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

SEVENTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2021-22)**

TWENTY-THIRD REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2021/ Phalguna, 1942 (Saka)

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(DEPARTMENT OF TELECOMMUNICATIONS)**

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(2021-22)**

Presented to Lok Sabha on 10.03.2021

Laid in Rajya Sabha on 10.03.2021



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2021/ Phalguna, 1942 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2020-21)**

Dr. Shashi Tharoor - Chairperson

Lok Sabha

2. Smt. Locket Chatterjee
3. Shri Karti P. Chidambaram
4. Shri Sunny Deol
5. Dr. Nishikant Dubey
6. Smt. Raksha Nikhil Khadse
7. Dr. Sukanta Majumdar
8. Shri Dhairyasheel Sambhajirao Mane
9. Ms. Mahua Moitra
10. Shri P. R. Natarajan
11. Shri Santosh Pandey
12. Shri Nisith Pramanik
13. Col. Rajyavardhan Singh Rathore
14. Dr. Gaddam Ranjith Reddy
- *15. Shri Jayadev Galla
16. Shri Sanjay Seth
17. Shri Chandan Singh
18. Shri L.S. Tejasvi Surya
19. Dr. T. Sumathy (A) Thamizhachi Thangapandian
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

Abbreviations

AGR	Adjusted Gross Revenue
BSNL	Bharat Sanchar Nigam Limited
BE	Budget Estimate
CCEA	Cabinet Committee on Economic Affairs
CEIR	Central Equipment Identity Register
CoE	Centres of Excellence
CSC	Common Service Centre
CSR	Corporate Social Responsibility
DoT	Department of Telecommunications
DCC	Digital Communications Commission
ETG	Empowered Technology Group).
GoM	Group of Ministers
ITI	Indian Telecom Industries
IEBR	Internal and Extra Budgetary Resources
LWE	Left Wing Extremism
LSA	Licensed Service Area
MoU	Memorandum of Understanding
MoD	Ministry of Defence
MoF	Ministry of Finance
MHA	Ministry of Home Affairs
MNP	Mobile Number Portability
NFS	Network For Spectrum
OFC	Optical Fibre Cable
RE	Revised Estimate
SOC	Securities Operation Centre
SDGs	Sustainable Development Goals
SAP	Swachhta Action Plan
T-Cert	Telecom Computer Emergency Response Team
(TSAACC)	Telecom Startup Acceleration & Academia Collaboration Centre
ToT	Transfer of Technology
UAL	Universal Access Levy
USOF	Universal Service Obligation Fund
USL	Universal Service Levy

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2020-21), having been authorized by the Committee to submit the Report on their behalf, present this Twenty-third Report on Demands for Grants (2021-22) of the Ministry of Communications (Department of Telecommunications).

2. The Standing Committee on Information Technology (2020-21) was constituted on 13th September, 2020. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the Ministry/Department concerned and make a Report on the same to the Houses.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications (Department of Telecommunications) for the year 2021-22 which were laid on the Table of the House on 10th February, 2021. The Committee took evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on 13th February, 2021.

4. The Report was considered and adopted by the Committee at their sitting held on 8th March, 2021.

5. The Committee wish to express their thanks to the officers of the Ministry of Communications (Department of Telecommunications) for appearing before the Committee and furnishing the information that the Committee desired in connection with the examination of the Demands for Grants.

6. The Committee would also like to place on record their appreciation for the assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

7. For facility of reference and convenience, Observations/Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi;
08 March, 2021
17 Phalguna, 1942 (Saka)

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

Report

Part-I

I. Introductory

Telecommunications has been recognized the world-over as a powerful tool of development and poverty reduction through empowerment of masses. It is one of the key elements of the Sustainable Development Goals (SDGs) of the United Nations Agenda for sustainable Development for 2030, reflecting its growing reach, better networks and adoption of tools and solutions that enhance digitization of systems, processes and interaction across key sectors like agriculture, banking and healthcare in developing and middle income countries. The telecom sector is backed by supportive policies of the Government of India. The Government has ensured fair competition among service providers, and a fair and proactive regulatory framework that has resulted in telecom services being available to consumer at affordable prices. Further, it has made sustained efforts at encouraging telecom equipment manufacture.

2. India is currently the world's second largest country in terms of subscriber base of 1.7 billion. India's mobile subscription now constitute about 98% of all telephone subscriptions. The mobile industry is characterized by affordable tariffs, wider availability, roll out of Mobile Number Portability (MNP), expanding 3G and 4G coverage, evolving consumption patterns and supportive policy and regulatory environment.

3. The Government has placed considerable emphasis on internet and broadband in the country as part of its Digital India campaign. Mobile has now emerged as the main platform for internet access in India, bringing connectivity to many previously unconnected populations. Efforts are being made to address the digital divide by extending inclusive internet access to every Indian, as mobile technology looks to empower the masses and become the critical means of accessing a broad range of public services.

II. Implementation Status of Recommendations of the Committee Contained in their Sixth Report on Demands for Grants (2020-21) of the Ministry of Communications (Department of Telecommunications)

4. The Sixth Report of the Standing Committee on Information Technology on Demands for Grants (2020-21) of the Ministry of Communications (Department of Telecommunications) was presented to Parliament 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. The Nineteenth Report on Action Taken by the Government on the Sixth Report was presented to Lok Sabha on 8th February, 2021. Out of 13 recommendations contained in the said report, 06 recommendations were accepted by the Government. The Committee had commented on 05 recommendations and replies to 03 recommendations had been found to be of interim nature on which final replies have been sought from the Ministry. The final Action Taken Statement on the recommendations contained in the Nineteenth Report will be laid in Parliament in due course.

III. DoT Budget (2021-22)

5. The Department of Telecommunications (DoT) presented Demand No.13 for the Financial Year 2021-22 on 10th February, 2021. The Actuals under Revenue and Capital Sections for the years 2017-18, 2018-19 and 2019-20, Budget Estimate (BE), Revised Estimate (RE) and Actuals 2020-21, proposed and BE during 2021-22 are as under:

(Rs. in crore)								
Major Head	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Budget Estimates	2020-21 Revised Estimates	2020-21 Actual (up to Jan'21)	2021-22 Proposed	2021-22 BE
Revenue Section	26848.39	24691.73	26392.44	48756.63	43948.88	37649.53	51587.71	41803.44
Capital Section	4206.32	4041.44	9634.49	30675.06	8359.92	5689.53	11755.61	31133.56
Grand Total	31054.71	28733.17	36026.93	79431.69	52308.80	43339.06	63343.32	72937.00

(i) **Revenue Section**

6. Head wise details of the expenditure (up to Jan'2021) Revenue Section is as under:

(Rs. in crore)					
Sl. No.	Head Name	Major Head	BE 2020-21	RE 2021-22	Expenditure Upto Jan' 2021
1	Secretariat Economic Services	3451	678.32	706.38	534.35
2	Pension & Other Retirement Benefits	2071	13981.68	14481.08	13663.87
3	Labour Employment and Skill Development	2230	2.85	4.46	0.01
4(a)	Wireless and Planning Coordination	3275	15.00	9.99	10.40
(b)	Monitoring Services	3275	40.00	30.00	31.27
(c)	Compensation to Service Prov. For USOF	3275	8000	7200	5424.88
(d)	Transfer to Reserve Fund	3275	8000	7200	5424.88
(e)	TDIP	3275	10.00	10.00	3.82
(f)	Payment of Interest on MTNL Bonds	3275	372.00	383.21	341.69
(g)	Viability Gap Funding to BSNL for providing telecom connectivity during Shri Amarnath Yatra	3275	1.00	0.00	0.00
(h)	Special assistance for Swachhta Action Plan (SAP)	3275	5.00	1.00	0.06
(i)	International Co-operation	3275	32.00	32.54	27.09
(j)	CDOT	3275	323.00	305.92	268.53
(k)	ITI, Bangalore	3275	300.01	86.00	85.40
(l)	TRAI-Tfr to TRAI Gen. Fund	3275	70.00	100.00	70.00
(m)	TDSAT	3275	18.91	17.00	14.27
(n)	Training NICF	3275	13.92	3.60	2.08
(o)	Training to ITS/BWS Officers	3275	14.52	1.40	0.35
(p)	Provision for champion Service Sector Scheme for innovation and incubation of Future Technology of Telecom Sector	3275	20.00	10.00	1.07
(q)	Grant of GST ON 4G Spectrum	3275	3674.00	0.00	0.00
(r)	Incremental pension for voluntarily retiring employees of BSNL & MTNL	3275	3294.77	2160.30	1856.93
(s)	Ex-Gratia payment to retiring BSNL & MTNL employees	3275	9889.65	11206.00	9889.65
	Total Revenue Section(Gross)		48756.63	43948.88	37649.53

7. The Committee have noted massive reduction in allocation made at RE when compared with BE during 2020-21 under items like USOF, Special Assistance for Swachhta Action Plan (SAP), ITI, Bangalore, Training NICF, Training to ITS/BWS Officers, Champion Service Sector Scheme, Grant of GST on 4G spectrum, incremental pension for voluntarily retiring employees of BSNL and MTNL, etc. When asked to explain the reasons for this, the Department have replied that allocation under RE Stage was reduced keeping in view the trend of actual expenditure which was not on expected lines due to the situation arising out of COVID-19 pandemic. Another major reason is the withdrawal of allocation for “Grant in Aid to BSNL & MTNL for payment of GST for 4G spectrum” which has been moved to the next financial year. This allocation is made in conjunction with “Capital infusion in BSNL & MTNL for 4G spectrum” (under Capital Section). For all the other items, only unavoidable expenditure is being incurred and the remaining liabilities will be carried over to the next financial year.

8. With regard to utilization of funds in the remaining period of the financial year especially under important scheme like USOF, the Department stated that due to capping in the overall expenditure up to September 2020 arising out of the pandemic situation, the expenditure up to January 2021 was Rs 37649.63 cr as against the allotted RE of 43948.88 cr. The remaining amount particularly for the important Schemes like USOF will be utilized by end of this financial year.

9. During the year 2021-22, against the proposed amount of Rs.51587.71 crore, an amount of Rs.41803.44 crore has been allocated at BE 2021-22 under Revenue Section. When asked about the activities likely to be affected due to the reduced allocation, the Department stated that no major adverse impact is anticipated in important schemes like USOF due to the reduced allocation. Based on the progress of the schemes and the utilization of funds, Ministry of Finance (MoF) will be requested for enhanced allocation at the RE stage, if the need arises. During the Pre-Budget consultations, MoF expressed the need to balance the demands of DoT with the revenue of the Government as the lockdown due to COVID-19 pandemic has affected revenue receipts.

(ii) **Capital Section**

10. Head-wise details of the expenditure upto January, 2021 (Capital Section) for 2020-21 is as under:

(Rs. in crore)

Major Head	Head Name	BE 2020-21	RE 2020-21	Expenditure upto Jan' 2021
4859	ITI Revival (Equity Investment)	105.00	105.00	105.00
5275	Capital Infusion for 4G Spectrum for BSNL & MTNL	20410.00	0.00	0.00
	Major Work Building	0.05	0.00	0.00
	Other Major Work Building	21.00	4.90	3.54
	WPC	0.05	0.01	0.00
	Monitoring Services	3.95	5.01	0.03
	TRAI Building	0.00	113.00	0.00
	OFC Based network for Defence Service (NFS)	5000.00	4000.00	2749.50
	Transferred to CRIF for NFS	5000.00	4000.00	2749.50
	Wireless Sets and equipments	20.00	18.00	9.83
	Training Institute for Communication Finance (NICF)	30.01	35.00	29.60
	Establishment of Satellite Gateway Assistance to BSNL	10.00	11.52	10.00
	Telecom Testing and Security Certification Centre	10.00	5.00	0.00
	Telecom Computer Emergency Response Team (T-Cert)	10.00	6.47	0.00
	Central Equipment Identity Register (CEIR)	10.00	5.02	0.00
	Indigenous 5G Test Bed	45.00	55.90	32.53
	Total Capital Section (Gross)	30675.06	8359.92	5689.53

11. Considering that under Capital Section the actual utilization till January, 2021 was Rs.5689.53 crore only, the Committee asked whether the Department anticipate any increase in utilization of funds under Capital Section in the remaining month. To this query, the Department have replied that the entire amount allotted to NFS (OFC based network for Defence Services), TRAI and other schemes will be fully utilized by the end of this financial year 2020-21.

12. 'Nil' utilization of funds have been noted for schemes like Capital infusion for 4G spectrum for BSNL and MTNL, Major work building, WPC, TRAI building, Telecom Testing and Security Certification Centre, Telecom Computer Emergency Response Team (T-Cert), Central Equipment Identity Register (CEIR). When asked to explain the reasons for 'Nil' utilization, the Department have provided the reasons as under:

“Capital infusion in BSNL & MTNL for 4G Spectrum:- An amount of Rs. 20,410 crore was allocated. Due to delay in tendering process, this allocation has been moved to the next financial year (BE 2021-22).

Major work buildings and WPC:- Only token provision of Rs 0.05 cr has been made in BE 20-21. Due to reduced allocation in RE 2020-21, the amount was made NIL at RE Stage.

TRAI building:-The project was approved during the financial year due to which fund allotment is made at RE stage only. The amount will be fully utilized before March 2021.

CEIR :- Payment of bill amounting Rs 5.02 crore to C-DoT is pending which will be paid by 31.03.2021.

T-CERT:- Due to Corona Pandemic several purchase orders related to CERT-T project equipment placed by CDoT were cancelled by the vendors citing incapability to deliver. After the Corona pandemic situation has improved in the country, purchase orders have again been placed. RE for FY2020-21 is Rs. 6.47 crore and a file has been put up by the concerned unit i.e Security assurance wing, DoT for releasing the funds to CDoT from the Budget section. All efforts including approval of DPR for converting the PoC to a regular project and developing, installing and operationalizing the project by covering all the ISP gateway locations of India are being pursued vigorously.

TTSC:- Project allocation of funds under BE/RE 2020-21 were sought for setting up of 5G security test bed at NCCS, Bengaluru. The various activities e.g. preparation of project proposal and project estimate were undertaken during 2020-21. Project proposal and project estimate are currently under submission for the process of approval and sanction. There have been some delays in the activities on account of Covid pandemic scenario.

13. The Department have also stated that most importantly, 'Nil' utilization occurred in "Capital infusion in BSNL & MTNL for 4G Spectrum" for which an amount of Rs. 20,410 crore was allocated. Due to delay in tendering process, this allocation has been moved to the next financial year (BE 2021-22).

IV. Internal and Extra Budgetary Resources (IEBR)

14. IEBR is an important part of the Central Plan of the Government of India and constitutes the resources raised by the PSUs through profits, loans and equity. The Status of IEBR is as under:

(Rs. in crore)

IEBR	2017-18	2018-19	2019-20	2020-21	2021-22
Proposed					
BE	13945.67	13177.13	13423.86	14187.28	12244.28
RE	10803.39	12574.39	13468.20	13370.77	---
Actual	9733.82	8009.57	7161.00	5490.67	---
% w.r.t. RE	90.09%	63.69%	53.16%	41.06%	---

15. During 2020-21, the IEBR target set at BE was Rs.14187.28 crore which was reduced to Rs.13370.77 crore at RE and the actual achievement was only Rs.5490.67 crore. For the year 2021-22, IEBR target set at BE is Rs.12244.8 crore. When the Committee desired to know the reasons for setting such a huge IEBR target during 2021-22, the Department replied that for BE 2021-22, IEBR target set is Rs 12,244.80 crore. Out of this, the highest target is set by BBNL at Rs 7000 crore followed by BSNL at Rs 5000 crore. BBNL has kept this target in anticipation of receipts from USOF for Bharat Net Project. BSNL is planning to meet the targets through Bank Loans.

16. To a query as to whether the target can be achieved, the Department have informed that BSNL, MTNL, TCIL, ITI Ltd., BBNL and C-DoT will be able to achieve their IEBR targets provided there is no major reduction in their anticipated revenue/ cash inflow or Bank Loan Targets.

V. Allocation of Funds for Various Schemes

17. Proposed, BE, RE and Actuals of 2020-21 and proposed and BE of 2021-22 for various schemes are as under:

(Rs. in crore)							
Sl. No.	Schemes	2020-21 Proposed	2020-21 BE	2020-21 RE	2020-21 Actual (up to Jan 20)	2021-22 Proposed	2021-22 BE
	USOF	8000.00	8000.00	7200.00	5424.88	13250.00	9000.00
	NFS	7000.00	5000.00	4000.00	2749.50	5440.20	5200.00
	(a) - Wireless Planning & Coordination (WPC)	17.68	15.05	10.00	10.40	18.75	14.00
	(b) - Monitoring Services (WMO)	144.32	64.95	35.00	34.84	132.67	49.05
	Telecom Engineering Centre (TEC)	40.03	20.00	18.00	9.83	27.76	20.00
	Human Resource Management - National Institute of Communication Finance (NICF and NTPRIT)	125.80	58.45	40.00	32.03	121.33	80.00
	Technology Development & Investment Promotion (TDIP)	21.20	10.00	10.00	3.82	28.00	9.00
	Establishment of Sattellite Gateway Assistance to BSNL	12.00	10.00	11.52	10.00	0.01	0.01
	Construction of New Building for DoT	0.05	0.05	0	0.00	0.01	0.01
	Viability Gap funding to BSNL for providing Telecom Connectivity during Shri Amarnathji Yatra	1.00	1.00	0	0.00	1.00	1.00
	Telecom Testing & Security Certificate Centre (TTSC)	10.00	10.00	5.00	0.00	50.65	15.00
	Telecom Computer Emergency Response Team (T-Cert)	11.94	10.00	6.47	0.00	127.82	23.00
	Central Equipment Identity Register (CEIR)	20.00	10.00	5.02	0.00	80.00	13.00
	Swachhta Action Plan (SAP)	5.00	5.00	1.00	0.06	2.50	2.50
	5 G Connectivity Test bad	47.51	45.00	55.90	32.53	0.01	0.01
	Champion Services Sector Scheme - Promotion of Innovation and Incubation of Future Technologies for Telecom Sector	50.07	20.00	10.00	1.07	57.40	5.00
	TOTAL	15506.60	13279.50	11407.91	8308.96	19338.11	14431.58

VI. Universal Service Obligation Fund (USOF)

18. Amount proposed, allocated at BE, RE and actual utilization during 2020-21, proposed and BE during 2021-22 for various schemes of USOF are as under:

(Rs. in crore)

Sl. No.	Schemes	2020-21 Proposed	2020-21 BE	2020-21 RE	2020-21 Actual	2021-22 Proposed	2021-22 BE
1.	BharatNet	6000	6000	5500	4341.85	10000	7000
2.	Other USOF schemes	2000	2000	1700	1083.21	3250	2000
Total		8000	8000	7200	5425.06	13250	9000

19. When the Committee desired to know the reasons for variation between BE and RE during 2020-21, the Department in a written reply submitted that BE for 2020-21 of Rs. 8000 crores (Rs.6000 crore for BharatNet & Rs.2000 crore for other USOF schemes) was received. USOF/DOT proposed RE of Rs. 8000 crore for FY 2020-21 against which RE is Rs. 7200 crore has been allocated by MoF (Rs. 5500 crore for BharatNet & Rs.1700 crore for other USOF schemes). For other USOF Schemes, the RE was proposed taking into account the actual implementation and progress of the schemes. For Provision of Mobile Services in Left Wing Extremism Affected Areas (LWE Phase-II), the RFP had to be cancelled due to deliberations on choice of technology and single bid obtained against the RFP. Choice of technology for LWE-II project has now been revised from 2G+4G to 4G as per approval of DCC on 01.12.2020 for 2542 sites. The timeline for NER mobile connectivity (all States except Arunachal Pradesh and Meghalaya) had to be extended owing to force majeure and difficult terrain.

20. The Department have informed the priority schemes under USOF during 2021-22 are BharatNet, Provision of Mobile Services in Left Wing Extremism Areas (Phase-II), Provision of Mobile Services in 354 uncovered villages including J&K and Ladakh, Provision of Mobile Services in Aspirational Districts, Comprehensive Telecom Development Plan for Islands and Comprehensive Telecom Development Plan for NER.

21. The Department also informed that Rs. 3000 crores (Rs. 2000 crore for BharatNet and Rs. 1000 crore for other USOF Schemes) has been received as Revised Allotment for the FY 2019-20 from Ministry of Finance, out of which Rs. 74 crore has been re-appropriated to DoT as per the request of DOT.

22. When the Committee enquired about the reasons for re-appropriating the fund, the Department have stated that in Revenue Section, there was urgent requirement of additional funds under several heads due to which the amount of Rs. 74 crore was re-appropriated. However, the potential balance of USOF is not depleted by this re-appropriation, as the balance is arrived at by deducting amount actually spent on USOF schemes from total USL (Universal Service Levy) collection. The fund available in USOF is utilized for the stated objectives of USOF only.

23. In this regard the representative of DoT submitted during sitting as under:

“Sir, we were not able to spend some sums in USOF, we utilised it in other heads. That was the only thing. I mean, that year, we were unable to spend the money provided for USOF, we have been empowered to use the money in other heads if at all we have surplus in respective heads. That is one from revenue to revenue. We have spent only in revenue sections. We are empowered for that....xxx.....It is specified, Sir. We deduct it and we again provide it next year. It is nothing that we take it out always. It is being returned back to USF. The Ministry of Finance gives approval of this.

(i) **Status of Collection of Universal Service Levy**

24. Since inception of USOF, i.e.2002-03, UAL amounting to Rs. 1,12,649.50 crore has been collected. The final allotment amounting to Rs. 57,432.56 crore, received through Parliamentary approvals was transferred to Head 8235 General & Reserve Fund-118 USO Fund in the respective years and the entire allocation so made and transferred to USO Fund, has been utilized in the respective years. As on 31.12.2020, the balance of UAL amount available as potential fund under USO is Rs. 55,216.94 Crore. Initially, USOF focus had been service provisioning projects requiring low capital expenditure. Now, the focus is predominantly on capital intensive and infrastructure projects i.e. BharatNet, Left Wing Extremism (LWE), Comprehensive Telecom Development Plans for North East Region & Islands,

Provision of Mobile Services in 354 uncovered villages of Laddakh, Provision of Mobile Services in Aspiration District and Border Out Post. The available fund shall be utilized to meet the anticipated disbursement towards ongoing/upcoming schemes and to meet their committed requirement under various schemes of USOF. The USOF prepares the budgetary provisions to meet the expenditure required for fulfilment of the various schemes and forwards the requirement of funds to Ministry of Finance through Budget branch of DoT. The allocation received from the Ministry of Finance through Budget branch of DoT are utilized to meet the expenditure incurred under the projected schemes of USOF. The Ministry of Finance vide their letter No. F-2(35)-B (AC)/2009 dated 28-01-2014 have stated that as and when the scheme takes off, Government is bound to provide funds for the schemes of USO Fund.

25. When the Committee asked about the plans of Department for optimum utilization of USOF, the Department informed that the USOF have committed liabilities under various USOF projects viz., BharatNet, Left Wing Extremism (LWE), Comprehensive Telecom Development Plans for North East Region & Islands, Provision of Mobile Services in 354 uncovered villages of Laddakh, Provision of Mobile Services in Aspiration District and Border Out Post. The available fund shall be utilized to meet the anticipated disbursement towards ongoing/upcoming schemes and to meet their committed requirement under various schemes of USOF.

26. On being asked as to whether the Department have received any proposal from TSPs for revising the rate of USL, the Department have replied that they have received proposals from TSP/Industry body for downward revision of the rate of Universal Service Levy (USL) which is currently 5% of the Adjusted Gross Revenue, the Department have replied that for the present, it has been decided not to lower the rate as it would deplete the resource available with USOF. The balance available as potential fund, which makes it seem as if a huge amount remains unutilized, is just enough to cover USOF's commitments for its schemes.

27. Secretary, DoT, during the sitting stated as under:

“You had also mentioned about USOF. USOF is one of the most critical functions of DoT. We have a number of schemes. I will just share with you about our fund availability. The total accruals under the USOF since the beginning 2002-03 till date is about Rs. 1,14,963 crore. The funds allocated and disbursed are about Rs. 57,448 crore which leaves us of a balance of about Rs. 57,515 crore. Against this figure, our total committed liabilities and project costs would be about Rs. 33,181 crore. Right now, we are nearly equal in terms of funds and liabilities but for USOF every year, there is an accrual because we get five per cent of AGR as license fees for USOF. So, with the revenue of TSPs improving, accrual under USOF will increase every year. What we have today Sir will take care of our present schemes but we are ambitious. We are going for more schemes and every year, we should also add to our kitty of USOF.”

(ii) **Progress of Implementation of BharatNet**

28. On 19.07.2017, the Union Cabinet approved a modified strategy for implementing BharatNet in three Phases:

Phase-I – (With revised work front)	1, 25,000 GPs under implementation, being executed by 3 CPSEs viz. BSNL, RailTel and PGCIL.
Phase-II-	The remaining 1,25,000 GPs (approx.) to be implemented
Phase-III-	To upgrade the network to meet the future requirements.

29. The Phase-II work was 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 internal issues and financials. Further, under State Led Model the states of Chhattisgarh, Jharkhand, Maharashtra, Andhra Pradesh, Telangana and Odisha have been slower than expected. The tender for work is under process in Tamilnadu. Due to delay in implementation and underutilization, a committee chaired by CEO, NITI Aayog, recommended a PPP Model for creation, upgradation, O&M and Utilization of BharatNet, which is under process.

30. On the status of finalization of PPP Model, the Department have replied that the PPP model in BharatNet is at approval stage in Department of Telecom. Cabinet Note is under preparation by USOF/ DoT for approval of Union Cabinet.

31. On the proposal of the scheme in various States, Secretary, DoT, during evidence submitted as under:

“Sir, 65,000 GPs out of 1,25,000 are in the State-led model. Now, which are these States? Tamil Nadu is one of them. Tamil Nadu had a tender which was cancelled because there were some complaints. Then, fresh tender has happened now. There are complaints again. But, I think, we should be able to resolve this. And this time, their tender is up to the villages. So, if it is done, then, I think, Tamil Nadu does have the capacity of finishing the project in one year’s time. As we move up, we have Andhra Pradesh. In Andhra Pradesh, work had started. They opted for fibre on the aerial route, not underground fibre. Then the State Government changed and the new Government decided that they do not want aerial fibre and they will take underground fibre. So, their model changed. Sir, there were issues about the work, which was awarded. But day before yesterday, we had a virtual meeting with their senior officers. I think, the issue of Andhra Pradesh will also be resolved. About Telangana, it has a distinction of one GP is equal to one village. So, it is not in West Bengal or in Assam. In West Bengal, the number of villages is 13 times than that of GP. But in Telangana it is 1:1. There, the work was very slow. We have taken up with the State Government. Part of the reason was, of course, COVID, but now that COVID is hopefully down, so this work should pick up. Then, about Gujarat, nearly 90 per cent plus work is complete though it is late by one year. So, here also, we are now told that in the next two months, their work will be complete for phase-II. About Jharkhand, Chhattisgarh and Odisha, there is a State led model again for phase-II. There is no problem in terms of contracts, but work was very slow in the last one year, for obvious reasons, it became slow. It has, now, picked up here also. Uttarakhand is another State, which is now going on the State led level. There, we will be giving them approval very shortly. Earlier, there was no State led level. Now, they have requested and we have agreed because of the special terrain etc. In addition, Sir, we are now going for the PPP model. The hon. Committee has also said that they are in favour of the PPP model. But this is not Pan India; this will be for a limited number of States because we have excluded the State led model States from this model. So, 16 States have been identified. We are working on that. We have received the approval from expert body called PPPAC Committee under the Ministry of Finance. They have already approved it. We will be taking it for Cabinet approval shortly. Most importantly, our utilisation of the network is rapidly improving in terms of terabytes of data consumed. We have made a network operating centre.

We have a dashboard. Now, we can actually monitor what is happening and where.”

(iii) **Status of utilization of funds under BharatNet**

32. The status of utilization of funds during 2017-18 to 2020-21 (upto 31.12.2020 and proposed and BE 2021-22 are as under:

(Rs. in Crore)					
Year	2017-18	2018-19	2019-20	2020-21	2021-22
Proposed	10402.51	8000.00	6000.00	6000.00	10000.00
BE	10000.00	8175.00	6000.00	6000.00	7000.00
RE	6000.00	4145.54	2000.00* (Re-appropriated as Rs. 1657.74 cr.)	5500.00	-
Actuals	6000.00	4145.54	1657.74	4341.85 (As on 31.12.2020)	-
%w.r.t. RE	100%	100%	100%	79%	

33. As per Cabinet approval, the target for BharatNet completion, i.e. connecting all the 2,50,000 GPs, was March 2019. However, since project is of mega nature widely dispersed across the country, only 1.18 lakh GPs could be connected by March 2019. BharatNet project was envisaged to be completed by August 2021. However, this time will now be extended as the pace of completion is affected by lockdown and restrictions on movement imposed by the various Governments due to Covid-19.

34. When asked what necessary measures have been taken to speed up the project implementation, the Department have provided the measures taken to address these issues are periodic monitoring at the highest level (MOC/MOSC/Secretary(T)) on regular basis, execution of work through different models involving multiple agencies namely State, CPSUS & Private Sector Model etc for execution of the project, steps have been taken for simplification of RoW permission from Forest, NHAI and Railways ROW permissions by States, operation, maintenance, and utilization of BharatNet Phase-I have been awarded to CSC-SPV,

an organization under MeitY, Govt. of India on 19.07.2019 for 2 Wi-Fi APs which was subsequently modified on 18.12.2019 for providing 5 FTTH connections in place of one of the Wi-Fi AP at five Governmental Institutions and migration to the PPP Model for speedier implementation of the remaining GPs and optimal O&M and utilization of the network for 16 States through 9 packages to connect up to 3.5 lakh villages as per the revised mandate for extending connectivity up to 6 lakh inhabited villages. Remaining villages, which are mostly covered under States under the State led model are being worked out in consultation with the States.

(iv) Status of utilization of BharatNet

35. The present status of implementation/ achievement of BharatNet as on 15.01.2021 is as under:

1.	Fund utilized	Rs. 25,101.05 Crore till 31.12.2020 (Rs. 25,631 Crore received).
2.	OFC laid	4,89,739 Km
3.	No. of GPs connected/ Service ready	1,51,404 (including 3497 BHQs)
4.	No. of GPs provided with Wi-Fi hotspots	1,04,026
5.	No. of FTTH connections	4,84,506
6.	Leasing of Fibre	18,039 Km
7.	Leasing of BharatNet Bandwidth	38,29,401 Mbps
8.	Data Consumption per month	14,67,493 GB

36. BharatNet' is being implemented to provide broadband connectivity to all Gram Panchayats (approx. 2.5 lakh GPs) in the country and the scope has been extended to cover all inhabited approx. 6 lakhs villages. In BharatNet project, completion of the remaining works under state led and CPSU led models along with implementation of PPP model is to be carried out.

37. Further, as approved by DCC on 18.09.2020, approval has been obtained from PPP-AC for the PPP model for covering approximately 3.5 Lakh villages across States divided into 9 packages covering 16 States of Kerala, Karnataka, Uttar Pradesh (East), Uttar Pradesh (West), Rajasthan, Punjab, Himachal Pradesh, Haryana, West Bengal, Madhya Pradesh, Assam, and 6 States (Arunachal Pradesh, Meghalaya, Mizoram, Tripura, Manipur and Nagaland) comprising the North East Region.

38. The 8 States of Maharashtra, Gujarat, Tamil Nadu, Andhra Pradesh, Telangana, Odisha, Jharkhand, and Chhattisgarh under State-Led Model are excluded, which are being considered to complete the work for GP connectivity and extending the same upto villages. Due to strategic reasons, the Union Territories of Jammu & Kashmir, Ladakh, Andaman & Nicobar Islands, Lakshadweep, Dadra & Nagar Haveli, Daman & Diu, Puducherry and Sikkim are being covered through BSNL and the State of Uttarakhand is being considered under State led model. Bihar has already been covered through CSC-SPV to connect upto villages along with last mile connectivity.

39. The Department have stated that BharatNet is meant to provide broadband services in rural areas. With increasing use of online delivery of Government services i.e. e-health, e-education, social media etc in rural areas, it is expected that the demand for broadband services is likely to increase manifold in the coming days in rural areas. Now, the scope of BharatNet is being expanded to cover all the 6 lakh inhabited villages.

40. The Committee enquired whether any revenue sharing model has been adopted with the CSCs for operation and maintenance of BharatNet, the Department have informed the Committee that there is no revenue sharing model adopted as such for this activity as Operation and Maintenance activity requires support expenditure in terms of man power resources and material without a direct link for revenue from the agency responsible for O&M. Further it may be noted that BharatNet network before awarding the work to CSC was in a very bad shape with

very poor operation and maintenance and hardly any utilization of network after such a huge expenditure. Niti Aayog had also recommended to migrate to PPP model for effective O&M and utilization after upgrading the network and as pre- PPP model CSC was given the work. The performance of CSC has been satisfactory in terms of fault rectifications and improvement of uptime of network with last mile connectivity through Wi-Fi and FTTH connections. This has resulted in drastic improvement in data download from meagre 50 TB per month to 2000 TB per month in the network over this period of one and a half year.

41. This is also to be considered that Bharatnet provides connectivity in rural areas which has very small potential of revenue compared to the cost of providing the service. Only an effective O&M with low cost packaging of services can ensure revenue in longer run.

42. The Department have also informed the Committee that no study has been conducted by BBNL to find out the quality of services provided by these Wi-fi hotspots. However, actions have been taken/being taken for improving the network availability through series of measures, such as assignment of FLM and O&M work to CSC which is also largely responsible for utilization, repair of faulty fibre beyond 500 meter by BBNL through tender, arranging sufficient spares to reduce down time, CSC-SPV is allowed to shift the ONTs to a place, where power, security and round the clock manning is available, efforts are being made to replace the lossy fibre and faulty OF Cable sections, in BharatNet Phase-II, BBNL is laying its own OF cable from Block to GP and GIS mapping of all the GPs is going on, for faster and accurate fault localization.

(v) Provision of Mobile Services in Left Wing Extremism Areas (Phase-II)

43. 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 Affair (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 was floated on 04.11.2019 for 2217 locations at estimated cost of 3214.65 crore. The Implementing Agency was to be selected through an open competitive bidding process and the implementation period of the project was 18 months from the date of signing of contract with the Implementing Agency. Meanwhile there was discussion in the department on choice of technology from 2G+4G to 4G. As the discussions were taking time, the floated RFP was taken to logical conclusion. Single bid received and the same has been rejected. Choice of technology for LWE-II project has been revised from 2G+4G to 4G technology as recommended by DoT and approved by DCC on 01.12.2020.

44. Meanwhile, MHA forwarded a list of 325 additional tower locations in the State of Odisha mentioning that total 483 sites were approved by the Union Cabinet. Therefore, total revised number of sites in Odisha will be 483 and accordingly, total number of sites in LWE-II project will be 2542. The RFP is being finalized for 2542 number of sites and the project will take 18 months in phases from the date of award of work after finalization of RFP.

45. On the scope for BSNL to participate in this project, the Department have stated that as per extant ITR rules, the implementing agency is to be appointed through an open and transparent tender. Further, as per the decision taken in view of non-availability of 4G equipment and spectrum with BSNL and the time lines to be met, work on nomination basis to BSNL was not considered however BSNL is free to participate in the bidding process.

46. Secretary, DoT, during the sitting stated as under:

“LWE II project earlier was on 2G plus 4G technology. Since the market is now moving away from 2G altogether and customer today wants data, the Digital Communication Commission took a conscious decision that LWE II will have 4G. So, now we are going ahead with 4G. Your question was, why is it not given to BSNL? BSNL, right now, does not have 4G. It will take a little bit of time. Then this asset which is created is funded by USOF only for five years. After five years, the concerned TSP has to continue at least for another five years. We are not sure that in these areas where the population density may not be high and the purchasing power is low, whether it will be commercially viable or not to saddle BSNL with continued liabilities. Once BSNL has 4G, then they will be in a better position to take up such projects. BSNL also, traditionally, has never participated in a tender.”

(vi) **Provision of Mobile Services in 354 uncovered villages of J&K, Ladakh and other priority areas**

47. The Scheme is for providing mobile connectivity in uncovered areas of J&K, Ladakh, Border areas and other priority areas. The agreement with TSP has been signed on 28.04.2020. The work has been started and around 200 sites survey has been completed. The Roll out period is 9 month from the date of agreement. The estimated cost of the project is 384.01 Cr. Total subsidy payable in the project is 336.89 cr. Average cost per tower is 0.951 cr.

48. The Committee have been informed that the agreement for the scheme for providing mobile connectivity in uncovered areas of J&K, Ladakh, Border areas and other priority areas was finalized on 28.04.2020 at the cost of Rs 336.89 cr and the project is under implementation and likely to be completed by end of June,2021.

49. The Department have also informed the Committee that M/s R-Jio is the successful bidder for the implementation of the project. The agreement was signed on 28.04.2020 to complete the project in 9 months which has been extended due to COVID-19 pandemic and difficult areas being covered for a further period of 6 months. The project is in advanced stage, the survey work has been completed and approximately 100 sites have been installed & are to be commissioned. The remaining sites are targeted to be completed in phases by June 2021.

(vii) Provision of Mobile Services in Aspirational Districts

(i) Provision of Mobile Services in 502 uncovered villages of Aspirational District

50. A scheme for provisioning of 4G based Mobile service in 502 uncovered villages of Aspirational Districts of four states Uttar Pradesh, Bihar, Madhya Pradesh & Rajasthan at an estimated cost of Rs. 686.71 crore was approved on 20.12.2019. The RFP has been finalized and it is under award of work.

(ii) Provision of Mobile Services in 7287 uncovered villages of Aspirational District

51. DCC has approved on 11.05.2020, provisioning of 4G based mobile services for 7287 uncovered villages in aspirational districts of five states- Andhra Pradesh (1218 Villages), Chhattisgarh (699 Villages), Jharkhand (827 Villages), Maharashtra (610 Villages) and Odisha (3933 Villages) at an estimated cost of Rs. 6620.55 Crores for 7287 uncovered villages (4779 towers). The Cabinet note is under final approval.

52. To a query of the Committee how the Department are planning to implement the above projects, the Department have replied that the project for 502 uncovered villages of Aspirational districts is being awarded to M/s Bharti Airtel, M/s Bharti Hexacom & M/s R-Jio for the States of Bihar, Rajasthan, MP & UP respectively as per the tender finalized. The project will be completed in 12 months from date of award as per the timelines. The Cabinet Note for provision of mobile service in 7287 uncovered villages is under finalization after the Inter-Ministerial Consultations and inputs from PMO. The same has also been approved by ETG (Empowered Technology Group). The Cabinet Note was prepared for award of the work on open & transparent tender basis as per USOF ruling where BSNL can also participate.

VII. Defence Spectrum: Optical Fibre Cable based Network for Defence Services

53. Project Network For Spectrum (NFS) is to provide a dedicated Optical Fibre Cable (OFC) based network for the Defence Services which is being implemented by Bharat Sanchar Nigam Limited (BSNL). Under this project 60,000 Kms of OFC is being laid and a secure communication OFC based network will be established for Defence Services with deployment of communication equipments. Cabinet Committee on Economic Affairs(CCEA) in its meeting held on 16.05.2018 approved the proposal for enhancement of cost estimate for Network for Spectrum(NFS) project from Rs 13,334 crore to Rs 24,664 crore with the timeliness of 24 months from the date of approval. The Project is targeted to be completed by May 2020. However, considering the complexities involved with various tenders of the project, thousands of Right of Way permissions from various agencies like Railways/NHAI/BRO/ Municipal Bodies/State Governments etc and limited working season in Leh / Kashmir/Sikkim and Arunachal Pradesh, it was envisaged that project will be completed by Dec 2020. Now due to COVID 2019 lockdowns from March2020, it is expected to complete the project by June'2021.

54. The NFS Project has 03 major components. OFC for Army, OFC for Navy and Equipments for Army and Navy. For OFC Army, out of total scope of 57418 Rms, OFC has been laid for 55312 Kms (96 %) and out of total 924 links, 864 links (94%) have been commissioned till date. For OFC Navy, out of total scope of 2600 Km, OFC ducting has been done for 2200 kms (84%). In Equipments part, purchase orders has been issued for all components and supply/installation/Testing/Commissioning (SITC) of various components is going on in full swing.

55. Budget Estimates, Revised Estimates and Actual Expenditure and the details of percentage achievement of targets for NFS project (in physical terms) for last five years (2016-17 to 2020-21) is as under:

(All fig in Rs cr)

Year	Budget Estimate	Revised estimate	Actual Exp	Physical achievement
2016-17	3100	3100	3100	Around 68% of OFC laying completed.
2017-18	3237	3237	3237	Around 80% of OFC laying completed. Purchase order for One component of equipment (DWDM) was issued.
2018-19	5000	2500	1927	Around 90% of OFC laying completed. Purchase order for five components of equipment (GOFNMS, MCEU, Satellite, IP-MPLS Navy and Microwave) were issued.
2019-20	4725	4705	4705	Around 95% of OFC laying completed. Purchase order for 2nd last components of equipment (IP-MPLS Army) and UNMS) was issued.
2020-21	5000	4000	1395 (Full allotted fund of Rs 5000 cr will be utilised by 31.03.21)	The project was targeted to be completed the project by Dec 2020. However, due to COVID 2019 lockdown from March 2020, it is expected to complete the project by June 2021
2021-22	5200			It is targeted to complete the project by June 2021.

56. The Department have stated the complexity involved in various tenders as limited working season in Leh, Sikkim and Arunachal Pradesh, hundreds of RoW permissions from NHA1/ BRO/ Rai1ways /MCs /PWD /Forest/wild life and lock downs due to COVID 2019 from March 2020. The Committee also note that NFS project is being reviewed at various levels in Department of Telecommunications (DoT) and Ministry of Defence. The project is also being reviewed jointly by Secretary (MoD) and Secretary (Telecom) on periodic basis. The last joint review of project was held on 06th August 2020.

57. Regarding the amount of spectrum release by Defence Services for civilian use, the Department have furnished the information that a Memorandum of Understanding (MoU) was signed between Department of Telecom (DoT) and Ministry of Defence (MoD) on 22.05.2009. After the MoU, 45 MHz in 1800 MHz and 2100 MHz band was released by MoD and DoT realised Rs 1,07,757 crore from putting it to auction. Also by swapping of another 15 MHz spectrum, DoT realised Rs 56,190 crore. The spectrum envisaged to be released by MoD has already been released by MoD and put to auction by DoT.

VIII. Telecom Testing and Security Certification Centre (TTSCC)

58. Telecom Testing and Security Certification Centre (TTSCC) is renamed as National Centre for Communication Security (NCCS). The Lab is commissioned on 15-11-2018, NCCS has since been functioning from this premises. Setting up of TTSC (now called NCCS) has three important roles (i) Development of Security Assurance Standards/requirements, (ii) Security Lab Recognition and (iii) Security Certification. As part of the development of security assurance standards/requirements, the security test lab at Bengaluru designated as Security Assurance Standards Facility (SASF) has been established. It is equipped with four test beds for conducting research and development of security standards and framing the security requirements for the communication equipment. The labs can be established in private or public sector subject to recognition based on the evaluation carried out in accordance with security standards/requirements developed by SASF. Test results from these recognised test labs will be considered for issuing security certificates for the respective telecom equipment.

59. 5G Security Test bed project is proposed to be set up at NCCS Bengaluru which will function as a national test bed for 5G security testing to facilitate formulation and development of security standards (ITSARs-Indian Telecom Security Assurance Standards) and policies as well as provide facilities for security testing, validation and security certification and help in creation of security test facilities and capacity building. Project timelines will be available once the project proposal and project estimate is approved.

60. The detailed status of utilization of funds under the schemes is as follows:

	2017-18	2018-19	2019-20	2020-21 (as on 02.2.2021)
Proposed	15	27	6.5 (at RE stage)	10
BE	15	27	0.1	10
RE	15	15.6	5.39	5
Actual	15	15.779	0.1	0
% w.r.t. RE	100%	101%	1.89%	0 %

61. Regarding the present status for the approval of the project proposal and project estimate for setting up of 5G Security Test Bed Project, the Department have stated that various activities e.g. preparation of project proposal and project estimate for 5G security test bed were undertaken during 2020-21. Project proposal and project estimate are currently under submission for approval and sanction. There have been some delays in the activities on account of Covid pandemic scenario. Once the project is approved/ sanctioned necessary action will be initiated to set up the lab and for fund utilization. During 2019-20, nine tools out of 20 Test equipment & measurement systems were procured and the remaining were under process for procurement. Training/ capacity building of the staff- IISC Bengaluru was working on capacity building.

62. Asked as to any major impediments being faced in implementation of the project, the Department informed that being a highly specialized area, there is a general lack of sufficient expertise with in the country in the field of Telecom testing and security certification. There are no readymade off the shelf solution and therefore substantive efforts are required to develop in-house capabilities and skills in this field. This impediment is affecting time-bound procurement of the required Test equipment & measurement systems and hiring of required work-force. Trainings are proposed to be conducted with the help of IISC to impart latest knowledge in security testing. Professional manpower is proposed to be hired with the help of IISC to address staff shortage.

63. When asked to elaborate on the measures taken by the Department to train professional manpower with the help of IISC, the Department have stated that a few trainings were conducted with the help of IISC to impart basic knowledge to enable officers to attend specialized training for Security Testing. These specialized trainings are yet to be arranged by IISC. Depending on a single institution for developing required technical capability may not be advisable for speedy development of security testing expertise on evolving technologies. Hence NCCS has proposed to enter into MoUs with other institutions. The matter is under consideration in the Department. An amount of Rs.15 crore has been allocated in BE 2021-22 and additional amount will be projected in RE 2021-22.

IX. Telecom Computer Emergency Response Team (T-Cert)

64. The project will empower the DoT and other stakeholders by providing visibility into the Cyber health of the Telecom network and also national critical infrastructure against cyber threats and attacks in real-time. It will be possible to generate actionable intelligence, helping the various agencies to sanitize the everyday deteriorating Indian Cyberspace and maintain cyber hygiene. Broadly, the project will identify and focus on areas - Identify the compromised systems being controlled and exploited by attackers for large-scale attacks or other malicious activities, Detection of attacks (Malicious, DoS, DDoS, Portscan, etc.) in real-time, Identity anonymous connections e.g. The Onion Router (TOR), VPNs, etc., Identify attackers and victims, IP address, country, ISP, or organization and Detection & analysis of active malicious/blocked Apps and also to Check the compliance to the blocked applications/URLs/IPs and further generate the information on servers to be blocked.

65. The status of utilization of funds is as under:

(Rs. in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Proposed	10	15	28	119.4	127.82
BE	10	15	15	10	23
RE	10	15	Nil	6.47	-
Actual	12.5 (Re-appropriation of Rs. 2.5 crore was done from CEIR scheme)	15	Nil	0 (Case is being submitted for approval of competent authority for release of Rs 6.47 crore to C-DoT)	-
% w.r.t. RE	125	100	NA	-	-

66. When asked the reasons for underutilization of funds during 2019-20 and 2020-21, the Department have replied that during FY 2019-20 no funds were released to CDOT for the FY 2019-20 as RE was reduced to 'Nil' due to less overall allocation by Ministry of Finance in RE stage of 2019-20 based on the progress of utilization of funds. For FY 2020-21 due to Corona Pandemic several purchase orders related to project equipment placed by CDOT were cancelled by the vendors citing incapability to deliver. After the Corona pandemic situation has improved in the country, purchase orders have again been placed. RE for FY2020-21 is Rs. 6.47 crore and a file has been put up for releasing the funds. Increase in expenditure is expected for Pan India roll-out of the project and setting up of Data center for NoC/SoC for CERT-T.

67. Noting that the Department have proposed an amount of Rs.127.82 crore, however, an amount of Rs.23 crore only has been allocated at BE 2021-22, the Committee enquired the reasons for proposing such a huge amount. The Department have replied that the amount of Rs. 127.82 crore has been proposed keeping in view the Pan India roll-out of the project (initially at 22 ISP gateways for FY2021-22) and setting up of Data Center for NoC/SoC for CERT-T. However, only Rs. 23 crore could be allocated. With this reduced amount, the targets/milestones defined for FY 2021-22 will be very difficult to achieve and will have adverse impact on the project. Additional amount required for meeting the objectives of the project will be demanded in RE stage.

68. On the present status of approval of DPR, the Department have replied that the proposal for formation of the committee to evaluate DPR is under process. All possible efforts are being made to expedite the finalization and approval of DPR.

69. Secretary, DoT, during the sitting stated as under:

“Sir, about the T-CERT, this project was started a few years back. C-DOT has been entrusted with the job of developing the software, the architecture, etc. They have developed the proof of concept which is already being implemented for four internet gateways, I think, about 22 gateways in the entire country. So, now, we have to expand this from the proof of concept to the full implementation stage. But that work is still going on. So, whatever money is required for this, we should be able to get it. I do not think, that is an issue, if not now, then at the RE stage.”

X. Review of functioning of PSUs: BSNL, MTNL and ITI

70. The expenditure of BSNL has reduced from Rs. 34,400 crore per annum to Rs. 24,687 crore per annum (Annualized value of 9 months figures) mainly due to savings in employee benefits expense, due to VRS as part of revival package. However, the revenue has not grown mainly due to non-commencement of 4G services. Further, the anticipated monetization of land assets did not take place. BSNL has stated that it expects to be profitable from FY 2023-24 onwards subject to full realisation of the revenue and cash flow from services as well as monetization of land assets as envisaged at the stage of processing of the revival package. However, BSNL has become EBITDA positive.

71. With regard to MTNL, the Total expenditure of MTNL has reduced from Rs. 5922.70 crore per annum to Rs. 4264 crore per annum (Annualized value of 9 months' figures) mainly due to savings in employee benefits expense, due to VRS as part of revival package. As a step towards merger of BSNL and MTNL and to enable BSNL to have a pan India footprint of services, the Group of Ministers (GoM) in the meeting on 21.12.2020 approved the proposal for the allocation of spectrum for 4G services to BSNL in Delhi and Mumbai. It is expected that with the commencement of 4G services, the revenue of BSNL in the wireless segment will increase.

72. The projected revenue and expenditure of BSNL for the year 2021-22 is Rs.20,885 crore and Rs.30,086 crore respectively. The projected revenue and expenditure of MTNL for the year 2021-22 is Rs.2020.00 crore and Rs.4539.59 crore respectively.

XI. Revival Plan of BSNL and MTNL

73. The implementation status of Revival plan of BSNL is as under:

Sl. No.	Revival measures	Current status
1	Reduction in employees cost by immediately offering Voluntary Retirement Scheme (VRS) to the employees of age 50 Years and above, with payment of ex-gratia to be supported through budgetary allocation of Government of India.	78,569 employees of BSNL opted for VRS. As a result, the salary expenditure in BSNL has reduced by 50% (around Rs. 600 Crores per month).
2	Debt Restructuring through Sovereign Guarantee Bonds	Ministry of Finance has provided sovereign guarantee of Rs. 8500 crores. BSNL has raised Rs. 8500 crores on 23.09.2020. The amount realized through the bonds has been utilized to restructure existing high-cost debt.
3	Administrative Allotment of spectrum for providing 4G services	BSNL has floated an Expression of Interest (EOI) on 01.01.2021 for prior registration/Proof of Concept (PoC) from Indian Companies interested in participating in BSNL's upcoming 4G tender.
4	Monetization of Land/Building assets following DIPAM guidelines, and monetization of tower and fibre assets.	Alternative Mechanism of DIPAM approved monetization of 11 assets of BSNL. DIPAM appointed International Property Consultants (IPC). Based on the feasibility reports submitted by IPCs and after reconciliation of valuation, IMG of DIPAM agreed to proceed further with 3 properties (estimated value of Rs. 510 crores) for monetization. BSNL has generated Rs. 657 crores since October 2019 through sale/renting of land/building and tower/fibre assets directly.

74. The Committee enquired the reasons for not allocating 4G spectrum to BSNL/MTNL during 2020-21. To this the Department have replied that the Cabinet in the meeting held on 23-10-2019 approved the revival plan for BSNL and MTNL. The revival plan, *inter-alia*, includes the approval for administrative allocation of spectrum to BSNL/MTNL through capital infusion by the Government for providing 4G services. The budgetary allocation for full cost of 4G spectrum including GST of Rs. 24,084 Crore was made for 2020-21. The demand notes were issued by WPF wing of DoT for payment for allotment of spectrum for providing 4G services to BSNL in 20 LSAs and MTNL in Delhi and Mumbai. BSNL requested for postponement of allocation of 4G spectrum till 4G tender is finalized. Accordingly, the budgetary allocation has been now included in BE 2021-22.

75. Clarifying on the issue, Secretary, DoT, during the sitting stated as under:

“For BSNL, as you are aware, for the 4G tender, while we had issued the tender but we cancelled it because now we want to focus to encourage BSNL as a vehicle for Indian telecom equipment. Now the new tender has come. But by the time it actually is finalised, we will be in the next financial year. If we had given the spectrum to BSNL now, the meter would have been down for 20 years from now onwards without BSNL effectively using it. So, it is in BSNL’s interest that we will get it now in May, June, July, next year.

.....xxx.....When spectrum is allotted, it is for a period of 20 years. So, it is in the interest of BSNL and MTNL that the period of 20 years commences from the time when they are actually able to utilise the spectrum. Their tender has been floated on 1st of January. We are hopeful of getting the equipment of 4G faster. At that time, if they get the spectrum then they will be the gainers. Otherwise, they will have to give spectrum usage charge and the opportunity cost will be high. For the Government it does not matter much because spectrum funding is a transfer entry. We were giving it as equity and taking the money back as payment for spectrum. So, it did not make difference to the Government, but it is in the interest of BSNL and MTNL that they get this spectrum sometime in June-July, close to the time when they may be in a better position to start 4G services.

....xxxx.....The Government has decided that BSNL should be a vehicle to push India into the global market of telecom equipment. So, their earlier tender was cancelled. As on date, there is not a single Indian company which can give them the equipment of 4G which can be used for vast networks. So, what BSNL has done is that, on 1st January, they have

floated a fresh tender in which there will be a proof of concept which will be a substitute for experience. Leading companies like TCS, Tech Mahindra, Sterlite, and L&T have purchased documents for the proof of concept. BSNL had nearly 1600 queries after the pre-bid meeting, which will be answered shortly.”

(i) **Monetization of Assets of BSNL and MTNL**

76. Total value of land/building assets identified for monetization in BSNL and MTNL is Rs. 67837 crore and Rs 17985 crore respectively. Expected revenue from monetization of land/building assets of BSNL and MTNL for year 2021-22 is Rs. 1200 crore and Rs. 300 crore respectively.

77. On the issue of monetization of assets, Secretary, DoT, clarified to the Committee during sitting as under:

“During this past one year period, monetisation was a problem. I do not know what would be the appetite in the market immediately. Land prices have fallen. Rentals have fallen. The realty market has taken some kind of beating during this time. But we did not test the market. So, we cannot say that if we had gone to the market, we would have got less money. They have two kinds of assets; core assets and non-core assets. The non-core assets are the land parcels. The core asset is fibre and the tower. So, BSNL & MTNL have moved fast in monetising their towers and fibre. BSNL has 68,000 towers, out of which 13,000 towers are getting rent. They are getting more than Rs.1,000 crore per annum, on a gross basis, as income from rent of towers. They have also got about Rs. 400 crore as fibre monetisation where they have allowed the dark fibre to be used by others. They are also now moving for securitising their towers by giving the rental streams to a bank and taking upfront money for that. Several PSU banks are now in the final stages of negotiations with them. I am very hopeful that something should happen soon. As regards their non-core assets, which is the land parcel, they have a huge amount of land bank. The COVID issue started and then there also was the lockdown. The International Property Consultants, unlike Government where we were in office virtually every day because this is a critical sector, just did not make the site visits because they were working from home. Eventually, we have to actually coax and coerce them, and give them transport so that they could give their reports. I think five properties are ready to go for auction. This auction is being done under the DIPAM mechanism. So, DIPAM and DoT are working closely together. Then, there was an issue of setting a threshold beyond which assets would go to DIPAM. I think, this threshold came sometimes in October last year. It came recently and not so far back. A hundred crore threshold has been kept. So, any asset which is

more than Rs. 100 crore, will go to the DIPAM mechanism. Less than Rs. 100 crore will either go to the DoT or the BSNL and MTNL themselves can monetise it. This is also in place now. This year is going to be very critical for us because we hope to monetize more properties. They have also gone for rentals. The rentals, which you have very rightly flagged, have increased tremendously. The incremental rental of BSNL and MTNL compared to what it was pre-revival package, is about Rs. 500 crore per annum.

XII. Performance of Indian Telephone Industries (ITI) Limited

78. The Department have furnished the details of Revenue and Working Expenses of ITI as under:

Year	2017-18	2018-19	2019-20	2020-21 (As on 31.12.2020)	2021-22
Total Income target	2700	3300	3300	2600	3029.60
Total Income	1812	2005	2243	1192.50	
Total Expenditure	1581	1912	2092	1382.59	2676.97
Net profit	231	93	151	-190.09	

79. On the status of demand of ITI products and role that can be played by ITI to meet future telecom equipment requirement in the country including 5G, the Department have replied that ITI has diversified its product portfolio with assistance from Govt of India under Revival Plan. ITI has utilized the CAPEX fund in modernization of its infrastructure to manufacture products like smart energy meter, GPON equipments, Smaash PC, Defence encryption products, Space electronics products etc. which are in great demand in the country. With its state of art infrastructure ITI is ready to meet telecom products and equipment requirements in the country like OFC, HDPE duct, Solar panels, Wi-Fi access point manufacturing as well as executing various government projects like Bharat Net, NFS and. ASCON Ph IV project is under process of implementation. ITI is also playing important role in implementation GOI schemes like Make in India, Skill India, Digital India Swachh Bharat Mission. ITI has established Start-up hub, Telecom equipment testing labs, cloud services from Data Centre and planning to establish Securities Operation Centre (SOC), 4G Radio manufacturing, encryption products as a prelude to 5G technology.

80. Major impediment encountered in the implementation of the revival plan are lack of orders from major customer, shortage of working capital, competition in the market from private telecom vendors, higher rate of obsolescence of products in Telecom technologies and Covid -19 pandemic.

81. The Committee have also been informed that as of now ITI does not have the technology for manufacturing 5G Telecom equipment. ITI has formed partnerships with 4G technology firms like Tech Mahindra, TCS & Mavenir. ITI will work with these partners on 5G technology domain in the future.

(i) Implementation of ITI Revival Plan

82. Under ITI Revival Plan, capital infusion of Rs 2264 Cr was approved by CCEA against which ITI has received Rs 874 Cr as of now. Balance amount of Rs. 1390 Cr is required for implementation of various revival projects. Accordingly, request for Rs. 300 Cr in BE 2021-22 has been requested. With the investment of already allocated capital amount of Rs. 874 Cr. ITI could get customer orders worth Rs. 2150.71 Cr during 2016-17 to 2020-21 (31/12/2020) and ITI has been able to generate the revenue to the tune of Rs. 1151.92 Cr against these orders.

83. During 2020-21, ITI has requested Rs.385 crore in BE stage against which Rs. 105 crore was allocated. Hence, implementation of revival projects were affected. For the year 2021-22, against the proposed amount of Rs.300 crore, an amount of Rs.80.01 crore only has been allocated at BE.

XIII. Centre for Development of Telematics (C-DOT)

84. Centre for Development of Telematics, C-DOT, established in 1984 as an autonomous R&D centre of the Department of Telecommunications, Ministry of Communications, Govt. of India has been widely known for its monumental role in ushering in the indigenous Telecom revolution in the nation. Hailed as the progenitor of the Indigenous Telecom Revolution in the nation, C-DOT, with more than three decades of its relentless R&D efforts in the indigenous design, development and production of telecom technologies especially suited to the Indian landscape, has

been in the technology forefront and has significantly contributed to the Indian Telecom Network's Digitization.

85. With regard to major achievements that have been made by C-DoT for bringing indigenous telecom revolution in the country, the Department have replied that C-DOT has been instrumental in making India achieve greater self-reliance in telecom technologies as well as promoting local manufacturing of the telecom equipment in the country. C-DOT works on a model where design, development, testing, validation, pilot trials and technology approval (by external agencies) of telecom products / solution is carried out by C-DOT and then the technology is transferred to manufacturers (both in Public and Private sector) for large scale manufacturing of the telecom equipment in the country. This ensures that India is not just limited to manufacturing of the telecom equipment but owns the Intellectual Property Rights (IPR) of the deployed equipment as well. Keeping in mind the strategic nature of the telecom network for any country, availability of local IPR of deployed telecom equipment is critical for ensuring security and safe-guarding its interests. C-DOT has carried out more than 90 Transfer of Technology (ToT) agreements in last 10 years with 27 manufactures.

86. The Committee also enquired about the future plan of C-DOT for expanding its role to take up new initiatives and challenges for development of indigenous telecom technologies. To this query, the Department have furnished the reply that subject to the availability of sufficient funding, C-DOT would like to expand its role by establishing Centres of Excellence (CoE) to cater to specific sectoral requirements of emerging telecom market in India and ensuring availability of indigenous technologies for the same. These CoEs are envisaged to work in niche areas and generate concepts, algorithms, and build prototypes to showcase the new ideas in lab environments and subsequently develop field deployable solutions suited for the Indian needs. Besides this, these CoEs will enable competency building and spread of knowledge through trainings. Some of the suggested areas in which these Centres of Excellence can be set up in C-DOT are CoE for "5G and beyond"

technologies, CoE for Optical Access & Transport technologies, CoE for Quantum Communication technologies, CoE for Advanced Telecom security, interception and analytics, CoE for Artificial Intelligence and Cognitive Sciences and CoE for Advanced Packet technologies.

87. These CoEs will work with defined work output as per the milestones. Establishment of these CoEs is dependent on availability of sufficient funding and these CoEs will focus upon creating IPR at much more fundamental level than what is conventionally done. Besides the setting up of the above mentioned CoEs in C-DOT, it can also take up the role of facilitating Start-ups & collaborating with academia by setting up Telecom Startup Acceleration & Academia Collaboration Centre (TSAACC). Under this, Start Ups / Academia will collaborate with C-DOT to turn an idea into an innovation.

88. The Department informed that compared to the billions of Dollars of R&D budget of major telecom R&D players worldwide, amount of funding received by C-DOT for undertaking its R&D activities is meagre. The amount of funding received is just enough to cater for the Salary & other staff benefits and hardly any money is left for Capital Expenditure.

89. The Department have furnished the Budgetary Outlay, Grant sought and received, IEBR and Expenditure in respect of C-DoT as under:

(₹ in crore)

Year	Budget ed Outlay	Grant received	IEBR generate d	Expenditure on Salary & Staff Benefits	Salary & Staff Benefits to Grant Received ratio
2016-17	415.00	315.00	84.99	183.22	58.16%
2017-18	490.00	287.00	122.05	210.00	73.17%
2018-19	478.00	260.00	75.53	241.35	92.83%
2019-20	555.00	273.00	97.02	266.36	97.57%
2020-21 (Up-to Dec'20)	513.00	168.12	65.55	176.63	105.06%

90. While support as grant has remained stagnant, salary expenses have increased due to implementation of 7th Pay Commission. C-DOT proposes to set up CoEs in a number of critical areas for the development of R & D to ensure India's self-reliance in telecom arena (right from design – leading to IPR creation, to large scale manufacturing), but the same would require quantum jump in the amount of Grant received by C-DOT from the current level (of around Rs. 300 Crores) to about Rs. 2000 Crores per annum. Amount of Rs. 2000 crore is just 5% of total earning of DOT which is around Rs. 40000 crore per annum. This will ensure that C-DOT is able to fully leverage the technical know-how it possesses and strengthen the telecom R&D base of the country which will also lead to greater self – reliance in telecom equipment manufacturing.

91. Besides funding support, following additional measures are suggested for furthering the cause of achieving greater self – reliance in telecom equipment manufacturing:

- I. Mandate from Government to ensure that in public procurement of telecom equipment, C-DOT designed equipment (if technically compliant) will have certain quota, to be supplied at the L1 price. This can act as a catalyst for promoting Transfer of Technology of C-DOT designed equipment and can accelerate telecom equipment manufacturing base, without impacting the Capital Expenditure of the tendering agency.
- II. Since C-DOT has already developed complete solution for prestigious Government Programs like BharatNet as well as by entities like Common Service Centre (CSC), the same can be directly sourced from C-DOT's ToT partners and deployed in the network.
- III. Telecom Service Providers / Internet Service Providers can be given certain incentives for encouraging them to place Educational Orders on C-DOT for the indigenously developed solutions. The incentives can be in the form of license fee concessions or allowing orders as part of Corporate Social Responsibility (CSR) funding. This will facilitate larger deployment of C-DOT developed solutions in Public as well as Private TSPs / ISPs, which can subsequently trigger large scale manufacturing of the same in the country.

Part-II

OBSERVATIONS/RECOMMENDATIONS

DoT Budget

1. The Department of Telecommunications (DoT) have laid the Detailed Demands for Grants (2021-22) of the Department on 10th February, 2021 for a total amount of Rs.72937 crore, consisting of Rs.41803.44 crore under Revenue Section and Rs.31135.56 crore under Capital section. The amount is Rs.6494.69 crore less than the Demands of the previous year. With regard to expenditure during 2020-21, the Committee note that under Revenue Section an amount of Rs.48756.63 crore was allocated at BE which was reduced to Rs.43948.88 crore at RE stage and actual expenditure upto January, 2021 has been Rs.37649.53 crore. The Committee further note that funds allocated at BE stage have been reduced at RE stage under items like USOF, Special Assistance for Swachhta Action Plan (SAP), ITI, Bangalore, Training NICF, Training to ITS/BWS Officers, Champion Service Sector Scheme, Grant of GST on 4G spectrum, incremental pension for voluntarily retiring employees of BSNL and MTNL, etc. The Committee are given to understand that funds have been reduced at RE stage keeping in view the trend of actual expenditure which was not on expected lines due to the situation arising out of COVID-19 pandemic. The Committee also note that due to cap in the overall expenditure up to September 2020 arising out of the pandemic situation, the expenditure up to January 2021 has been Rs 37649.63 crore. The remaining amount particularly for important Schemes like USOF will be utilized by end of this financial year.

Under Capital Section, an amount of Rs.30675.06 crore had been allocated at BE stage which was reduced to Rs.8359.92 crore at RE stage and the actual expenditure up to January, 2021 has been Rs.5689.53 crore. The main reason for decrease in the allocation made at RE stage during 2020-21 was the withdrawal of fund for Capital infusion for 4G Spectrum for BSNL & MTNL to the tune of Rs 20,410 crore by Ministry of Finance. So far as utilization of funds in other schemes is concerned, the Committee note 'Nil'

utilization of funds for schemes like Capital infusion for 4G spectrum for BSNL and MTNL, Major work building, WPC, TRAI building, Telecom Testing and Security Certification Centre, Telecom Computer Emergency Response Team (T-Cert), Central Equipment Identity Register (CEIR), etc. The Department are hopeful that the entire amount allotted to NFS (OFC based network for Defence Services), TRAI and other schemes will be fully utilized by the end of financial year 2020-21.

While the Committee do understand that there has been shortfall in utilization of funds under several heads due to COVID-19 pandemic, they are disturbed to note that an amount of Rs. 20,410 crore allocated under Capital Section for Capital infusion in BSNL & MTNL for 4G Spectrum had been withdrawn by the Ministry of Finance due to delay in tendering process. The Committee feel that under spending under this head could have been avoided had the Department fast tracked the tendering process by taking appropriate measures. This allocation has been moved to the next financial year 2021-22. The Committee express their disappointment at the Department's failure in tendering process and desire that proactive steps are taken during the current year so that funds are not cut at RE stage. The Committee recommend that suitable measures may be taken for release of funds to C-DoT relating to Central Equipment Identity Register (CEIR) and Telecom Computer Emergency Response Team (T-Cert) during the current financial year. The Committee hope that utilization of funds will improve during 2021-22 especially under Capital Section and all out efforts are made to ensure that 'Nil' utilization of funds under important schemes like Capital infusion for 4G spectrum for BSNL and MTNL, Major work building, WPC, TRAI building, Telecom Testing and Security Certification Centre, Telecom Computer Emergency Response Team (T-Cert), Central Equipment Identity Register (CEIR), etc is not repeated during 2021-22. The Committee further recommend that based on the progress of the implementation of schemes and utilization of funds, Ministry of Finance may be requested for enhanced allocation at RE stage so that implementation

of various schemes do not suffer due to non-availability of sufficient budgetary allocation.

Internal and Extra Budgetary Resources (IEBR)

2. The Committee note that IEBR constitutes the resources raised by the PSUs through profits, loans and equity. In DoT, there are six PSUs/Organizations through which IEBR is raised namely, BSNL, MTNL, TCIL, ITI Ltd., BBNL and C-DoT. As per the information provided by the Department, the Committee note that the actual achievement of IEBR has been declining since 2017-18. During 2017-18, the percentage of achievement of IEBR with reference to (w.r.t.) RE was 90.09 per cent, this had reduced to 63.69 per cent during 2018-19 which further declined to 53.16 per cent in 2019-20. During 2020-21, the IEBR target set at BE was Rs.14187.28 crore which was reduced to 13370.22 crore at RE and the actual achievement made was Rs.5490.67 crore only which is 41.06 per cent with regard to RE. Going by the past experience, the Committee are of the view that the IEBR performance of the PSUs/Organizations is unlikely to improve during 2020-21. For the year 2021-22, the Department have set an IEBR target of Rs.12244.28 crore at BE 2021-22. The Committee have been informed that the BSNL, MTNL, TCIL, ITI Ltd., BBNL and C-DoT will be able to achieve their IEBR targets provided there is no major reduction in their anticipated revenue/cash flow or bank loan targets.

The Committee are of the view that shortfall in IEBR target indicates less capex investment. Considering that achievement of IEBR target had been persistently declining since 2017-18, keeping such huge IEBR target during 2021-22 appears unrealistic to the Committee unless they have some specific plan/road map. To achieve the target, the Committee feel that these PSUs/Organizations need to be given positive policy support by the Government so as to bring them to better financial position. The Department need to review and identify the revenue earning potential of these PSUs, and Organizations from time to time and extend necessary support to them so that their financial health improves and they contribute to the budgetary resources

of Department instead of becoming liabilities. The Committee also desire the Department to be more realistic while fixing the IEBR targets.

Universal Service Obligation Fund (USOF)

3. The Committee note that an amount of Rs. 8000 crore consisting Rs.6000 crore for BharatNet and Rs.2000 crore for other USOF schemes had been allocated at BE 2020-21 which was reduced to Rs. 7200 crore by MoF and actual utilization as on 31.12.2020 has been Rs.5409.08 only. The Committee have been informed that there is no problem of funding for USOF schemes. As and when the schemes take off, Government is bound to provide funds for the schemes of USO fund. The Committee, however, note that during the year 2021-22, against the proposed amount of Rs.13250 crore, an amount of Rs.9000 crore only has been allocated at BE 2021-22. During 2021-22, the Department have prioritized schemes like BharatNet, Provision of Mobile Services in Left Wing Extremism Areas (Phase-II), Provision of Mobile Services in 354 uncovered villages including J&K and Ladakh, Provision of Mobile Services in Aspirational Districts, Comprehensive Telecom Development Plan for Islands and Comprehensive Telecom Development Plan for NER. The Committee also note that as on 31.12.2020, the balance of Universal Access Levy (UAL) amount available as potential fund under USO is Rs.55,216.94 crore. Initially, USOF focus had been service provisioning projects requiring low capital expenditure. Now, the focus has shifted to capital intensive and infrastructure projects. The Committee have also been informed that the Department have received proposals from TSP/Industry Body for downward revision of the rate of Universal Service Levy (USL) which is currently 5 per cent of the Adjusted Gross Revenue (AGR). However, it has been decided not to lower the rate as it would deplete the resource available with USOF. The Department have informed the Committee that the balance available as potential funds is just enough to cover USOF's commitments for its schemes.

The Committee note that under USOF the Department are implementing many capital intensive and infrastructure like BharatNet, LWE Phase-II, Comprehensive Telecom Development Plan for NER and Islands, Provision for Mobile Services in Aspirational Districts, etc. It is in the interest of the nation that these schemes are effectively implemented in a time bound manner. It is also utmost desire of the Committee that there should not be any problem in allocating requisite funds for implementation of the USOF schemes considering the importance of these schemes and also keeping in view that sufficient UAL balance is available in the Consolidated Fund of India. The Committee have been informed that money has not been a constraint as far as Universal Service Obligation is concerned and they have got whatever money they have demanded. But this does not seem to be the fact when one looks at the budgetary allocation for the year 2021-22 for USOF schemes wherein as against the proposed amount of Rs.13250 crore an amount of Rs.9000 crore only has been allocated by MoF. The amount allocated is Rs.4250 crore less than what is proposed by the Department. The Department have either failed in convincing the MoF of the fund requirements under USOF or MoF has been deliberately squeezing the funds under USOF due to non-pickup of schemes. The Committee take serious note of this and recommend the Department to ensure that requisite funds are made available for various schemes under USOF by the Ministry of Finance. The Committee hope that fund allocation will improve and adequate fund will be made available at RE stage. The Committee also recommend that necessary approval of various schemes should be taken well in advance by the Department so that there is certainty in fund allocation at BE stage itself and there is no delay in implementation of schemes.

Re-appropriation of funds from USOF

4. The Committee note that Rs. 3000 crore consisting of Rs. 2000 crore for BharatNet and Rs. 1000 crore for other USOF Schemes had been received as Revised Allotment for the FY 2019-20 from Ministry of Finance, out of which

Rs. 74 crore has been re-appropriated to DoT as per the request of DoT. When asked about the reasons for re-appropriation of funds from USOF, the Committee have been informed that in Revenue Section, there was urgent requirement of additional funds under several heads due to which the amount of Rs. 74 crore was re-appropriated. The Department have further informed the Committee that the potential balance of USOF is not depleted by this re-appropriation, as the balance is arrived at by deducting amount actually spent on USOF schemes from total Universal Service Levy collection. The fund available in USOF is utilized for the stated objectives of USOF only. The Department have also clarified to the Committee that this had been done with the approval of the Ministry of Finance.

The Committee are of the view that USOF money can be used for specific purpose of providing telecom connectivity in rural areas. Therefore, such re-appropriation of funds to meet urgent requirement of additional funds under several heads under Revenue Section is an undesirable trend which should be avoided. In the opinion of the Committee, to meet requirement of additional funds, Ministry of Finance should be impressed upon to allocate requisite funds instead of re-appropriating it from the USOF as this defeats the very purpose for which this corpus was created. Since USOF is for specific and intended purpose, the Committee desire that such re-appropriation of funds for USOF should be avoided in future. The Government should not be using this balance to bridge fiscal gaps rather than providing telecom connectivity in the rural areas, which is meant for the poor.

Progress of Implementation of BharatNet

5. The Committee note that as per Cabinet approval, the target for BharatNet completion, i.e. connecting all the 2,50,000 GPs, was March 2019. However, since project is of mega nature widely dispersed across the country, only 1.18 lakh GPs could be connected by March 2019. BharatNet project was envisaged to be completed by August 2021. However, this time will now be extended as the pace of completion is affected by lockdown and restrictions

on movement imposed by the various Governments due to Covid-19. On the status of utilization of funds, the Committee note that an amount of Rs.6000 crore had been allocated at BE 2020-21 which was reduced to Rs.5500 crore at RE and actual utilization as on 31.12.2020 has been Rs.4341.85 crore. The Committee note that the implementation pace of BharatNet Phase-II during 2020-21 was slower as compared to the target. The Phase-II work was 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 internal issues and financials. Further, under State Led Model the status of Chattisgarh, Jharkhand, Maharashtra, Andhra Pradesh, Telengana and Odisha have been slower than expected. The tender for work is under progress in Tamil Nadu. Regarding the finalization of PPP Model the Department have informed that PPP Model in BharatNet is at approval stage in Department of Telecom. Cabinet Note is under preparation by USOF/DoT for approval of Union Cabinet.

The Committee note that the the Department are still grappling with the implementation strategy in these States. The Committee are of the view that States like Tamil Nadu, Telangana, Andhra Pradesh, Gujarat, etc. have huge implementation capacity and once the implementation strategy is finalized they will be able to finish the work at the earliest. Since there has been considerable delay in completion of the project, the Committee desire that the matter should be taken up by the Department with the concerned States at the highest level. Since BSNL is also suffering from capacity constraints because of its internal issues and financial matters, the Committee are of the view that the Department should explore various other ways and means to ensure that implementation of work in 23000 GPs under CPSU Led Model should complete as per schedule and capacity constraints of BSNL should not be allowed to come on the way for timely completion of the project even if it necessitates providing necessary support to BSNL for speedier and timely execution. The Committee would like to be informed of the progress of the project in various States.

Utilization of Infrastructure Created under BharatNet

6. The Committee note that as on 31.12.2020 an amount of Rs.25,101.25 crore had been utilized for implementation of BharatNet. 1,51,404 GPs including 3497 Block Headquarters have been made service ready and 1,04,026 GPs have been provided with Wi-Fi hotspots, FTTH connections provided to 4,84,506 GPs, leasing of fibre has been done for 18,039 kms. etc. The Committee are glad to note that utilization of BharatNet especially number of GPs under Wi-Fi hotspots has improved substantially when compared with the previous year. The Committee note that BharatNet is being implemented to provide broadband connectivity to all GPs (approximately 2.5 lakh) in the country and the scope has been extended to cover all inhabited approximately 6 lakh villages. The Committee have been informed that as approved by Digital Communications Commission (DCC) on 18.09.2020, approval has been obtained from PPP-AC an expert body in the Ministry of Finance for the PPP Model for covering approximately 3.5 lakh villages in 16 States and the Department will be sending for Cabinet approval very shortly. The Committee have also been informed that Bharatnet provides connectivity in rural areas which has very small potential of revenue compared to the cost of providing the service. Only an effective O&M with low cost packaging of services can ensure revenue in longer run. The Department have also informed the Committee that no study has been conducted by BBNL to find out the quality of services provided by these Wi-fi hotspots.

The Committee are of the view that after creation of such large infrastructure its optimum utilization is the next big challenge for the Department. There is a need to give attention to optimum utilization of the network created. In this regard, they recommend that the PPP Model as recommended by the Committee Chaired by CEO, NITI Ayog for creation, upgradation, O&M and utilization of BharatNet which is under process should be finalized at the earliest. Emphasis should also be given to O&M of the network infrastructure created so that the services provided by BharatNet is the most sought after by various stakeholders. The Committee recommend

that a proper mechanism must be put in place by the Department to ensure that all grievances relating to the functioning of these Wi-Fi hotspots can be adequately looked into and addressed so as to give maximum satisfaction to the customers. The respective implementing agency may conduct surveys to find out the quality of services provided and feedback given to the Department. It is also the desire of the Committee that increase in utilization of network should help in creating employment opportunities for people living in rural areas to augment their income generation.

Provision of Mobile Services in Left Wing Extremism Areas (Phase-II)

7. The Committee note that on 23 May 2018, the Cabinet had approved the proposal for installing 4072 mobile towers by using 2G+4G technology under LWE Phase-II. 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. As per the coverage status given by LSAs, 2217 locations were found uncovered. The implementing agency was to be selected through an open competitive bidding process and the implementation period of the project was 18 months from the date of signing of contract with the implementing agency. However, the RFP had to be cancelled due to deliberations on choice of technology and single bid obtained against the RFP. Choice of technology for LWE-II project has now been revised from 2G+4G to 4G as per approval of DCC on 01.12.2020 for 2542 sites after adding 325 additional tower locations in Odisha. On the issue of awarding this project to BSNL on nomination basis, the Committee have been informed that BSNL right now has no 4G spectrum and this asset which is created is funded by USOF only for five years. After five years, the concerned TSPs has to continue at least for another five years. The Department are not sure that in these areas where the population density may not be high and the purchasing power is low, whether it will be commercially viable or not to saddle BSNL with continued liabilities. Once BSNL has 4G, they will be in a

better position to take up such projects. BSNL also traditionally has never participated in a tender.

The Committee note that LWE Phase-I project had been successfully implemented by BSNL. Because of this people living in the areas are having access to telecom connectivity now. The achievement made by BSNL in implementing the LWE Phase-I project is an indication to the fact that BSNL is capable of implementing such challenging projects. The Committee in their Sixth and Nineteenth Reports (17th Lok Sabha) had recommended that the project may be awarded to BSNL on nomination basis considering that the Revival Plan of BSNL including allocation of 4G spectrum to BSNL is under process. The matter of sovereign guarantee, if required, may also be taken up with the Ministry of Finance. The Committee note that the Department have not taken the recommendation of the Committee with desired seriousness as the selection of implementing agency for the project is going to be through an open tender. The Committee do not agree with the Department's submission that these areas will not be commercially viable due to low population density and purchasing power and do not want to saddle BSNL with continued liabilities. Since the Department themselves are not sure of the matter, they should have explored at least viability of BSNL to take up LWE Phase-II project. These areas require continuous support of the Government and providing viable telecom connectivity to achieve greater integration with the mainstream should be the utmost concern of the Government not commercial consideration due to factors such as low population density and purchasing power. The Committee urge the Department to consider the feasibility of implementing the project through BSNL before moving ahead with open tender. The Committee recommend the Department to take stringent measures to ensure that LWE Phase-II is implemented without any further hurdles. The Committee desire specific and pointed reply on the recommendation.

Provision of Mobile Services in Aspirational Districts

8. The Committee note that Provision of Mobile Services in Aspirational Districts is one of the USOF schemes prioritized by the Department for implementation during 2021-22. Under this, a scheme for provisioning of 4G based Mobile service in 502 uncovered villages of Aspirational Districts of four states Uttar Pradesh, Bihar, Madhya Pradesh & Rajasthan at an estimated cost of Rs. 686.71 crore was approved on 20.12.2019. The RFP has been finalized and it is under award of work. Another scheme, Provisioning of 4G Based Mobile Services for 7287 uncovered villages in Aspirational Districts of five States- Andhra Pradesh (1218 Villages), Chhattisgarh (699 Villages), Jharkhand (827 Villages), Maharashtra (610 Villages) and Odisha (3933 Villages) at an estimated cost of Rs. 6620.55 Crores for 7287 uncovered villages (4779 towers) has also been approved by DCC on 11.05.2020. The Cabinet note is under final approval.

The Committee are unhappy to note that amidst telecommunication revolution taking place in India and the Department implementing USOF schemes, such a huge number of uncovered villages still exists in the Aspirational Districts of the country. This is a blot in the success story of telecommunications in the country. The Committee strongly recommend that work for provision of mobile services in 502 uncovered villages should be awarded at the earliest. The Cabinet Note which is under final approval for provision of mobile services in 7287 uncovered villages should also be finalized at the earliest. The Committee would like the Department to work with a sense of urgency and complete the work in a specific timeline. The Committee also recommend that efforts be made by the Department to identify all the uncovered villages in other Aspirational Districts also and bring them under the fold of ongoing schemes to bridge the gap and also to provide the much needed connectivity in these uncovered villages.

Defence Spectrum: Optical Fibre Cable based Network for Defence Services

9. The Committee note that the Project Network For Spectrum (NFS) is to provide a dedicated Optical Fibre Cable (OFC) based network for the Defence Services which is being implemented by Bharat Sanchar Nigam Limited (BSNL). Cabinet Committee on Economic Affairs(CCEA) in its meeting held on 16.05.2018 had approved the proposal for enhancement of cost estimate for Network for Spectrum(NFS) project from Rs 13,334 crore to Rs 24,664 crore with the timeliness of 24 months from the date of approval. The Project is targeted to be completed by May 2020. However, considering the complexities involved with various tenders of the project, it was envisaged that project will be completed by December 2020. Now due to COVID 2019 lockdowns from March 2020, it is expected to complete the project by June 2021. NFS project has three major components, OFC for Army, OFC for Navy and Equipment for Army and Navy. The Committee note that 96 percent of OFC has been laid for army and 94 percent links have been commissioned till date. For OFC Navy, OFC ducting has been done for 84 percent. In Equipment part, purchase orders have been issued for all components and supply, installation, Testing, Commissioning (SITC) of various components is going on in full swing. With regard to release of spectrum, the Committee have been informed that a Memorandum of Understanding (MoU) was signed between Department of Telecom (DoT) and Ministry of Defence (MoD) on 22.05.2009. After the MoU, 45 MHz in 1800 MHz and 2100 MHz band was released by MoD and DoT had realised Rs 1,07,757 crore from putting it to auction. Also by swapping of another 15 MHz spectrum, DoT has realised Rs. 56,190 crore. The spectrum envisaged to be released by MoD has already been released by MoD and put to auction by DoT.

The Committee note that the project Network For Spectrum (NFS) is a critical and important project for providing a dedicated Optical Fibre Cable (OFC) based network for the Defence Services. The Committee draw some satisfaction to note that after considerable delay and cost overrun the project

is now expected to be completed by June, 2021. The completion of this project has assumed significance not only because of its critical importance and need for dedicated OFC based network for Defence Services, but also because of the fact that the spectrum envisaged to be released by MoD had already been released and put to auction by DoT. The Committee are also of the view that as the project is expected to be completed by June, 2021, there is a need to have more review meetings between the two nodal Ministries/Departments i.e. the Ministry of Defence and Department of Telecommunications as the last review meeting with the Secretary (MoD) and Secretary (Telecom) was held on 6th August, 2020. On the issue of funding, the Committee note that against the proposed amount of Rs. 5440.20 crore, an amount of Rs.5200 crore has been allocated at BE 2021-22. As the project is near completion, the Committee recommend the Department to take necessary measures to ensure that adequate funds are made available for the project and the project does not get delayed further due to shortage of funds. The Committee desire the Department to work seriously and ensure that the project is completed as per the targeted date.

Telecom Testing and Security Certification Centre (TTSCC)

10. The Committee note that 5G security test bed is proposed to be set up at NCCS Bengaluru which will function as a national test bed for 5G security testing to facilitate formulation and development of security standards (ITSARs-Indian Telecom Security Assurance Standards) and policies as well as provide facilities for security testing, validation and security certification and help in creation of security test facilities and capacity building. The Committee are, however, concerned to note the extremely poor status of utilization of funds during 2019-20 and 2021-22. During 2019-20, against RE allocation of Rs. 5.39 crore, the actual utilization was only Rs.1 lakh. The situation during 2020-21 is even worse. An amount of Rs.10 crore had been allocated at BE which was reduced to Rs.5 crore at RE and utilization till 02.02.2021 has been Nil. The Committee further note that during 2021-22, the

Department have proposed an amount of Rs.50 crore, however, an amount of Rs.15 crore only has been allocated at BE. When asked to explain the reasons for this poor utilization of funds, the Department have informed the Committee that the various activities e.g. preparation of project proposal and project estimate for 5G security test bed were undertaken during 2020-21. Project proposal and project estimate are currently under submission for approval and sanction and there have been some delays in the activities on account of Covid pandemic scenario. The Committee also note that being a highly specialized area, there is a general lack of sufficient expertise within the country in the field of telecom testing and security certification. Trainings are proposed to be conducted with the help of IISC to impart latest knowledge in security testing. The Committee have been informed that a few trainings were conducted with the help of IISC to impart basic knowledge to enable officers to attend specialized training for Security Testing. These specialized trainings are yet to be arranged by IISC. The Committee also note that depending on a single institution for developing required technical capability may not be advisable for speedy development of security testing expertise on evolving technologies. Hence NCCS has proposed to enter into MoUs with other institutions. The matter is under consideration in the Department.

From the aforesaid observations, the Committee note that various factors, such as delay in getting approval for project proposal and project estimate, poor utilization of funds, general lack of sufficient expertise, absence of readymade off the shelf solution, etc. are confronting the Department in implementing the project. It is only when the project is approved, necessary action will be initiated to set up the lab. Therefore, the Committee are of the view that the most important steps to start with is to get early approval for the project under submission. The Committee recommend that the concerned authority may be impressed upon to give the approval at the earliest. With regard to training of manpower, the Committee are unable to understand the inability of IISC not to have arranged any specialized training

so far. The Committee are of the view that extensive trainings need to be conducted to impart latest knowledge in the field of security testing. In this, the Committee recommend that specialized trainings should be arranged by IISC at the earliest. The Committee also recommend that the proposal of NCCS to enter into MoU with other institutions for speedy development of security expertise which is under consideration in the Department should be finalized at the earliest. The Committee feel that security test bed for 5G should be set up well in advance so that adequate infrastructure already exists in India to deal with any security related concerns that might arise with the introduction of 5G. The Committee desire to be informed of all the progress made in this regard.

Telecom Computer Emergency Response Team (T-Cert)

11. The Committee have been informed that the project will empower the DOT and other stakeholders by providing visibility into the Cyber health of the telecom network and also national critical infrastructure against cyber threats and attacks in real-time. It will be possible to generate actionable intelligence helping the various agencies to sanitize the everyday deteriorating Indian Cyberspace and maintain cyber hygiene. Broadly, the project will identify and focus on areas, such as identifying the compromised system being controlled and exploited by the attackers for large scale attack or other malicious activities, detention of attacks in real time, identify anonymous connections, etc. identify attackers and victims, IP address, country, ISP or organization and detection and analysis of active malicious/blocked Apps and also check the compliance to the block applications/URLs/IPs and further generate the information on servers to be blocked. For such an important scheme, the Committee note that the status of utilization of funds during 2019-20 and 2020-21 had been extremely disappointing. During 2019-20, no funds were released to C-DOT as RE was reduced to 'Nil' due to less overall allocation by Ministry of Finance in RE stage based on the progress of utilization of funds. In 2020-21, due to Corona Pandemic several purchase orders related to project

equipment placed by C-DOT were cancelled by the vendors citing incapability to deliver. Now, purchase orders have again been placed. From the information provided by the Department, the Committee note that case is being submitted for approval of competent authority for release of Rs.6.47 crore to C-DoT. For the year 2021-22, the Department have proposed an amount of Rs.127.82 crore, however, an amount of Rs.23 crore only has been allocated at BE 2021-22. The Department have now informed the Committee that the amount has been proposed keeping in view the Pan India roll-out of the project, initially at 22 ISP gateways for FY2021-22 and setting up of Data Center for NoC/SoC for CERT-T. However, the reduced allocation will have adverse impact on the project and it will be difficult to achieve the objective. The Department propose to demand additional amount at RE stage. They have further informed that proposal for formation of the Committee to evaluate DPR is under process. All possible efforts are being made to expedite the finalization and approval of DPR.

The Committee note that as a first step for successful implementation of this project, Detailed Project Report has to be approved by the competent authority at the earliest. The Committee are, however, concerned to note that even though a DPR has been proposed, a Committee to examine the same is yet to be constituted. The Committee note that equipment for 22 ISPs could be purchased and release of funds could take place only after the approval of DPR. Without timely approval of DPR the status of utilization of fund is unlikely to improve even during 2021-22. There is an urgent need to improve the cyber hygiene considering the everyday deteriorating Indian cyberspace. The Committee, therefore, strongly recommend that the Committee to examine DPR should be constituted at the earliest and approval of the DPR taken without any further delay so as to complete this project which will help in improving cyber hygiene and security in the country. The Committee also recommend that approval should also be given at the earliest so that an amount of Rs.6.47 crore can be released to C-DoT.

Review of functioning of PSUs:

Implementation of Revival Plan of BSNL & MTNL

12. The Committee note that the expenditure of BSNL has reduced from Rs. 34,400 crore per annum to Rs. 24,687 crore per annum (Annualized value of 9 months figures) mainly due to savings in employee benefits expense due to VRS as part of revival package. However, the revenue has not grown mainly due to non-commencement of 4G services. Further, the anticipated monetization of land assets did not take place. BSNL has stated that it expects to be profitable from FY 2023-24 onwards subject to full realization of the revenue and cash flow from services as well as monetization of land assets as envisaged at the stage of processing of the revival package. With regard to MTNL, the total expenditure has reduced from Rs. 5922.70 crore per annum to Rs. 4264 crore per annum (Annualized value of 9 months' figures) mainly due to savings in employee benefits expense, due to VRS as part of revival package. The EBITDA was positive for the half year ending September, 2020 and Nine Months ending December, 2020 for both BSNL & MTNL. The Committee note that the projected net loss of BSNL for the year 2021-22 is Rs.9201 crore and that of MTNL is Rs.2519.59 crore. The Committee have also noted that as a step towards merger of BSNL and MTNL and to enable BSNL to have a pan India footprint of services, the Group of Ministers (GoM) in the meeting on 21.12.2020 approved the proposal for the allocation of spectrum for 4G services to BSNL in Delhi and Mumbai. It is expected that with the commencement of 4G services, the revenue of BSNL in the wireless segment will increase.

The Committee have been informed that from 1st April, 2021, the wireless services of MTNL will be taken over by BSNL and 4G spectrum for Mumbai and Delhi will be given to BSNL and not to MTNL. The Committee are given to understand that spectrum is allocated for a period of 20 years. So it is in the interest of BSNL that the period of 20 years commenced from the time when BSNL is actually able to utilize the spectrum. Otherwise, BSNL has to

give spectrum usage charge and the opportunity cost will be very high. It is in the interest of BSNL that they get 4G spectrum sometime in June-July. The Committee have been further informed by the Department that as on date, there is not a single Indian company which can give them the equipment of 4G that can be used for vast networks. A fresh tender has been floated on 1st January, 2021 in which there will be a proof of concept which will be a substitute for experience. Leading companies like TCS, Tech Mahindra, Sterlite and L&T have purchased documents for the proof of concept. BSNL has nearly 1600 queries after the pre-bid meeting, which will be answered shortly.

The Committee note that in spite of the successful implementation of VRS and other items of Revival Plan, revenue of BSNL and MTNL has not grown mainly due to non commencement of 4G services. The Committee note that today market is moving technology wise very differently and BSNL is not able to move forward because 4G technology and 4G equipment is not available with BSNL. 97 per cent of data download today is taking place on 4G and BSNL network is only 0.7 per cent of the India's network. In this circumstances, it is ambitious to expect BSNL to compete with other TSPs. Non commencement of 4G services has adversely affected the growth of BSNL and MTNL to the point of pushing them out of the highly competitive telecom market without the Government support. The Committee are also of the view that revival of BSNL is to the best interest of the domestic telecom equipment manufacturers. The Committee, therefore, recommend that sincere effort must be made by the Department so that BSNL could commence 4G services at the earliest. It is unfortunate to note that 4G service is yet to commence by BSNL when other TSPs are preparing to rollout 5G services in the country. The Committee are of the firm view that when it comes to competition, the approach of the Department alongwith BSNL and MTNL has been to follow the competition and not trying to stay ahead of the competition. The Committee desire that there should not be any further delay in allocation

of 4G spectrum to BSNL and they should be allowed to rollout 4G service at the earliest.

Monetization of land/building/tower/fibre assets of BSNL and MTNL

13. The Committee note that monetization of land/building and tower assets is one of the components for revival of BSNL and MTNL. As per the information provided by the Department, the total value of land/building assets identified for monetization in BSNL and MTNL is Rs.67837 crore and Rs.17985 crore respectively. Expected revenue from monetization of land/building assets of BSNL and MTNL during 2021-22 is Rs.1200 crore and Rs.300 crore respectively. The Department have informed the Committee that during the past one year, monetization was a problem as land and rent prices have fallen. 2021-22 is going to be a very critical year because the Department hope to monetize more properties. BSNL and MTNL have two type of assets, core and non-core. The non-core assets are the land parcels and core assets are fibre and towers. They have moved fast in monetizing their core assets. BSNL has 68,000 towers, out of which 13,000 towers are getting rent. They are getting more than 1000 crore per annum, on a gross basis, an income from rent of towers. The Committee have also been informed that they have also got about Rs.400 crore as fibre monetization. They are now moving for securitizing their towers by giving the rental streams to a bank and taking upfront money for that. Several PSUs/banks are now in the final stage of negotiations with them.

The Committee note from the above observations that huge core and non-core assets are lying with BSNL and MTNL. Proper implementation of monetization of core and non-core assets can generate huge resources for them which can be used not only for their revival but also for maintaining a steady revenue stream. The Committee recommend that a proper study must be conducted on how to put such huge assets of the two companies into best productive use and if felt necessary a Committee may be duly constituted in this regard with representatives from the concerned Ministries/Departments

on board. The Committee are glad that efforts are being made for securitizing their towers by giving rental streams to banks. The Committee feel that this is a new way to ensure optimal utilization of the public asset created. The Committee recommend that the Department should continue to explore newer ways and means for successful monetization of law/building and tower/fibre assets.

Performance of ITI Ltd.

14. The Committee note that the net profit of ITI during the year 2017-18 was Rs.231 crore, Rs.93 crore during 2018-19 and Rs.151 crore during 2019 -20. For the year 2020-21, the total income as on 31st December 2020 was Rs. 1192.50 crore and total expenditure was Rs. 1382.59 crore with the net loss of Rs.190.09 crore. The Committee have been informed that the decline in total income is due to COVID 19 pandemic. The first three quarters of FY 2020-21 were marginally low in achievement and ITI hope to recover the performance by the end of the financial year 2020-21. With regard to projected income and expenses of ITI for the year 2021-22, the Committee have been informed that the amount are Rs.3029.60 crore and Rs.2676.97 crore respectively and thus the expected net profit is Rs.352.63 crore. The Committee are also aware, under ITI Revival Plan, capital infusion of Rs.2264 crore was approved by CCEA against which ITI has received Rs.874 crore only as of now. Balance amount of Rs. 1390 crore is required for implementation of various revival projects. With the investment of already allocated capital amount of Rs. 874 crore, ITI could get customer orders worth Rs 2150.71 crore during 2016-17 to 2020-21 as on 31.12.2020 and ITI has been able to generate revenue to the tune of Rs. 1151.92 crore against these orders. With regard to allocation of funds for the year 2021-22, Rs.305 crore in BE 2021-22 has been requested. However, an amount of Rs.80 crore only has been allocated. The Committee also note that ITI is facing lot of challenges in the implementation of the Revival Plan, such as lack of orders from major customers, shortage of working capital, competition in the market from private telecom vendors, higher rate of

obsolescence of products in telecom technologies, Covid-19 pandemic, etc. The Committee have also been informed that as of now ITI does not have the technology for manufacturing of 5G telecom equipment. ITI has formed partnership with 4G technology firms like Tech Mahindra, TCS and Mavenir. ITI will work with these partners on 5G technology in the future.

The Committee are of the view that ITI has an important role in implementation of Government of India's schemes like 'Make in India', 'Skill India', 'Digital India', etc. The Committee, however, note that allocation of funds to ITI for Capital expenditure as per the Revival Plan is far from satisfactory. Out of an amount of Rs. 2264 crore approved by the Cabinet, the amount received by ITI so far is only Rs.874 crore. With this amount, ITI has been able to generate revenue of Rs.1151.92 crore. ITI being the only Government owned PSU for manufacturing of telecom equipment, special emphasis need to be given for successful implementation of its Revival Plan with adequate flow of funds. However, it is distressing to note that allocation of fund has not been as per the Revival Plan. During 2021-22, an amount of Rs.80 crore only has been allocated at BE against the proposed amount of Rs.305 crore. The Committee recommend that adequate fund as per Revival Plan must be allocated so that ITI can emerge as a foremost telecom equipment manufacturer that will not only meet the telecom equipment need in the country but will also export telecom equipment. To achieve this, there is a need for continuous technological upgradation so that ITI can have technology to manufacture latest telecom products. The Committee desire that the Government should continue to give support to ITI so that it can venture into manufacturing of various telecom equipment including 5G. The concern of the Committee in this regard may be conveyed to the MoF for necessary provisioning at RE stage.

Centre for Development of Telematics (C-DOT)

15. The Committee note that C-DOT is the autonomous R&D centre of the Department of Telecommunications and it has been widely known for its monumental role in ushering in the indigenous telecom revolution in the nation. It has been instrumental in making India achieve greater self-reliance in telecom technologies as well as promoting local manufacturing of the telecom equipment in the country. It has carried out more than 90 Transfer of Technology (ToT) agreements in last 10 years with 27 manufacturers. The Committee have been informed that subject to the availability of sufficient funding, C-DOT would like to expand its role by establishing Centres of Excellence (CoE) to cater to specific sectoral requirements of emerging telecom market in India and ensuring availability of indigenous technologies for the same. These CoEs will also enable competency building and spread of knowledge through trainings. However, compared to the billions of dollars of R&D budget of major telecom R&D players worldwide, amount of funding received by C-DOT for undertaking its R&D activities is meagre. C-DOT proposals to set up CoEs in a number of critical areas for the development of R&D to ensure India's self-reliance in telecom arena right from design – leading to IPR creation, to large scale manufacturing would require quantum jump in the amount of grant received by C-DOT from the current level of around Rs. 300 crore to about Rs. 2000 crore per annum.

The Committee note that the ratio of salary staff benefits to grant received of C-DoT has gradually increased since 2016-17. During 2018-19, the salary and staff benefits to grant received ratio was 92.83 per cent, which increased to 97.57 per cent in 2019-20, and during 2020-21 upto December, 2020 the ratio has been 105.06 per cent. Owing to this, very miniscule amount could be allocated for R&D in telecom sector by C-DoT. Telecom sector being technology driven, there is a need for an R&D by the Department. Without R&D, it will be not be possible for manufacturing to happen in the country in real sense. It is a fact that C-DoT proposals to set up CoEs in a number of

critical areas such as 5G and beyond technology, AI and cognitive sciences, etc. will undoubtedly require quantum jump in the amount of grant received by C-DoT. The present amount is far too inadequate for any meaningful R&D activities. The Committee recommend that C-DoT work out a proper roadmap for establishment of Centre of Excellence (CoE) to cater to specific sectoral requirements of emerging telecom market in India, which may subsequently be submitted to competent authority for their consideration and approval. The Committee are of the view that such initiative will help in promoting indigenous technology and C-DoT should be supported to take up such initiative. At the same time, incremental increase in budgetary allocation to C-DoT for R&D should be taken up by the Department with the Ministry of Finance.

New Delhi;
08 March, 2021

17 Phalguna, 1942 (Saka)

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

**MINUTES OF THE TWENTIETH SITTING OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY (2020-21) HELD ON 13TH FEBRUARY,
2021**

The Committee sat on Saturday, the 13th February, 2021 from 1400 hours to 1540 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor – Chairperson

MEMBERS

Lok Sabha

2. Smt. Locket Chatterjee
3. Ms. Mahua Moitra
4. Shri Santosh Pandey
5. Dr. Gaddam Ranjith Reddy
6. Shri L. S. Tejasvi Surya
7. Dr. T. Sumathy (A) Thamizhachi Thangapandian
8. Shri Bhanu Pratap Singh Verma

Rajya Sabha

9. Shri Syed Nasir Hussain
10. Shri Syed Zafar Islam

Secretariat

- | | | |
|--------------------------|---|---------------------|
| 1. Shri H. Ram Prakash | - | Director |
| 2. Dr. Sagarika Dash | - | Additional Director |
| 3. Shri Shangreiso Zimik | - | Deputy Secretary |

List of Witnesses

Ministry of Communications (Department of Telecommunications)

Sl. No.	Name	Designation
	Shri Anshu Prakash	Secretary
	Shri P.K. Sinha	Member (F)
	Shri K. Ramchand	Member (T)
	Shri Bharat Kumar Jog	Member (S)
	Ms. Anita Parveen	Additional Secretary (T)
	Ms. Anshuli Arya	Administrator, USOF
	Shri P.K. Purwar	CMD, BSNL
	Shri Sarvesh Singh	CMD, BBNL
	Dr. Raj Kumar Upadhaya	Executive Director, C-DOT
	Shri S. K. Mishra	Principal Advisor, TRAI

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to take evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on Demands for Grants (2021-22) of the Department of Telecommunications.

(The representatives of DoT were then called in)

3. After welcoming the representatives of the Department, Chairperson directed the Department to skip the power-point presentation and instead give a broad overview of the budget and then move to question and answer session on key issues. The Ministry explained the reasons for reduction in allocation under the heading 'Other Communication Services' enquired by the Committee. Members also raised queries which included *inter-alia* status of utilization of funds during 2020-21, reasons for huge USOF balance, implementation of schemes under USOF, progress of implementation of revival plan of BSNL and MTNL, performance of BSNL and MTNL, variation between proposed and BE allocation under T-Cert, etc. which were replied by the Department.

4. The representatives of the Department and BSNL informed the Committee the reasons for delay in allocation of 4G spectrum to BSNL and MTNL, critical issues hindering the performance of BSNL and MTNL, status of implementation of VRS, monetization of land /building and towers assets, reasons for not allocating LWE Phase-II to BSNL, status of rollout of 5G trials, reasons for delay in implementation of BharatNet under State Led Model, utilization of funds under T-Cert, etc.

5. The Chairperson directed that written replies to points on which information was not readily available may be furnished to the Committee in writing. The Chairperson, then, thanked the representatives of Department of Telecommunications (DoT) for deposing before the Committee.

The witnesses then withdrew

Verbatim proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

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

MINUTES OF THE TWENTY FIRST SITTING OF THE COMMITTEE

The Committee sat on Monday, the 8th March, 2021 from 1400 hours to 1530 hours in Committee Room no. 3, Extension to Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor -Chairperson

MEMBERS

Lok Sabha

2. Shri Santosh Pandey
3. Ms. Mahua Moitra
4. Shri P. R. Natarajan
5. Col . Rajyavardhan Singh Rathore
6. Shri Sanjay Seth
7. Shri Bhanu Pratap Singh Verma

Rajya Sabha

8. Shri Y. S. Chowdary
9. Shri Shaktisinh Gohil
10. Shri Syed Nasir Hussain
11. Shri Syed Zafar Islam

Secretariat

1. Shri Y.M. Kandpal - Joint Secretary
2. Dr. Sagarika Dash - 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 Draft Reports on Demands for Grants (2021-22) relating to the Ministries/Departments under their jurisdiction.

3. The Committee, then, took up the following draft Reports for consideration and adoption.

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

(ii) Draft Report on Demands for Grants (2021-22) of the Ministry of Communications (Department of Telecommunications).

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

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

4. After due deliberations, the Committee adopted the Report with slight modifications.

5. The Committee authorized the Chairperson to finalize the draft Report arising out of factual verification, if any, and present the Report to the House during the current Session of Parliament.

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

The Committee, then, adjourned.

xxxxx.....Matters note related to the subject