The process for procurement of additional 50,000 4G BTSs is under finalisation. The requirement of 4G equipment for Delhi and Mumbai (MTNL area) is being incorporated in the tender of BSNL. The Committee also suggest that the Department may look into the possibility of applying USOF funds for revival of BSNL, particularly in the rural areas.

The Committee hope that the successful implementation of the above Revival Plan will help BSNL and MTNL to come out of the present financial quagmire and turnaround of the two companies takes place at the earliest. The Committee are positive that Revival Plan will definitely boost the image of BSNL and MTNL and help them to concentrate on core activities bringing them at par with Telecom Service Providers. The Committee greatly desire that the Revival Plan is implemented successfully and they come to profit making mode at the earliest. The Committee, therefore, strongly recommend that the Department should ensure all payment related to VRS is released and allocation of 4G spectrum are implemented in right earnest.”

19. The Department of Telecommunications, in the Action Taken Note, have stated as under:-

~~The~~ Cabinet in its meeting held on 23-10-2019 approved the revival plan for BSNL and MTNL. The revival plan inter-alia, includes the measures to reduce the Staff cost through a Voluntary Retirement Scheme (VRS) for employees of age above 50 years for the employees of BSNL and MTNL, Administrative allotment of Spectrum to BSNL/MTNL for providing 4G services, Monetisation of Land/ Building and Tower/ Fibre Assets of BSNL/MTNL, Debt restructuring by raising of Sovereign Guarantee Bonds and in-principle approval for merger of BSNL & MTNL.

The following actions have been taken till now:

Measure -1: Staff Cost Reduction

- (i) The Voluntary Retirement Scheme (VRS) was offered by both BSNL/MTNL on 4th November, 2019 and was closed on 03.12.2019. The VRS was effected from 31.01.2020. After the closure of the scheme, 78,569 employees of BSNL and 14,387 employees of MTNL have opted for the VRS. Post VRS, BSNL will have 71057 and MTNL will have 4325 employees.
- (ii) The target for VRS was set as 83000 and 15000 employees respectively for BSNL and MTNL, considering the strength as on 1.10.2019. Since the VRS has been implemented wef 31.01.2020, 5607 and 1408 employees of BSNL and MTNL respectively, retired in natural course. As such, the net reduction

in employees is 84239 and 15795 employees in BSNL and MTNL respectively.

- (iii) Fund amounting Rs 5000 Cr for payment of 1st installment of ex-gratia (to be paid by 31.3.2020) was received from Ministry of Finance, which has been disbursed to both PSUs. Budget for the 2nd installment has been allotted in FY 2020-21.

Measure — 2 A: Asset Monetisation (Land/ Buildings)

Pursuant to Cabinet decision dated 23.10.2019 on Revival/ Restructuring of BSNL/MTNL, 11 assets of BSNL (tentative value Rs. 18,200 Cr) and 06 assets, including 398 flats, of MTNL (tentative value Rs. 5,158 Cr) have been approved for monetization in the first phase through DIPAM. The selection of Consultants by DIPAM has been completed. DIPAM and Consultants appointed by it, have been requested to expedite the monetisation process.

Measure — 2 B: Asset Monetisation (Fibre/Towers)

BSNL has leased out around 2 Lac Route KM OFC to BBNL @Rs18000/per KM/ per year since 01.07.2019.

Measure - 3: Allocation of Spectrum

- (i) Budget for 4G spectrum for Rs 24,084 cr (BSNL-16,656 cr, MTNL7428 Cr) was requested in RE 2019-20. Ministry of Finance has provisioned the funds required for 4G spectrum in BE 2020-21.
- (ii) The process for spectrum allocation for 4G services to BSNL/MTNL has been initiated in DOT.

Measure - 4: Issue of Sovereign Guarantee Bonds

- (i) Request for Sovereign Guarantee for the bonds to be raised by BSNL (Rs 8500 Cr) and MTNL (Rs 6500 Cr) has been sent to Ministry of Finance on 2-12-2019.
- (ii) DEA has intimated that the Sovereign Guarantee will be issued in first Quarter of FY 2020-21.

Measure -5: In-principle approval for merger of MTNL into BSNL

- (i) A letter was addressed to DIPAM seeking necessary guidance for merger/ making MTNL a subsidiary of BSNL, in view of DIPAM circular no. 7/ 13/2018-Policy dated December 26, 2018 directing that '..... All proposals of CPSEs/Administrative Departments that have a bearing on capital structure or networth of a CPSE e.g. issue of bonus/ rights shares or bonus debentures, merger or demerger, formation of a subsidiary or an associate company, payment of dividend, etc. are required to be referred to DIPAM for prior consultation/ consent'

(ii) DIPAM engaged a Legal Advisor so as to decide further course of action.

(iii) DIPAM vide its letter dated 30.4.2020 has conveyed that the matter has been got examined by the legal advisor. After considering all the options and the comments of the Legal Advisor, DIPAM has requested DOT to take further necessary action for making MTNL a subsidiary of BSNL keeping in view its comments.

(iv) The Department has initiated the necessary action in the matter.”

Comments of the Committee

20. **The Committee had suggested that the Department may look into the possibility of applying USOF funds for revival of BSNL. The Committee had also expressed the hope that successful implementation of the Revival Plan will help BSNL and MTNL to come out of the present financial quagmire and turnaround of the two companies takes place at the earliest. From the reply of the Department, the Committee note that steps have been initiated by the Department for staff cost reduction through offer of Voluntary Retirement Service (VRS) to BSNL and MTNL employees, asset monetization of land and building, asset monetization of fibre and towers, issue of sovereign guarantee bonds, allocation of spectrum and in-principle approval for merger of MTNL and BSNL. The Committee are, however, dismayed to note that 4G spectrum which has been essential for viability has still not been allocated to them. This reflects very poor on the sincerity and seriousness of the Government to implement the Revival Plan. The Committee are of the view that revival of BSNL and MTNL has been delayed for a long time. If lack of funds is the concern, the Department should have explored the suggestion of the Committee to look into the possibility of deploying USOF funds. The Committee will like to recall that Rules for administration of the USOF have been amended as the Indian Telegraph (Amendment) Rules, 2012 on 28.03.2012 and Corrigendum issued on 31.05.2012 to provide financial support from USOF for creation of BharatNet. The Committee are of the view that similar amendment may be brought so that USOF could also be utilized for revival of BSNL, particularly in rural areas. Since the Department have maintained stoic silence on this recommendation of the Committee which explicitly indicates no action on the part of the**

Department in this regard, the Committee reiterate their earlier recommendation and urge the Department to look into the possibility of applying USOF funds for revival of BSNL, particularly for rural areas. The Committee also further desire that the progress of implementation of revival plan of BSNL and MTNL including allocation of 4G spectrum should also be expedited and the Committee be apprised of the progress made.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

DoT Budget

(Recommendation Sl. No. 1)

The Department of Telecommunications (DoT) have laid the Detailed Demands for Grants (2020-21) on 5th February, 2020 for a total amount of Rs.79431.69 crore, consisting of Rs.48756.63 crore under Revenue Section and Rs.30675.06 crore under Capital Section. The amount is Rs.39018.33 crore more than the allocation made at BE 2019-20. The increase in Revenue Section is mainly due to allocation of funds relating to Revival of BSNL and MTNL under heads, such as Grant of GST for 4G spectrum, implementation of Voluntary Retirement Scheme (VRS), payment of ex-gratia to retiring BSNL and MTNL employees, etc. Under Capital Section, the increase is mainly on account of capital infusion for 4G spectrum for BSNL and MTNL. With regard to expenditure during 2019-20, the Committee note that an amount of Rs.30693.64 crore was allocated at BE under Revenue Section which was reduced to Rs.21435.10 crore at RE stage and actual expenditure till 31st January, 2020 was Rs.18159.95 crore. Under Capital Section, an amount of Rs.9719.72 crore had been allocated at BE stage which was reduced to Rs.9640.39 crore at RE stage and the actual expenditure upto January, 2020 has been Rs.6735.62 crore.

The Committee have been informed by the Department that during 2019-20 schemes like Compensation to Service Providers for USOF, Centre for Development of Telematics, Wireless Monitoring Organization, Wireless Planning Coordination, Telecom Development and Investment Promotion and Training have been affected due to less allocation of funds at RE stage under Revenue Section. Only unavoidable expenditure is being incurred and the remaining liabilities have been carried over to the next financial year. Under Capital Section, the Committee have noted poor utilization of funds under schemes like Major Work Building, Wireless Planning Coordination, Monitoring Service, Wireless Sets and Equipment Telecom Testing and Security Certification Centre, Telecom Computer Emergency Response Team (T-Cert), Central Equipment Identity Register (CEIR), etc.

While taking strong exception to poor performance of various schemes under Revenue and Capital during 2019-20, the Committee desire that the Department should pay greater attention towards implementation of various schemes and ensure that poor utilization of funds is not repeated during 2020-21. The Committee are of the view that telecommunications sector has become the life line of our society and its importance has been experienced and proved in

every sphere of life especially in the field of business, education, health care, agriculture, economic growth, governance, etc. The significance of telecommunications is here to stay. The Committee note that as per a Global System for Mobile Communications (GSMA) report, the mobile industry supports about 6.5 per cent of India's Gross Domestic Product (GDP). Telecom industry contribution to GDP is expected to reach 8.5 per cent by 2020. DoT being the nodal Department responsible for the growth of telecom sector in India, it is only through proper implementation of various schemes by them that the country can take full advantage of the development in telecommunications. As such they have to ensure that underutilization is strictly avoided and available resources/funds are utilized productively for successful implementation of various schemes under Revenue and Capital during 2020-21. The Committee may be informed of the concrete measures taken in the above direction.

Reply of the Government

In this regard it is submitted that the Department is committed to judicious utilization of funds under both Revenue and Capital Heads. For 2020-21, it is submitted that Ministry of Finance has allocated a total gross amount of Rs.79431.69 crore, consisting of Rs.48756.63 crore under Revenue Section and Rs.30675.06 crore under Capital Section at the BE stage. An amount of Rs 4665.43 crore and Rs 18.96 crore has already been utilized under revenue and capital heads respectively as on 22.06.2020. Utilization of funds has been kept as low as possible in line with the Ministry of Finance (MoF)'s OM dated 8th April 2020, wherein DoT's QEP (Quarterly Expenditure Plan) was fixed at 15% of the overall BE 2020-21. Ministry of Finance issued the OM in the wake of the situation arising out of COVID-19 pandemic.

All the nodal branches concerned are being instructed for effective expenditure monitoring and also utilization of funds judiciously with additional emphasis for proper utilization of allotted funds for various ongoing schemes.

The Department has taken the following measures for the under mentioned schemes.

For Central Equipment Identity Register (CEIR)

The project has been undertaken by Department of Telecommunications (DoT) in financial year 2017-18 for addressing security, theft and other concerns including reprogramming of identity (i.e. International Mobile Equipment Identity-IMEI) of mobile handsets. The execution, including R&D and commissioning, has been entrusted to Centre for Development of Telematics (C-DOT).

There is no readymade solution available globally to deal with multiple/duplicate handsets with same IMEI number. Hence, to finalise the technical solution, a Proof of Concept (PoC) of the system was undertaken in Maharashtra LSA with major TSPs i.e. BSNL, RJio, Airtel, Vodafone, Idea.

Thereafter, a pilot project has been launched in Maharashtra on 13.09.2019 for blocking and tracing of lost/stolen mobile phones. Subsequently, the project has been launched in Delhi for blocking and tracing of lost/stolen mobile phones. Presently, Detailed Project Report (DPR) of the project is under finalisation for Pan India rollout of the system.

Periodic reviews are being done by the concerned Nodal Officer to ensure the full utilization of allocated fund for the FY 2020-2021.

For Computer Emergency Response Team – Telecom (CERT-T)

The project has been undertaken by the Department in financial year 2017-18. C-DoT has been entrusted with the work of research, design, development and deployment of the project.

No commercial or off the shelf solution of required magnitude was available. Being a large and complex project, the required skill set for the development in this area was also not readily available. The project had major challenges to design and develop a network probe with the standard interfaces, having big-data platform and big-data security analytics considering threat landscape of Indian Telecom Network. This has taken some time.

A Proof of Concept (POC) has been developed having connectivity with 4 internet gateways, one each from Reliance Jio, Vodafone idea Limited, Airtel and MTNL. The capability of proof of concept has been demonstrated to Computer Emergency Response Team- India (CERT-In), Ministry of Home Affairs (MHA), Intelligence Bureau (IB), National Critical Information Infrastructure Protection Centre (NCIIPC), Defence Research and Development Organization (DRDO), National Security Council Secretariat (NSCS). An Inter-Ministerial Committee (IMC) has been constituted to evaluate the proof of concept. Mean while a detailed project report has also been prepared for pan India implementation of the project and being examined.

Considering the importance of the project, it has been decided that periodic monthly reviews are made to ensure successful implementation of the project.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06 /07/2020)

Universal Service Obligation Fund (USOF)

(Recommendation Sl. No.3)

The Committee note that as on 31.12.2019, the balance of Universal Access Levy (UAL) amount available as potential fund under USOF is Rs.51,093.42 crore. The available fund will be utilized to meet the anticipated disbursement towards ongoing/upcoming schemes and to meet their committed requirement under various schemes of USOF. The Ministry of Finance have communicated that as and when the scheme takes off, Government is bound to provide funds for the schemes of USO Fund. The Department are implementing various USOF schemes, like BharatNet, Left Wing Extremism (LWE), Comprehensive Telecom Development Plans for North-East and Islands, Provision for Mobile Services in 354 uncovered villages of Ladakh, Districts and Border Outpost. The Committee are, however, disheartened to note that the status of utilization of funds under the head USOF during the year 2019-20 is far from satisfactory. During 2019-20, an amount of Rs.8350 crore had been allocated at BE which was reduced to Rs.3000 crore at RE and actual utilization till 31st January, 2020 was only Rs.2905.33 crore. The Department have stated that the reduction of funds from BE to RE was because implementation pace of BharatNet was slower as compared to the expectation during 2019-20. The Phase-II was largely dependent on 8 States (around 65,000 GPs under State Led Model) and BSNL (23,000 GPs in CPSUs Led Model). Under State Led Model barring Gujarat, other States could not progress at the anticipated pace due to higher tender discovered rates leading to revision in DPR and their reapproval at DCC level. With regard to project implemented by BSNL, the project was adversely affected due to precarious financial position of BSNL. The Committee have also been informed that tender for submarine OFC connectivity between Chennai and Andaman and Nicobar Islands was unique and took longer time for finalization, the project for NER was held up due to court case (Arunachal Pradesh and two Districts of Assam) and higher tender discovered cost in comparison to DPR (Meghalaya). The timeline for NER mobile connectivity (all States except Arunachal Pradesh and Meghalaya) had to be extended owing to force majeure and difficult terrain. The Committee find some of the reasons cited by the Department to be repetitive and non-convincing. With proper planning and tendering process the same could have been avoided. For the year 2020-21, an

amount of Rs.8000 crore has been allocated at BE. Tender for provision of mobile services in 354 villages has been finalized and work is under process for award. Tenders for Provision of Mobile Services in Left Wing Extremism Affected Areas (LWE-II), Andaman and Nicobar Islands and Meghalaya have been floated by USOF and were expected to be finalized by March, 2020. The Committee feel strongly that further delays must be avoided. Further, the Provision of Mobile Services in uncovered villages in NER by Airtel and Hexacom, Submarine OFC Connectivity between Chennai and Andaman and Nicobar Islands and setting up of one AP and 5 FTTH connections by CSC-SPV under BharatNet are likely to be completed by June, 2020. The Committee note with concern that BSNL does not feature in the list. The Committee are hopeful that the pace of utilization of funds will drastically increase during 2020-21 which of course to a large extent will depend on the remedial course correction and advance measures taken by the Department.

Considering the fact that the huge UAL balance available as potential fund under USOF and the commitment given by Ministry of Finance to make the fund available as and when the schemes take off, drastic reduction of funds at RE and poor utilization of funds under USOF during 2019-20 is truly uncalled for. Since the focus of USOF is predominantly on Capital intensive and infrastructure projects, the Committee emphasize that adequate attention needs to be given to overcome procedural delays and implementation of the project in a time bound manner. The Committee trust that the Ministry of Finance will keep up their words and make available funds as and when the scheme takes off. In order to sustain the momentum of the schemes, grants allocated at BE 2020-21 should not be curtailed at the RE stage which will possible only if the Department speed up the implementation. The concern of the Committee in this regard should be communicated to the Ministry of Finance.

Reply of the Government

In this regard, it is submitted that Rs. 8350 crore has been received as BE 2019-20 which was reduced at RE stage as Rs. 3000 crore and the amount was utilized fully.

Further, it is submitted that Rs. 8000 crore has been allotted as BE 2020-21 including Rs. 6000 crore for BharatNet, out of which Rs. 1100 crore has been disbursed upto 31.05.2020 including Rs. 900 crore for BharatNet. The remaining

fund will be used to meet the requirement of funds under various USOF Schemes.

As on 31.03.2020, the balance of Universal Access Levy (UAL) amount available as potential fund under USOF is Rs. 55577.81 crore.

The concern of the Committee regarding availability of funds to meet the expenditure on USOF schemes has been communicated to the Ministry of Finance.

As for the Observation of the Standing Committee on lesser utilization of fund with respect to BE, it is to submit before the Committee that as per the agreement signed between the USOF and BBNL, there is a clause which clearly mentions that the Financial progress of the project is to be commensurate with the physical progress of the Project. As pointed out earlier in the Action Taken Note on Recommendation/ Observation of the 1st Report of Standing Committee on IT for DFG 2019-20, the slow of progress of the BharatNet Project led to the reduction in RE. However, as observed and suggested by the Standing Committee, USOF would strive to achieve the faster pace of the project and consequently to consume the allocated Budget for the FY 2020-21. It is mentioned that implementation in some States such as Gujarat has already been taking place at a faster speed and in Telangana also, the work order has been issued for executing the project. The provisioning of the Broadband connectivity to about 6407 GPs over the Satellite media has also been expedited.

Review of the progress with all the implementing agencies and stakeholders to achieve the desired outcome is being done regularly. Things are improving now and some of the States have also gained some pace towards the completion of the project. As suggested by the Standing Committee, all efforts are being made to reduce the procedural delays in the implementation of the project.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

Submarine OFC Connectivity between Mainland India (Chennai) and Andaman and Nicobar Islands

(Recommendation SI. No.8)

The Committee note that Cabinet in its meeting held on 21st September, 2016 had approved the dedicated Submarine OFC link from Mainland India

(Chennai) to Port Blair and 5 other Islands. The Committee have been informed that the timeline for completion of project is June, 2020. The Committee are glad to note that the project implementation is as per schedule. With regard to budgetary allocation, the Department have stated that against the total anticipated project cost of Rs.947 crore, an amount of Rs.252.63 crore has already been disbursed and another Rs. 200-300 crore is likely to be disbursed by March, 2020. Accordingly, an amount of Rs. 300 crore has been prepared as progressive expenditure.

Considering that the project has been pending for implementation for a long period of time, the Committee recommend that all efforts must be made by the Department to meet the deadline of June, 2020. With the successful implementation of the project, the Committee hope that high speed internet services and better telecom connectivity will be made available to the inhabitants and tourists visiting the Islands. It will not only help in bridging the digital divide between the Island and the rest of the country, but will also lead to overall progress in the field of e-commerce, education, e-governance, health care, etc. in the Islands. In view of the above, the Committee recommend that all necessary measures must be taken by the Department to ensure that adequate funds are made available for the successful implementation of the project during the current financial year and regular monitoring of project be done.

Reply of the Government

The Andaman and Nicobar Islands are of strategic significance to India. The geographical configuration and the location of the Andaman and Nicobar Islands chain in the Bay of Bengal safeguard India's eastern seaboard. Provision of reliable, secure, robust and affordable telecom facilities in these islands is of importance from strategic point of view to the country and also an important requirement for socio-economic development of the islands. The project would equip the Andaman & Nicobar Islands (ANI) with appropriate bandwidth and telecom connectivity for implementation of e-Governance initiatives; establishment of enterprises and e-commerce facilities. It will also enable provision of adequate support to educational institutes for knowledge sharing, availability of job opportunities and fulfil the vision of Digital India.

The successful implementation of the project will provide 200 Gbps connectivity from Mainland Chennai to Port Blair and 100 Gbps to Swaraj Deep (Havelock), Kamorta, Great Nicobar, Little Andaman, Long Island, Rangat & Car Nicobar and involves laying of about 2250 km of Submarine OFC. Submarine cable laying is completed in all 8 segments.

As per BSNL, the Project Execution Agency, installation & testing have been successfully completed for Chennai- Port Blair and Port Blair –Swaraj Dweep (Havelock) segments. However, test report & IMA report are pending for these segments. Further civil & electrical works at some Islands and wildlife clearance at Chennai are pending. Due to COVID-19 outbreak, the work of completion of remaining segments may commence only after the return of normalcy and thereafter it may take another 3-4 months to complete the whole project.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

Optical Fibre Cable based Network for Defence Services

(Recommendation Sl. No.10)

The Committee note that OFC based network for Defence Services is one of an important DoT projects being implemented by BSNL. The Committee have been informed that the project is envisaged to provide an optical Fibre Cable (OFC) based network for the dedicated use of Defence Services. The network is on pan-India basis and involves laying of around 60,000 km. of OFC. With regard to the status of the implementation of the project, the Department have stated that around 95 per cent of OFC laying has been completed and Purchase Order for only last component (UNMS) is likely to be issued by 31st January, 2020. The Committee hope that Purchase Order must has been issued by now. It is also expected that the project will be completed by December, 2020. On the status of utilization of funds, the Committee note that out of sanctioned total project cost of Rs. 24664 crore, an amount of Rs.12796 crore has been utilized so far. The remaining amount is expected to be utilized during 2020-21. However, the Committee note that an amount of Rs.5000 crore only has been allocated at BE 2020-21. The Committee have been informed that the remaining amount will be asked during RE 2020-21 stage.

This Committee in their First Report on Demands for Grants (2019-20) had already commented that the project has witnessed massive cost and time escalation and any further delay would only jeopardize the national interest and security. Since the project is expected to be completed by December, 2020, the reduced allocation of funds at BE 2020-21 is a worrisome factor. In view of the considerable delay in implementation of the project and its importance for national security, the Committee recommend that the Department should take all necessary measures to ensure that the project is completed within the stipulated deadline. The Committee hope that requisite funds shall be made available at RE stage and project be completed as per schedule.

Reply of the Government

Action on the said Recommendation of the committee has already been initiated as detailed below.

NFS project is being implemented by BSNL in close co-ordination and monitoring of Project Implementation Core Group (PICG), consisting of members from Defence services. BSNL has intimated that all the equipments being installed/ commissioned in this project are of latest/ upgraded versions only. During implementation stage itself, obsolete version equipments are being upgraded to latest versions in consultation with PICG and with the approval of competent authorities.

Tender for Unified Network Management System (UNMS) has been finalized and purchase order has been placed on 09.03.2020.

The project is being monitored on regular basis with periodic review meetings at various levels in the Government.

The target date given by the Cabinet was May 2020 but seeing the highly complex nature of the project, pan-India presence, limited working season in Arunachal Pradesh/Sikkim/Ladakh/Kashmir, very large number of Right of Way permissions from NHAI/Railways/Forest Deptt/Wildlife/Municipal bodies etc, the project was envisaged to be completed by December 2020. Further, because of

lockdowns in the country due to Corona virus spread, the project is likely to be completed by March 2021.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

(Recommendation Sl. No.12)

The Committee are given to understand as part of security related projects in DoT development of advance technologies for social networking and analysis, image processing, quantum safe cryptography, etc. to fulfil the requirement of LEAs are in-progress. Major activities completed during the year include, software development for social networking websites (YouTube, Twitter, Facebook, LinkedIn, etc.), basic framework for social website analysis tool, internal validation for face detection & recognition under control environment and validation ongoing for lattice-based Post Quantum Cryptography (PQC) algorithm for phone and IP encryptor.

The Committee expressed concern about reports in the media and complaints by individual 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

The concerns raised by the Hon'ble Standing Committee are of paramount importance. The security related projects under DoT/ C-DoT are designed and developed to facilitate lawful interception and monitoring to Law Enforcing Agencies (LEAs) within extant provisions of the law and to protect the Telecom Network Infrastructure from malware/ spyware/APTs. Inbuilt check and balance mechanism is made as part of design to trace the unauthorized access into the system.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

Revival of BSNL and MTNL

(Recommendation SI. No.13)

The Committee have been informed that the estimated total income and total expenses of BSNL during 2019-20 is Rs.17,728 crore and Rs.32,828 crore respectively leaving a negative balance of Rs.15,100 crore. For the year 2020-21, the projected income and expenses are Rs.25,204 crore and Rs.32,317 crore respectively leaving a negative balance of Rs.7013 crore. With regard to MTNL, against the total income target of Rs.2372 crore, the actual upto September, 2019 was Rs.1132.08 crore and the expenditure was Rs.3134.91 crore leaving a negative balance of Rs.2002.84 crore. The projected revenue and expenditure for the year 2020-21 is Rs.2372 crore and Rs.6238 crore respectively. With regard to outstanding debt, as on 31st March, 2019, the outstanding debt of BSNL was Rs.19,236 crore. In case of MTNL, it was Rs.19,750 crore excluding DoT bonds of Rs.4533.97 crore. The Committee are glad to note that the Department are implementing BSNL and MTNL Revival Plan by offering VRS to BSNL and MTNL employees, administrative allotment of 4G spectrum, monetisation of land/building, tower and fibre assets of BSNL/MTNL, debt restructuring through sovereign guarantee bonds and in-principle approval of merger of BSNL and MTNL. The Committee are also happy to note that the above components of the Revival Plan are at the various stages of implementation. With regard to status of implementation of VRS, the Committee have been informed that 78,569 employees of BSNL and 14,387 employees of MTNL have opted for the VRS. After this, the likely employee cost for BSNL and MTNL will be around 37 per cent and 28 per cent of their revenue respectively. The Department have also informed the Committee that the first instalment of ex-gratia will be paid before 31st March, during 2019-20. The second and final instalment of ex-gratia will be paid in first quarter of financial year 2020-21. In addition to ex-gratia, Rs.3294.77 crore has been allocated for incremental pension due to pre-payment of pensionary liabilities on account of VRS. Relating to roll out of 4G services, the Committee have been informed that an amount of Rs.20410 crore has been allocated for capital infusion for 4G spectrum for BSNL and MTNL. BSNL has started 4G services on its existing spectrum. Around 8000 sites of BSNL are already operating on 4G. Another 40,000 sites are proposed to be upgraded to 4G that may happen by July-Aug 2020. The process for procurement of

additional 50,000 4G BTSs is under finalisation. The requirement of 4G equipment for Delhi and Mumbai (MTNL area) is being incorporated in the tender of BSNL. The Committee also suggest that the Department may look into the possibility of applying USOF funds for revival of BSNL, particularly in the rural areas.

The Committee hope that the successful implementation of the above Revival Plan will help BSNL and MTNL to come out of the present financial quagmire and turnaround of the two companies takes place at the earliest. The Committee are positive that Revival Plan will definitely boost the image of BSNL and MTNL and help them to concentrate on core activities bringing them at par with Telecom Service Providers. The Committee greatly desire that the Revival Plan is implemented successfully and they come to profit making mode at the earliest. The Committee, therefore, strongly recommend that the Department should ensure all payment related to VRS is released and allocation of 4G spectrum are implemented in right earnest.

Reply of the Government

The Cabinet in its meeting held on 23-10-2019 approved the revival plan for BSNL and MTNL. The revival plan inter-alia, includes the measures to reduce the Staff cost through a Voluntary Retirement Scheme (VRS) for employees of age above 50 years for the employees of BSNL and MTNL, Administrative allotment of Spectrum to BSNL/MTNL for providing 4G services, Monetisation of Land/ Building and Tower/ Fibre Assets of BSNL/MTNL, Debt restructuring by raising of Sovereign Guarantee Bonds and in-principle approval for merger of BSNL & MTNL.

The following actions have been taken till now:

Measure -1: Staff Cost Reduction

- (iv) The Voluntary Retirement Scheme (VRS) was offered by both BSNL/MTNL on 4th November, 2019 and was closed on 03.12.2019. The VRS was effected from 31.01.2020. After the closure of the scheme, 78,569 employees of BSNL and 14,387 employees of MTNL have opted for the VRS. Post VRS, BSNL will have 71057 and MTNL will have 4325 employees.
- (v) The target for VRS was set as 83000 and 15000 employees respectively for BSNL and MTNL, considering the strength as on 1.10.2019. Since the VRS has been implemented wef 31.01.2020, 5607 and 1408 employees of

BSNL and MTNL respectively, retired in natural course. As such, the net reduction in employees is 84239 and 15795 employees in BSNL and MTNL respectively.

- (vi) Fund amounting Rs 5000 Cr for payment of 1st installment of ex-gratia (to be paid by 31.3.2020) was received from Ministry of Finance, which has been disbursed to both PSUs. Budget for the 2nd installment has been allotted in FY 2020-21.

Measure — 2 A: Asset Monetisation (Land/ Buildings)

Pursuant to Cabinet decision dated 23.10.2019 on Revival/ Restructuring of BSNL/MTNL, 11 assets of BSNL (tentative value Rs. 18,200 Cr) and 06 assets, including 398 flats, of MTNL (tentative value Rs. 5,158 Cr) have been approved for monetization in the first phase through DIPAM. The selection of Consultants by DIPAM has been completed. DIPAM and Consultants appointed by it, have been requested to expedite the monetisation process.

Measure — 2 B: Asset Monetisation (Fibre/Towers)

BSNL has leased out around 2 Lac Route KM OFC to BBNL @Rs18000/per KM/ per year since 01.07.2019.

Measure - 3: Allocation of Spectrum

- (iii) Budget for 4G spectrum for Rs 24,084 cr (BSNL-16,656 cr, MTNL7428 Cr) was requested in RE 2019-20. Ministry of Finance has provisioned the funds required for 4G spectrum in BE 2020-21.
- (iv) The process for spectrum allocation for 4G services to BSNL/MTNL has been initiated in DOT.

Measure - 4: Issue of Sovereign Guarantee Bonds

- (iii) Request for Sovereign Guarantee for the bonds to be raised by BSNL (Rs 8500 Cr) and MTNL (Rs 6500 Cr) has been sent to Ministry of Finance on 2-12-2019.
- (iv) DEA has intimated that the Sovereign Guarantee will be issued in first Quarter of FY 2020-21.

Measure -5: In-principle approval for merger of MTNL into BSNL

- (v) A letter was addressed to DIPAM seeking necessary guidance for merger/ making MTNL a subsidiary of BSNL, in view of DIPAM circular no. 7/ 13/2018-Policy dated December 26, 2018 directing that ‘..... All proposals of CPSEs/Administrative Departments that have a bearing on capital structure or networth of a CPSE e.g. issue of bonus/ rights shares or bonus debentures, merger or demerger, formation of a subsidiary or an

associate company, payment of dividend, etc. are required to be referred to DIPAM for prior consultation/ consent'

- (vi) DIPAM engaged a Legal Advisor so as to decide further course of action.
- (vii) DIPAM vide its letter dated 30.4.2020 has conveyed that the matter has been got examined by the legal advisor. After considering all the options and the comments of the Legal Advisor, DIPAM has requested DOT to take further necessary action for making MTNL a subsidiary of BSNL keeping in view its comments.
- (viii) The Department has initiated the necessary action in the matter.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

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

Progress of Implementation of BharatNet

(Recommendation Sl. No.4)

The Committee note that under the BharatNet project as against the BE allocation of Rs.6000 crore, which was reduced to Rs.2000 crore at RE stage the actual utilization till 31st January, 2020 has been Rs.1957.74 crore. The delay in implementation by States under State Led Model and precarious financial position of BSNL have adversely affected the implementation of the project. This firms up Committee's apprehension that adequate fund has not been allocated at RE stage due to poor performance of the project. The only solace is that under Private Led Model, the tender for Punjab and Bihar was approved in August, 2018 and work of Phase-II in these States is likely to be completed by March, 2020. The Committee note that as per the Cabinet approval, the target for connecting all the 2,50,000 GPs was March, 2019. However, only 1.18 lakh GPs could be connected by March, 2019. The project is now targeted to be completed by August, 2021. The Committee apprehend until and unless the implementation of the project is expedited, it will not be possible to meet the target of August, 2021. The Committee are given to understand that in order to speed up the project, Digital Communications Commission (DCC) in its meeting held on 13th June, 2019 and 20th December, 2019 had given in principle approval to move to Public Private Partnership (PPP) Model of BharatNet. Cabinet draft note is under preparation. The Committee have been informed that PPP Model anticipates speedier implementation since it is proposed that the network will be leased for a period of 25 years and RoW will be provided free of cost.

The Committee find it unfortunate that when the project was targeted to be completed by March, 2019, the Department are still grappling with implementation strategy. It is also unfortunate that the recommendations of TRAI Report on BharatNet appear to have been ignored. It may be pointed out here that State Led Model was brought in with the hope that it will lead to speedier implementation, greater utilization of the network created, etc. However, the

experience thus far has proven that it has remained a non-starter. The Committee feel that there is an urgent need to speed up the implementation so as to ensure that OFC is connected to all the GPs and complete the project within the stipulated target. In this regard, the Committee desire that the draft Cabinet Note which is under preparation for State Led Model should be finalized at the earliest so that implementation strategy may be moved to PPP model. Necessary measures for taking the work under PPP Led Model from CPSU Led Model should also be speed up by the Department.

Reply of the Government

With reference to the observation of the committee, it is submitted that the implementation pace of Bharat Net was slower as compared to the expectation during 2019-20. It is stated that the Phase-II work is largely dependent on 8 States (around 65000 GPs under State Led Model) and BSNL (23000 GPs in CPSUs led Model). BSNL suffered from capacity constraints because of its precarious financial condition. The State-led Model, barring Gujarat, could not progress at the anticipated pace. One of the major reasons for slow progress is higher tender discovered rates, leading to revision in DPRs and their re-approval at Digital Communications Commission (DCC) level. Now, based on the recommendations of a committee Chaired by CEO, NITI Aayog, a PPP Model has also been proposed for certain areas for creation, O&M and Utilization of BharatNet.

The following steps have been taken to facilitate improved performance of the BharatNet Project:

- e) The cash-flow constraints of BSNL have been addressed to facilitate faster progress of the project under Phase-II.
- f) After review of BharatNet and on the recommendations of a Committee, Chaired by CEO, NITI Aayog, DCC in its meeting dated 13.06.2019 & 20.12.2019 has given in-principle approval to migrate to PPP Model of BharatNet, as required.
- g) For better utilisation of BharatNet, CSC e-Governance Services India Ltd. (CSC-SPV in short), which is an SPV under the Ministry of Information Technology (Meity), has been assigned the job of providing one Wi-Fi AP and 5 FTTH connections in the GPs of Phase – I of BharatNet.
- h) Further, regular reviews are also being undertaken with the State Implementing Agencies under State led Model to ensure early completion. Project is being monitored at appropriate levels for early completion.

The draft Cabinet Note is under preparation for PPP model of implementation of BharatNet. It is to inform to the Standing Committee that in parallel, the RFP document for floating the tender is also in an advanced stage and the Department is putting all its effort to complete the pending targets of BharatNet at the earliest. Similarly, regular review meetings are being held with all the stakeholders of CPSU model to improve the performance of CPSU-led model as well.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

Provision of Wi-Fi at GPs

(Recommendation Sl. No.5)

The poor status of utilization of BharatNet infrastructure has always been a matter of great concern to the Committee. In their First Report on Demands for Grants (2019-20) of the Department of Telecommunications, the Committee had urged the Department to make sincere efforts to increase utilization of the network created under BharatNet. However, the status of utilization of BharatNet network has not seen any remarkable improvement. The Committee note that 1,46,717 GPs have been connected, service has been made ready at 1,34,000 GPs (approximately), Wi-Fi hotspots have been installed at 45,769 GPs and out of them, services are being provided in 18,041 GPs only. An amount of Rs.22389 crore has been utilized so far. Another major concern of the Committee is the poor maintenance of the network infrastructure created, especially the OFC cable laid. When asked about poor status of utilization, the Department have cited reasons such as frequent damage to cable laid due to theft, natural calamities, frequent digging for expansion of roads, etc. They have further informed that the DCC on 13th June, 2019 had approved to award the work of provisioning of 2 Wi-Fi Access Points (APs) in each of the 90,000 GPs of BharatNet Phase-I in all the States, except where Wi-Fi APs are provided under USOF schemes and after the work assigned to CSCs, the utilization and maintenance of network have improved.

Keeping in view the fact that BharatNet infrastructure has been created at a huge cost, the Committee are of the view that proper attention and care need to be taken by the Department/BBNL for maintenance of infrastructure created

under BharatNet through proper monitoring and inspections, especially in States like Jharkhand which have witnessed a massive damage to the infrastructure. The Committee express satisfaction that network utilization has increased after assigning the work to CSCs, however, under no circumstances, the responsibility should be left only to CSCs and the Department should ensure proper monitoring to ensure proper health and maintenance of the infrastructure. The Committee also recommend that more concerted efforts need to be made to increase the number of GPs under Wi-Fi hotspots. The Committee further desire that the details of revenue sharing in the case of CSCs, amount of revenue received by the Department and CSCs, etc. should also be furnished to them.

Reply of the Government

In view of the concerns of the Committee regarding poor utilization of the network under BharatNet, the Department has decided to award the work of utilisation of the created network under Phase-I for provision of Last Mile connectivity through Government of Rajasthan and CSC e-Governance Services Ltd. (an SPV under MeitY).

Steps taken by the Government to promote utilisation of BharatNet are as follows:

- xi) As part of BharatNet project, the Last Mile connectivity, through Wi-Fi or any other suitable broadband technology to access broadband /internet services is being provided at all the 2.5 lakh GPs in the country through Viability Gap Funding by USOF, DoT. Work has already been awarded to the Govt. of Rajasthan for Wi-Fi provisioning in all the 10,000 GPs of Rajasthan and to CSC-SPV for 25,000 GPs in Uttar Pradesh, 3,243 GPs in Himachal Pradesh. Besides CSC-SPV is providing Wi-Fi services in 5,000 GPs in various states under a USOF pilot.
- xii) For the remaining GPs (about 78, 000 GPs) of Phase-I, keeping in view the GP-level presence of CSC e-Governance Services Ltd. (an SPV under MeitY), it has been assigned the provision of 1 Wi-Fi Access Point and 5 FTTH connection to Government institutions by the DCC in its meetings of 13.06.2019 and 20.12.2019. This approval has been taken in order to get maximum utilisation of the network for provision of e-Governance services that will hugely benefit the general public. This work is in an advanced

stage and is expected to substantially increase the utilisation of the network in the next 6-9 months.

- xiii) Field level surveys have been facilitated for the service providers.
- xiv) Wi-Fi have been installed in 51,958 GPs, out of which Service are being provided in 23,231 GPs. The No. of users is 12.74 lakh, using 1,381,184 GB data per month.
- xv) Fibre to the Home (FTTH) connections on BharatNet have been provided to 47,327 GPs and SWAN connections to 5334 GPs. Leasing of dark Fiber is of 14043 km and Bandwidth provisioning is 2709 Gbps.
- xvi) BBNL is replacing the lossy fibre of BSNL with new fibre so that better optical power is available at Gram Panchayats as well as dark fibres from OLT location in a Block to GPs become available for the service providers.
- xvii) BharatNet Phase-II provides for end to end fibre laying by BBNL from Block to GPs so that dark fibre is available to Service providers from Block to GP for delivery of their services.
- xviii) Meetings and discussions are being held with the State Governments for utilization of the network for SWAN, e-governance and other services. Some States, such as Maharashtra, have issued instructions to all the District Collectors for getting broadband connections installed, say through BSNL, at the GPs
- xix) Conferences are being organized with TSPs/ISPs/Cable TV Operators in order to sensitize them about the availability of BBNL bandwidth and dark fibre and further to encourage them for providing services in the rural areas using BharatNet.
- xii). Other steps:
 - In Phase – II, under State-Led Model; SIAs, at their own cost, are to provide at least one FTTH connection in each GP. They are also supposed to submit a business model for utilization of the network from which part of the OPEX shall be met.
 - All stakeholders – TSPs/ISPs/Content providers/Cable TV providers/State Government Agencies, etc. are encouraged to utilize the BharatNet network.
 - To encourage utilization of BharatNet, Bandwidth and fibre lease charges have been kept at low rates by BBNL.

- Apart from the above, the Department has also taken the approval of the DCC on 20.12.2019 for a strategy (State-wise) to be implemented under the PPP model and hired a consultant, who has carried out market consultation, and the preparation of RFP for PPP model is in an advanced stage.

The Department is closely monitoring the utilization of BharatNet. It is also exploring all possibilities through State Governments' Departments/Central Government's Departments to find out the potential demand and looping in all the Stakeholders to spur the utilization. The e-education and e-medicine have become vital in COVID-19 lockdown situations and the BharatNet infrastructure is serving as a fruitful tool for upliftment of citizens.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

Scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas

(Recommendation SI. No.6)

The Committee are glad to note that under LWE Phase-I, out of total 2355 towers, 2343 towers are radiating. 12 towers are not radiating due to damage by Naxalites. Since permission for sites had not been provided by the State Governments, the project has been foreclosed. This Committee in their First Report on Demands for Grants (2019-20) had recommended that renewed efforts should be made by the Department with the concerned State Governments to get the necessary site permissions for 12 towers destroyed by the Naxalites so that the towers could be set up in the areas for providing connectivity. The Department have further informed the Committee that an RFP has been floated on 4th November, 2019 for 2217 locations at the estimated cost of Rs.3214.65 crore for LWE Phase-II. With regard to allocation of funds an amount of Rs.200 crore only has been allocated at BE 2020-21. The Department have stated that the anticipated expenditure at BE stage has been kept as per tender payment schedules. In case of early achievement of targets, more funds will be sought at RE stage. At this point one important omission has come to the notice of the Committee. While LWE Phase-I had been successfully implemented by BSNL,

LWE Phase-II has not been allocated/awarded to BSNL. When asked about the reasons for this, the Department have informed during evidence that this has been due to the precarious financial position of BSNL. However, the tender is still at pre-bid stage and the tender has not been awarded yet. BSNL can bid if they want.

The Committee are at a loss to understand when the revival of BSNL is priority of Government and the revival package is being worked out for BSNL why BSNL was not considered to participate in the bidding process. In fact, this would have helped the cause of BSNL revival and put them in good stead to improve their financial position. If financial guarantee for bidding was the issue, Department could extend the support and Government could have come forward for the Sovereign Guarantee. Considering the fact that LWE Phase-I had been successfully implemented by BSNL and Secretary's submission that BSNL can bid now also, the Committee desire that the Department should make sincere efforts to ensure that the work of LWE Phase-II is allocated to BSNL. Since the tender is still at pre-bid stage and the tender had not been awarded yet, all necessary help may be given to BSNL so that it can participate in the bidding process. The matter regarding money for Sovereign Guarantee, if required, may also be taken up with the Ministry of Finance. The Committee may apprised of the measures taken in this regard.

Reply of the Government

On 23 May 2018, the Cabinet approved the proposal for installing 4072 mobile towers by using 2G+4G technology at locations identified by the Ministry of Home Affairs (MHA) in LWE affected areas with subsidy support of Rs. 7330 crore (Excluding taxes) from USOF. The estimated project cost of the proposal was Rs 7,330 Crore plus applicable taxes, consisting of CAPEX and OPEX for 5 years for 4072 tower locations. Ministry of Home Affairs (MHA) provided a list of 4072 locations for provision of mobile services in the LWE affected areas on 27th Oct 2017. A meeting was held on 26.08.2019 under the Chairmanship of Hon'ble Home Minister wherein it was decided to verify the 4G coverage status at MHA identified locations for LWE Phase-II. Accordingly, the feedback on 4G coverage status was obtained from respective Licensed Service Area (LSA) Units. As per the coverage status given by LSAs, 2217 locations were found uncovered.

Accordingly, an RFP has been floated on 04.11.2019 for 2217 locations at estimated cost of 3214.65 crore. The Implementing Agency is to be selected through an open competitive bidding process and the implementation period of the project is 18 months from the date of signing of contract with the Implementing Agency. The RFP has not been finalized yet as decision is to be taken on choice of technology between 2G+4G and 4G only. The matter is being resolved and RFP may be floated again as per decision.

As far as the bidding of BSNL in the tender is concerned, it is open to all and BSNL has not been forbidden to participate in the tender.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

Mobile Connectivity in Arunachal Pradesh and 2 Districts (Karbi Anglong and Dima Hasao) of Assam

(Recommendation Sl. No.9)

The Committee note that the Department of Telecommunications had earlier signed an agreement with BSNL through USOF for provision of 2G based mobile services in 4119 (2805 + 1314) uncovered villages of Arunachal Pradesh and 2 Districts of Assam under Comprehensive Development Plan for North East Region. In the meantime, State Governments had requested to provide mobile services based on latest 4G technology. Telecom watchdog had also filed writ petition in Hon'ble Supreme Court to quash the agreement dated 16th January, 2018 on 2G technology which is sub-judice. The matter was also received in Niti Aayog, wherein it has been decided to prepare DPR for 4G connectivity and submit for the approval of Cabinet. In view of the decision taken in NITI Aayog, DCC has approved a proposal for provision of 4G based mobile services for revised number of 2968 uncovered villages. Meanwhile, due to expansion of network, uncovered villages for Arunachal Pradesh and 2 Districts of Assam Government got reduced to 2374 (1683 + 691) villages for which estimated cost is Rs.2028.80 crore. Draft Cabinet Note is under submission.

The Committee are given to understand that Airtel is implementing similar project in North-East based on the same tender. However, while Airtel has been

allowed to continue with the project implementation, BSNL was not allowed to take up the work by filing Special Leave Petition (SLP) in the Hon'ble Supreme Court. The Committee are given to understand that Hon'ble Supreme Court has not issued any stay order. The Committee find the decision of the Department to take away the project from BSNL as gross injustice to BSNL. The Committee would, therefore, like to know the reasons for filing of SLP by telecom watchdog in the case of BSNL. When Hon'ble Supreme Court has not issued any stay order why BSNL was not allowed to continue with the project when on the same tender Airtel has been allowed to continue. Considering that 4G spectrum will be allocated to BSNL as a part of the revival plan, the Committee see no reason as to why the project could not be allocated to BSNL. The Committee desire that the approval of draft Cabinet Note which is under submission should be taken at the earliest and the Department should expedite the process of implementation of this project so as to provide the much needed connectivity to the people living in these areas. The Committee may be apprised of all the progress made in this regard.

Reply of the Government

The Department of Telecommunications had earlier signed an Agreement with BSNL through Universal Service Obligation Fund for provision of 2G based mobile services in 4119 (2805+1314) uncovered villages of Arunachal Pradesh and 2 Districts of Assam, under Comprehensive Telecom Development Plan for NER. In the meantime, State Governments requested to provide mobile services based on latest 4G technology. Also, Telecom Watchdog filed a Writ Petition in the Hon'ble Supreme Court to quash the agreement dated 16.01.2018 on 2G technology, which is sub-judice. Subsequently, the matter was reviewed on 06.05.2019 in NITI Aayog, wherein it has been decided to prepare DPR for 4G connectivity and submit for the approval of the Cabinet. In June 2018, a revised list of 2968 (2215+753) uncovered villages of Arunachal Pradesh and 2 Districts of Assam was finalized. In view of the decision taken in NITI Aayog, DCC has approved a proposal for provision of 4G based mobile services for revised number of 2968 (2215+753) uncovered villages of Arunachal Pradesh and 2 Districts of Assam on 19.09.2019. Meanwhile, due to expansion of network, uncovered villages in Arunachal Pradesh & 2 Districts of Assam have reduced to

2374 (1683+691) uncovered villages for which estimated cost is Rs. 2028.80 crore.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

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

Revenue Receipts of the Department

(Recommendation SI. No.2)

The Committee note that spectrum auction related payment, License Fees and spectrum usage charges form major sources of the revenue of the Department of Telecommunications. The present status of telecom sector in the country is an area of concern. The sector has witnessed stiff competition and price cut by TSPs which is creating financial stress in the sector. The recent Supreme Court judgment allowing the Government to recover total Adjusted Gross Revenue (AGR) from Telecom Service Providers has also come as a massive blow to the TSPs. To improve the financial health of the industry, the Committee have been informed that based on the recommendations of the Committee of Secretaries (CoS) headed by Cabinet Secretary, the Union Cabinet has approved the deferment of spectrum auction payment instalments for the next two years. The CoS has *inter-alia* recommended that DoT may work proactively with TRAI to bring about suitable increase in Average Revenue Per User (ARPU), examine expeditiously the implications of the Supreme Court order on AGR matter on PSUs like RailTel, DMRC, GAIL, PowerGrid, etc. The Committee are given to understand that the implementation of these recommendations is likely to boost health of the industry, leading to higher industry and Government revenues in the medium term. In this regard, the Committee recommend TRAI Report on AGR for attention of the Department.

The Committee are of the view that telecom sector is the backbone for important sectors of economy like finance and banking, business and commerce, education, health, governance, entertainment, etc. This sector because of its critical infrastructure acts as a facilitator for the overall economic growth of the country. It is indeed unfortunate to note that telecom sector in the country is in financial stress and unless there is a timely intervention, this is going to have long term consequences and cascading effects on various key sectors of the country. The Committee desire that there should be healthy competition and at the same time customers should have a variety of choices available to them. In the

prevailing circumstances, the Committee urge the Department to formulate and come out with a clear cut policy in which the overriding objectives will be long term consumer benefit and not short term revenue maximization. The Committee further recommend that the Department should examine and take suitable action on the recommendations given by the Committee of Secretaries to boost the health of the industry. The concrete steps taken in the above direction may be apprised to the Committee.

Reply of the Government

In 2018, following the recommendations of the Inter-Ministerial Group, the Telecom Operators were provided one time opportunity to opt for higher number of installments (16) instead of the then permitted ten (10) installments. The rate of interest for calculation of delayed payment for License Fee and Spectrum Usage Charges was changed from SBI PLR to SBI MCLR.

In 2019, the Government of India allowed the deferment of Spectrum Payments for two years (2020-21 and 2021-22) duly protecting the net Present value. The Department has given an option to the Telecom Service Providers (TSPs) to defer payment of the spectrum auction installments due for 2020-21 and 2021-22, either for one or both years. The deferred amount will be spread equally in the remaining installments to be paid by TSPs. The operational TSPs have opted moratorium of two years. The grant of two year moratorium for FYs 2020-21 and 2021-22 will reduce the cash out flow of TSPs to the tune of Rs 42338.50 crore in the next two years and facilitate payment of statutory liabilities and interest on bank loans.

In respect of the recent Hon'ble Supreme Court's AGR Judgment, it is stated that pursuant to the proposal approved by the Government of India, the Department has filed an application before the Hon'ble Supreme Court on 16.3.2020 seeking approval, *inter alia*, for allowing the TSPs to make the payments in installments up to 20 years, protecting the net present Value.

Meanwhile, the TRAI has also issued a Consultation Paper on floor pricing for Telecom Services for which the consultations are over and it is expected that a decision will be taken shortly.

The TSPs have increased their tariffs in early December 2019 which had positive effect on their Q3 and Q4 results. While the official figures have not been announced, it is perceived that both total revenue as well as ARPU (Average Revenue per user) has increased. Continuance of operation by TSPs will give a fillip to employment and economic growth. Improved financial health of TSPs will facilitate maintenance of quality of service to the consumers.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

Aspirational District Scheme

(Recommendation Sl. No.7)

The Committee note that Aspirational District Scheme is one of the new USOF schemes introduced by the Department. A list of 7789 uncovered villages in Aspirational districts has been prepared across 68 Aspirational Districts in 9 States. The Committee have been informed that out of 7789 villages, a scheme for provisioning of 4G based mobile services in 502 uncovered villages in Aspirational Districts of four States namely, Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan with an estimated cost of Rs.686.71 crore with Rs.382.71 crore Capex and Rs.294.09 crore Opex had been approved by DCC in its meeting held on 20th December, 2019. The Committee, however, note that an amount of only Rs.100 crore has been allocated at BE 2020-21. The Committee are given to understand that the remaining uncovered villages will be taken up in phases. The Committee have been particularly assured that the rest of the villages will be covered in one DPR. The Committee note with concern that large number of Aspirational Districts in Jharkhand do not appear to have been taken under the scheme.

The Committee are unhappy to note that in spite of having sufficient funds under Universal Service Obligation, there are still 7789 uncovered villages in the country. The Department should not lose sight of the fact that one of the basic objectives for creating this fund is to provide telecom connectivity to rural and uncovered villages in the country. Leaving such a huge amount of balance fund and not allocating it for providing connectivity to uncovered villages defeats the very purpose for which the fund has been created. The Committee will also like to point out that allocating an amount of Rs.100 crore for the project during 2020-

21 against the requirement of Rs.382.71 crore for Capex alone is enough indication that the target of providing 4G coverage to 502 uncovered villages is very unlikely to be achieved. The Committee recommend that the project should not be allowed to suffer due to insufficient funds and adequate funds shall be sought for the implementation of the project. The Committee further desire that the Department should give serious attention to ensure that all the villages are provided with connectivity in the country. In this regard, DPR for the remaining uncovered villages should also be completed at the earliest and the project implemented in a time bound manner.

Reply of the Government

As per DCC approval dated 20.12.2019, an RFP has been floated and is under clarification stage. The RFP is expected to be finalized by mid of August, 2020 and as per implementation time lines of 18 months from date of award, thirty percent of work will be covered in 2020-21. DPR for remaining villages in the Aspirational districts has been prepared and DCC approval has been given for 7287 villages. The Cabinet note in their regard is under submission.

USOF would ensure that the project will not be allowed to suffer due to insufficient funds and adequate funds shall be sought for the implementation of the project. The Department is making efforts to ensure that all the villages are provided with connectivity in the country.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

Telecom Computer Emergency Response Team (T-Cert)

(Recommendation Sl. No.11)

The Committee note that this project envisages establishment of Telecom Security Operating Centre for proactive monitoring of licensed service operators' internet traffic. Establishment of CERT-Telecom system will enable proactive monitoring of country's internet traffic to ensure smooth operation and maintenance of telecom network. The Committee have been informed that traffic flow of generator at 4 ISP locations i.e. RJIO and Vodafone at Mumbai and Airtel and MTNL at Delhi on pilot basis have been deployed. CERT Telecom system for proactive monitoring of country's internet traffic in lab set up has been

established to secure telecom network. With regard to utilization of funds, an amount of Rs.15 crore had been allocated at BE, however, no amount had been allocated at RE resulting into Nil utilization during 2019-20. The Committee are unhappy for Nil utilization of funds under the scheme during 2019-20. For the year 2020-21, against the proposed amount of Rs.119.4 crore, an amount of Rs.10 crore only has been allocated at BE leaving a gap of Rs.109.4 crore.

The Committee are of the view that new kinds of cyber attacks are taking place and there is a need to adequately equip the Department so as to promptly respond and deal with such attacks. The Committee are also of the view that to ensure proper monitoring of the telecom network and internet traffic, the proper implementation and completion of this project has also assumed great importance. In view of the above, the Committee recommend the Department to make sincere efforts for successful implementation of the project during 2020-21. The Committee are also of the view that the Department should be more realistic while finalizing their budgetary plan. Considering that against the BE allocation of Rs.15 crore, the utilization during 2019-20 was Nil, the Committee are unable to comprehend the reasons for proposing an amount of Rs.119.4 crore during 2020-21. In view of the poor utilization during 2019-20, it is but natural that the Ministry of Finance have drastically reduced the allocation made at BE 2020-21. However, in view of the importance of the project, the Committee recommend that the Ministry of Finance may be requested for allocation of requisite funds at RE stage so that the Department will be able to achieve all the targets.

Reply of the Government

As guided by the Hon'ble standing committee, request will be made to the Ministry of Finance for additional allocation of funds of Rs 110 Cr. Also, to ensure successful implementation of the project, it has been decided that periodic monthly reviews shall be done at the level of Deputy Director General (Security Assurance) and quarterly review at the level of Member (Services), Digital Communications Commission (DCC).

However, it is reiterated that no commercial or off the shelf solution of required magnitude was available. Being a large and complex nature of project, the required skill set for the development in this area was also not readily

available. The project had major challenges to design and develop a network probe with the standard interfaces, having big-data platform and big-data security analytics considering threat landscape of Indian Telecom Network. This has taken some time.

Centre for Development of Telematics (CDoT) has been entrusted with the work of research, design, development and deployment of the Proof of Concept (PoC) system for Cyber Security for Computer Emergency Response Team (CERT) - Telecom to generate and analyse the internet traffic on 1:1 sampling basis. The Proof of Concept (PoC) covering 4 ISP Gateways (One each of Reliance JIO Mumbai, Airtel Delhi, MTNL Delhi and Vodafone Mumbai) has been completed. Presently, evaluation of the Proof of Concept (PoC) is under progress and Detailed Project Report (DPR) of the project is under submission for Pan India implementation of the project.

For the financial year 2020-21, implementation of the project for 50 ISP Gateway locations is targeted and remaining ISP Gateway locations will be covered subsequently. Accordingly, Rs 119.4 Cr was requested for year 2020-21 in the BE to implement the project for 50 ISP Gateway locations. The provision is made broadly for items like 200G IPFIX Probe, Switch cum Router, MPLS Link-1Gbps, 100 Gbps Line card with optics for traffic Generator at ISP Gateways and 100 Gbps Servers for Centralized Big data Platform, DC Networking Core and Access Switch 100 Gbps.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2020-B/6th Report dated 06/07/2020)

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

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

**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 Jayadev 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 |

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)).....xxxxx....xxxxx.....

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

- (i)xxxxx....xxxxx.....xxxxx....xxxxx.....xxxxx....xxxxx.....xxxxx....;
- (ii)xxxxx....xxxxx.....xxxxx....xxxxx.....xxxxx....xxxxx.....xxxxx....;
- (iii) Draft Action Taken Report on Demands for Grants (2020-21) of Ministry of Communications (Department of Telecommunications); and
- (iv)xxxxx....xxxxx.....xxxxx....xxxxx.....xxxxx....xxxxx.....xxxxx....

4. After due deliberations, the Committee adopted the Report with slight modifications. The Committee, then, authorized the Chairperson to finalize the Draft Report 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.

....xxxxx....Matters not related to Report.

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

(SEVENTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

(i)	Observations/Recommendations which have been accepted by the Government Rec. Sl. Nos.: 1, 3, 8, 10, 12 and 13	Total - 6
	Percentage	46.16
(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.: 4, 5, 6 and 9	Total - 04
	Percentage	30.77
(iv)	Observations/Recommendations in respect of which the replies of the Government are of interim in nature Rec. Sl. Nos.: 2, 7 and 11	Total - 03
	Percentage	23.07