30

STANDING COMMITTEE ON COMMUNICATIONS AND INFORMATION TECHNOLOGY (2021-22)

SEVENTEENTH LOK SABHA

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-fourth Report (Seventeenth Lok Sabha) on 'Demands for Grants (2021-22)]

THIRTIETH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2021/Agrahayana, 1943 (Saka)

THIRTIETH REPORT

STANDING COMMITTEE ON COMMUNICATIONS AND INFORMATION TECHNOLOGY (2021-22)

SEVENTEENTH LOK SABHA

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-fourth Report (Seventeenth Lok Sabha) on 'Demands for Grants (2021-22)]

Presented to Lok Sabha on 01.12.2021
Laid in Rajya Sabha on 01.12.2021

LOK SABHA SECRETARIAT
NEW DELHI

December, 2021/Agrahayana, 1943 (Saka)

CONTENTS

		Page No.
COMPOSITION OF THE COMMITTEE		(ii)
INTRODUCTION		(iii)
CHAPTER I	Report………………………………………………………………………………………………	
CHAPTER II	Observations/Recommendations which have been accepted by the Government………………………………………………………………………………	
CHAPTER III	Observations/Recommendations which the Committee do not desire to pursue in view of replies of the Government………………………………………………………………………………	
CHAPTER IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration ………………………………………………………………………………………	
CHAPTER V	Observations/Recommendations in respect of which replies are of interim in nature…………………………………………………………………………………..	
	ANNEXURES	
I.	Minutes of the third sitting of the Committee held 17.11.2021	
II.	Analysis of Action Taken by the Government on the Observations/ Recommendations contained in their Twenty-fourth Report (Seventeenth Lok Sabha)	

COMPOSITION OF THE STANDING COMMITTEE ON COMMUNICATIONS AND INFORMATION TECHNOLOGY (2021-22)

Dr. Shashi Tharoor - Chairperson

Lok Sabha

2. Smt. Sumalatha Ambareesh
3. Smt. Locket Chatterjee
4. Shri Karti P. Chidambaram
5. Dr. Nishikant Dubey
6. Smt. Sunita Duggal
7. Shri Jayadev Galla
8. Smt. Raksha Nikhil Khadse
9. Dr. Sukanta Majumdar
10. Shri Dhairyasheel Sambhajirao Mane
11. Ms. Mahua Moitra
12. Shri Santosh Pandey
13. Shri P. R. Natarajan
14. Col. Rajyavardhan Rathore
15. Dr. Gaddam Ranjith Reddy
16. Shri Sanjay Seth
17. Shri Ganesh Singh
18. Shri Parvesh Sahib Singh
19. Shri Tejasvi Surya
20. Dr. T. Sumathy (A) Thamizhachi Thangapandian
21. **Vacant**

Rajya Sabha

22. Dr. Anil Agrawal
23. Shri John Brittas
24. Dr. Subhash Chandra
25. Shri Y. S. Chowdary
26. Shri Ranjan Gogoi
27. Shri Suresh Gopi
28. Shri Syed Nasir Hussain
29. Shri Syed Zafar Islam
30. Shri Jawhar Sircar
31. **Vacant**

Secretariat

1. Shri Y.M. Kandpal - Joint Secretary
2. Dr. Sagarika Dash - Additional Director
3. Shri Abhishek Sharma - Assistant Executive Officer

Committee constituted w.e.f. 13 September, 2021 *vide* Para No.3184 of Bulletin Part-II dated 9 October, 2021.

INTRODUCTION

I, the Chairperson, Standing Committee on Communications and Information Technology (2021-22), having been authorised by the Committee, present this Thirtieth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-fourth Report (Seventeenth Lok Sabha) on 'Demands for Grants (2021-22)' of the Ministry of Electronics and Information Technology.

2. The Twenty-fourth Report was presented to Lok Sabha and also laid on the Table of Rajya Sabha on 10th March, 2021 The Ministry of Electronics and Information Technology furnished their Action Taken Notes on the Observations/Recommendations contained in the Twenty-fourth Report on 6th July, 2021.

3. The Report was considered and adopted by the Committee at their sitting held on 17th November, 2021.

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

5. An analysis of Action Taken by the Government on the Observations/Recommendations contained in the Twenty-fourth Report of the Committee is given at Annexure-II.

New Delhi;
29 November, 2021
8 Agrahayana, 1943 (Saka)

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

CHAPTER I

REPORT

This Report of the Standing Committee on Communications and Information Technology deals with action taken by Government on the Observations/Recommendations of the Committee contained in their Twenty-Fourth Report (Seventeenth Lok Sabha) on Demands for Grants (2021-22) of Ministry of Electronics and Information Technology.

2. The Twenty-Fourth Report was presented to Lok Sabha on the 10 March, 2021 and also laid in Rajya Sabha, the same day. It contained 17 Observations/ Recommendations. Replies of the Government in respect of all the Observations/Recommendations have been received from the Ministry of Electronics and Information Technology and are categorized as under:-

(i) Observations/Recommendations which have been accepted by the Government:-
Para Nos. 2, 3, 4, 7, 8, 10, 11, 12, 13, 16 and 17

Total :11
Chapter II

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

Total : NIL
Chapter III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:-
Para Nos. 1, 5, 14 and 15

Total :04
Chapter IV

(iv) Observations/Recommendations in respect of which replies of the Government are interim in nature:-
Para No. 06, 09

Total: 02
Chapter V

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

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

Budget Analysis – Need for adequate allocation

(Recommendation Sl. No. 1)

5. The Committee note that as against the proposed allocation of Rs. 13,886.00 crore, the Budget allocation to the Ministry for the year 2021-22 is Rs. 9720.66 crore which is 30% less than the amount proposed by the Ministry. The budget allocation of Rs. 9720.66.00 crore includes Rs. 9274.66 Crore under Revenue section and Rs. 446.00 crore under Capital section. During the last year, as against proposed allocation of Rs. 11,023.00 crore, the budget allocation stood at Rs. 6899.03 crore which had a reduction of 37.41%. However, despite reduction of almost 30% in the proposed amount, there is a 40.90% increase in actual allocation for the year 2021-22 as compared to the year 2020-21. Regarding substantial increase in BE(2021-22) as compared to the previous year i.e. 2020-21, the Ministry have informed that there is an increase of 40.90% amounting to Rs.2821 crore over BE 2020-21 in the budget allocation for the financial year 2021-22. This increased allocation is mainly for Production Linked Incentive (PLI) Scheme for Large Scale Electronics Manufacturing under 'Promotion of Electronics and IT Hardware Manufacturing' Scheme; for 'Promotion of Digital Payments' Scheme and National Language Translation Mission in view of the announcements made by the Hon'ble Finance Minister in her Budget Speech for financial year 2021-22. The Committee observe that though the budgetary allocation has improved for the current year still it does not match with the expectations of the Ministry. The gap of proposed allocation and

amount actually sanctioned by the MoF continues year after year. It was 37.41% in 2020-21 and this year it is 30.00%. Keeping in view the vast mandate of the Ministry and ever increasing role of MeitY in various IT based services, steep reduction in the budgetary allocation is definitely a cause for concern. In fact, during the ongoing Covid-19 pandemic when the Ministry's activities have increased manifold, the budget of the Ministry during the current year should have matched their expectation in terms of amount proposed. The Committee feel the Ministry need to impress upon the Ministry of Finance about the financial requirement in various heads and the gap in the amount proposed and actual is avoided to the extent possible. The Committee recommend that adequate budgetary resources are allocated to the Ministry commensurate to their requirements so that range of schemes/programmes of the Ministry both new and ongoing do not suffer due to shortage of funds.

Reply of the Government

6. The observations/recommendations of the esteemed Committee have been noted for further compliance. MeitY would take up the matter with Ministry of Finance seeking adequate budgetary resources to commensurate with the fund requirements under various schemes of MeitY at appropriate stages, viz. at the time of Supplementary Demands for Grants and Revised Estimates stage keeping in view the expenditure trends so that both new and ongoing schemes/programmes may not suffer due to shortage of funds.

7. **The Committee had observed that though the budgetary allocation for the year 2021-22 had improved yet it did not match the expectation of the Ministry. Also as has been the case in the past, gaps were noticed in the amount proposed by the Ministry and the amount actually sanctioned by the MoF. Keeping in view the vast mandate of the Ministry and ever-increasing role of MeitY in various IT based services, the Committee had felt that steep reduction in the budgetary allocation was a cause for concern which needed to be addressed by the Ministry. The Ministry have**

assured that they would take up the matter with Ministry of Finance seeking adequate budgetary resources to commensurate with the fund requirements under various schemes of MeitY at appropriate stages, viz. at the time of Supplementary Demands for Grants and Revised Estimates stage keeping in view the expenditure trends. The Committee are not satisfied with this routine and repetitive reply of the Ministry since they have neither furnished any explanation for the gap between the proposed allocation and amount actually sanctioned by the MoF nor spelt out the measures they propose to take to address this vexing issue. So far as the allocation for the year 2021-22 is concerned, MeitY being the nodal Ministry for IT activities, should have anticipated the requirements under various schemes at the BE Stage itself and impressed upon the MoF for making available adequate resources at least for those array of activities which had witnessed an increase during the Covid 19 pandemic. The Committee desire that Ministry will act on time at supplementary Grants stage so that schemes/programmes do not suffer due to want of funds. The Committee also expect the Ministry to make their budgetary exercise more realistic so as to avoid any glaring mismatch in amount proposed and the actual allocation.

National Informatics Centre (NIC)- Business continuity during Covid-19 lockdown

(Recommendation Sl. No. 5)

8. The Committee note that National Informatics Centre (NIC), which was established in 1976, has emerged as a promoter of digital opportunities for sustainable development. NIC has rich experience in providing ICT & e-Governance support in last 4 decades. By establishing the ICT Network, “NICNET”, NIC has facilitated the institutional linkages with all the Ministries/ Departments of the Central Government, 37 State Governments/Union Territories, and about 720+ District Administrations of India. NIC has aligned itself with mission and vision of Digital India Programme. In FY 2020-21, NIC has taken up various ICT initiatives for support & delivery of citizen centric services at all levels of governance – Centre, State and districts. Lack of manpower and basic infrastructure are amongst the major constraints faced by NIC hampering expansion of e-governance projects and related activities. The Covid-19

pandemic and the associated challenges of business continuity while ensuring social distancing underscored the importance of digital infrastructure and connectivity. NIC rose to the occasion to provide its uninterrupted seamless services during such difficult times. Major Covid-19 challenges which confronted NIC included keeping the critical services such as video conferencing, web portals, IT domains and citizen centric applications up and running with zero downtime, sustain seamless functioning of critical government applications, Vulnerability Assessment for hosting new applications and services related to Pandemic and lockdown, providing endpoint security during Work from Home and purchase of new equipment and spare parts for the replacement against the wear and tear during Covid-19 induced lockdown etc. In order to continue with their mission, NIC require constant support and encouragement. While appreciating the critical role played by NIC as a provider of digital infrastructure and connectivity delivering un-interrupted seamless services during such difficult times thereby ensuring business continuity during Covid-19 induced lockdown, the Committee recommend that the Ministry are sensitive to NIC's requirements and address the challenges faced by them, particularly infrastructure related concerns so that their ability to provide the critical IT infrastructure backbone during times of crisis such as the Covid-19 induced lockdown gets strengthened.

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

"**<u>iNOC</u>**

Integrated Network Operations Centre (iNOC), is responsible for the constant monitoring & troubleshooting of network devices to ensure round the clock management of NICNET. The iNOC manages and monitors all NIC Centres in States, District and Bhawans and guarantees a fast response time to all critical issues. The iNOC also manages the eMail and SMS Services, DNS, VPN, Video Conferencing Services, Lease Line, Broadband, Wi-Fi apart from Internet Gateway Services. The existing Integrated Network Operation Centre (iNOC) was created in 2002. With the continuous and exponential growth in use and reliance on secured network this Network Operation Centre needs an immediate upgradation as the infrastructure has become obsolete and unreliable. Also, due to constant increase of IT enabled services and adoption of Digital India by Government of India, the demand for IT services has increased several folds by various departments of the Government at National and State level, demanding high speed and secured network. Hence, the existing infrastructure of iNOC are being renovated and upgraded to meet the present requirement.

The project is being executed from NICs own budget and approval of funds in FY 2021-22 to execute the project is awaited.

National Data Centre, Bhopal

The 1500 racks Rating-IV National Data Centre is being established in a phased manner including infrastructure for complete operational and management support. The project was approved by Hon'ble Union IT Minister, Shri Ravi Shankar Prasad, Union Minister of Electronic & Information Technology. 5 acres of land in IT-Park, Bhopal for the project was allotted to NIC by Science & Technology Department, Government of Madhya Pradesh in March 2015 for establishment of State of Art Data Centre at Bhopal. **In the first phase of** the **project, 250 Rack State-of-the-Art Rated IV Data Centre will be setup** with an expansion capability to 500 Racks. Subsequent phases shall be taken up later as per the demand. The project is likely to be commenced soon and is expected to be completed in two and half years.

Approval has been accorded to NIC in January 2020 to execute the project from its own budget. Approximately 50-60 Crores may be required in FY 21-22 in NIC budget for execution of the project.

NERDC

There has been considerable thrust by the Government of India in the recent times to bring a digital transformation in the North-Eastern region. The vision document 'Digital North Eastern India– Vision 2022' envisages that the Digital North East India will play an integral role in Digital India. It has also brought to the focus, the key areas of strategic importance for meeting the requirements of the region. Digital infrastructure, including connectivity infrastructure is one the nine thrust areas that need to be strengthened in order to realize the objectives of the Digital North East India 2022. In line with this vision a State-of-the-Art Rated III NE Regional Data Centre has been planned at Guwahati, Assam at an estimated cost of Rs. 350 Cr. The establishment of 200 Rack NE Regional Data Centre has started and is expected to be completed in two and half years. State Government of Assam has already allotted three Bigha of land for the said purpose.

MeitY has released a sum of Rs. 10.00 Cr to NICSI to initiate the project against a administrative approval of Rs. 348.66 Cr for the project.

Office Space

NIC has shifted its office from Pushpa Bhawan to CGO Complex, New Delhi in 1985-86. Since then, activities have increased exponentially and the need for office space has also grown accordingly. NIC as on today is in urgent need for additional office space."

10. The Committee had noted that by establishing the ICT Network, "NICNET", NIC has facilitated the institutional linkages with all the Ministries/ Departments of the Central Government, 37 State Governments/Union Territories, and about 720+ District Administrations of India. It further noted that the Covid-19 pandemic and the associated challenges of business continuity while ensuring social distancing underscored the importance of digital infrastructure and connectivity. NIC rose to the occasion to provide its uninterrupted seamless services during such difficult times. In view of the same, the Committee specifically recommended that the challenges faced by NIC, particularly infrastructure related be addressed by the Ministry with due sensitivity to NIC's requirements so that their ability to provide the critical IT infrastructure backbone during times of crisis such as the Covid-19 induced lockdown gets strengthened. The Ministry, in their Action Taken Notes have conveyed that the existing infrastructure of Integrated Network Operations Centre (iNOC) are being renovated and upgraded to meet the present requirement. The project is being executed from NIC's own budget and approval of funds in FY 2021-22 to execute the project is awaited. Similarly, the Ministry have also conveyed that first phase of the project, 250 Rack State-of-the-Art Rated IV Data Centre at Bhopal will be setup from NIC budget itself. Approximately 50-60 Crores may be required in FY 21-22 in NIC budget for execution of the project. The Committee note that the infrastructure related projects are being executed by the NIC out of its own budget and Ministry have not taken a supportive and reinforcing role till date by either augmenting the budget or making a separate budget for infrastructure development. The NIC need a big push towards infrastructure development dovetailing the emerging needs of the country and its young population with the technology enabled services and bridging the digital divide in the process. This cannot seemingly be borne out of its own resources. When the Committee had recommended the Ministry to be sensitive towards the need of NIC's requirements,

particularly infrastructure related concerns, it is obvious that the Committee could not have excluded the budgetary aspect from its ambit which is certainly the most vital of all requirements. The Ministry must ensure that the infrastructure projects are completed on time and are not held up on account of budgetary constraints. The Committee may be kept apprised of the steps taken for expediting the projects of NIC and the outcome thereof.

National Informatics Centre (NIC)- Manpower constraints

(Recommendation Sl. No. 6)

11. The Committee note that NIC provides the key backbone infrastructure for ICT requirements of the Government. With proliferation of e-Governance services as part of Digital India programme, the requirement on NIC's resources has grown steadily. Presently, NIC has 3396 Manpower /Technologists / Engineers against the sanctioned strength of 4212. A proposal for creation of 1407 (reworked now to 1392) posts in NIC was initiated way back in 2014. The proposal was approved by the Hon'ble Minister, E&IT after due deliberations at all levels and submitted to the Ministry of Finance for concurrence. After addressing certain clarifications, the proposal was resubmitted to Ministry of Finance through MeitY for further consideration in February, 2020. The proposal has been received back from Ministry of Finance on 10th February 2021 seeking additional information which is being compiled. Recruitment for filling up of approximately 500 posts at the level of Scientist-B and Scientific / Technical Assistant-A which was to be completed during 2020-21 is in process and NIC is also mooting a proposal for recruitment of S&T officials at Group-A (Scientist-C to Scientist-F), for which Recruitment Rules are being framed. Despite the important role played by NIC as key IT infrastructure provider for the Government particularly during the Covid-19 pandemic, the Committee are concerned to find lackadaisical attitude of the Ministry in addressing the manpower constraints at NIC. The proposal for creation of 1407 (reworked now to 1392) posts at NIC is pending since 2014. Recruitment to fill up approximately 500 posts at the level of

Scientist-B and Scientific / Technical Assistant-A which was to be completed during 2020-21 is in process and Recruitment Rules are being framed for S&T officials at Group-A (Scientist-C to Scientist-F) at NIC. Taking a strong view of the shortage of manpower at NIC which has been pending since long and the recruitment process which is progressing at a slow pace, the Committee recommend the Ministry to undertake a comprehensive review of the manpower requirements at NIC with concrete follow up action in all pending recruitments in a time-bound manner. The Committee may be apprised of the action taken in this regard.

Reply of the Government

12. Regarding the current status of creation of 1407 (reworked now to 1392) posts in NIC, proposal was initiated in 2014. The proposal was approved by the Hon'ble Minister, E&IT after due deliberations at all levels and submitted to the Ministry of Finance for concurrence. The proposal received back from Ministry of Finance for seeking clarifications on some points have been examined by a duly constituted Internal Committee and the detailed clarifications have been resubmitted to Ministry of Finance through MeitY for further consideration in February, 2020. M/o Finance have made some observations and sought additional information, which is being compiled for submission to Ministry of Finance through Administrative Ministry.

The result of 207 posts of Scientific / Technical Assistant have been declared and the document verification is being completed. The recruitment process for 288 posts of Scientist-B is an advance stage where the written examination has been concluded and process of Interview is expected to be conducted shortly by NIELIT, even though the process has been hampered due to the unprecedented situation arising due to the 2nd wave of the Covid-19 Pandemic.

The proposal for recruitment of S&T official at Group-A (Scientist-C to Scientist-F) has been initiated and forwarded to NIELIT. The draft Recruitment Rules for Group-A S&T Officers have been prepared and submitted to the administrative ministry for approval of the competent authority to facilitate appointment of the Scientist-B and above level S&T officers for the ongoing recruitment.

13. Taking a strong view of the shortage of manpower at NIC which has been pending since long and the recruitment process which is progressing at snail's pace, the Committee had recommended the Ministry to undertake a comprehensive review of the manpower requirements at NIC with concrete follow up action in all pending recruitments in a time-bound manner. The Ministry, in their Action Taken Notes, have stated, *inter alia*, that regarding the current status of creation of 1407 (reworked now to 1392) posts in NIC, proposal was initiated in 2014. The proposal was approved by the Hon'ble Minister, E&IT after due deliberations at all levels and submitted to the Ministry of Finance for concurrence. The proposal received back from Ministry of Finance for seeking clarifications on some points have been examined by a duly constituted Internal Committee and the detailed clarifications have been resubmitted to Ministry of Finance through MeitY for further consideration in February, 2020. M/o Finance have made some observations and sought additional information, which is being compiled for submission to Ministry of Finance through Administrative Ministry. It has also been conveyed that recruitment to the post of Scientific/Technical Assistant, Scientist-B, S&T Official at Group-A (Scientist-C to Scientist-F) are at final or penultimate stage of selection. The Committee are constrained to observe that recommendation of the Committee seems to have been given a lip service as the regular posts are still in the process of being filled and there is hardly any progress in the matter of creation of 1407 (reworked now to 1392) posts. The proposal is still shuttling between the two Ministries and unfortunately the end result does not seem to be in sight in the foreseeable future. The Committee while expressing their concern over the extremely slow pace of filling up of posts in NIC and overall upgradation of manpower in NIC reiterate that entire exercise should be completed in a time-bound manner and hope to hear about the same in near future.

Digital India Programme – Need for higher allocation of funds

(Recommendation Sl. No. 9)

14. The Committee note that Digital India Programme is an umbrella programme which amalgamates all the ongoing schemes/programmes/projects being implemented by Ministry of Electronics and Information Technology. It weaves together a large number of ideas and thoughts into a single, comprehensive vision so that each of them can be implemented as part of a larger goal. The Committee also note that in 2019-20, the Ministry had proposed Rs. 7931.14 crore and the BE allocation was Rs. 3750.76 crore which was reduced to Rs. 3212.52 crore at RE stage and the actual utilization was Rs. 3191.09 crore. In 2020-21, as against the proposed amount of Rs. 6940.00 crore, the Ministry were allocated BE of Rs. 3958.00 crore which was reduced to Rs. 3044.82 crore at RE stage and the actual utilization (as on 31.01.2021) stood at Rs. 1724.47 crore. The year 2020-21 witnessed lower utilization owing to budgetary constraints imposed by Ministry of Finance in view of the Covid-19 scenario. In 2021-22, as against the proposed amount of Rs. 9527.00 crore, the Ministry have been allocated a reduced amount of Rs. 6806.33 crore. The Committee are surprised to find that despite good utilization of allocation by the Ministry in the Digital India Programme, the Ministry of Finance have not been considerate to the requirement of funds as proposed by MeitY. Barring two schemes viz. Cyber Security Projects (NCCC & Others) and Promotion of Digital Payments all the other schemes have been allocated less than the proposed amount for 2021-22. Even amongst the two schemes which have been allocated bulk of the funds i.e. Promotion of Electronics and IT Hardware Manufacturing and Promotion of digital Payments, the former got Rs. 2631.32 crore which is 62.65% of the proposed amount of Rs. 4200.00 crore. In view of the importance of the flagship Digital India Programme which weaves together all the sub schemes of the Ministry, the Committee recommend that adequate allocation of funds to Digital India Programme may be taken up with the Ministry of Finance so that implementation of the sub-schemes which form part of the Digital India

Program do not get delayed due to paucity of funds.

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

> "The comments of the esteemed Committee have been noted. Ministry of Finance would be approached for adequate allocation of funds at appropriate stage (Supplementary Demands/Revised Estimates) keeping in view of the expenditure trends owing to second wave of COVID-19 pandemic and requirement of funds in respect of various schemes under Digital India Programme for the FY 2021-22."

16. The Committee had noted that Digital India Programme is an umbrella programme which amalgamates all the ongoing schemes/programmes/projects being implemented by Ministry of Electronics and Information Technology. The Committee also noted that in 2019-20, the Ministry had proposed Rs. 7931.14 crore and the BE allocation was Rs. 3750.76 crore which was reduced to Rs. 3212.52 crore at RE stage and the actual utilization was Rs. 3191.09 crore. In 2020-21, as against the proposed amount of Rs. 6940.00 crore, the Ministry were allocated BE of Rs. 3958.00 crore which was reduced to Rs. 3044.82 crore at RE stage and the actual utilization (as on 31.01.2021) stood at Rs. 1724.47 crore. The year 2020-21 witnessed lower utilization owing to budgetary constraints imposed by Ministry of Finance in view of the Covid-19 scenario. In 2021-22, as against the proposed amount of Rs. 9527.00 crore, the Ministry have been allocated a reduced amount of Rs. 6806.33 crore. The Committee were surprised to find that despite good utilization of allocation by the Ministry in the Digital India Programme, the Ministry of Finance have not been considerate to the requirement of funds as proposed by MeitY. The Ministry, in their Action Taken Notes have stated that the Ministry of Finance would be approached for adequate allocation of funds at appropriate stage (Supplementary Demands/Revised Estimates) keeping in view of the expenditure trends owing to second wave of COVID-19 pandemic and requirement of funds in respect of various schemes under

Digital India Programme for the FY 2021-22. The Committee would like to be apprised of the consequent efforts of the Ministry as and when that happens.

<u>Promotion of Electronics and IT Hardware Manufacturing</u>

(Recommendation Sl. No. 10)

17. The Committee note that the demand for Electronics and IT hardware in India is increasing at a fast pace and rose from Rs. 5,10,258 crore in 2016-17 to Rs.7,75,000 crore in 2020-21. However, the percentage of this demand which is met through imports has been reducing steadily from 45.60% in 2016-17 to 38.00% in 2020-21. The Committee further note that while there has been a gradual decline in the percentage of demand met through imports, the overall increase in demand negates that effect since the volumes are huge and therefore despite percentage increase in domestic production, more and more foreign exchange reserves are being used up to procure electronics hardware from abroad. Keeping this in view, the Government has been taking several initiatives for promotion of electronics manufacturing in the country and to provide an enabling environment for the industry to compete globally. During the year 2021-22, the budgetary allocation for the scheme Promotion of Electronics & IT Hardware Manufacturing has been enhanced significantly. As compared to 2020-21 when an allocation of Rs. 980 crore had been made under the scheme, this year an allocation of Rs. 2631.32 crore has been made under the scheme which is 2.68 times the allocation made during the last year. The Ministry have informed that the enhanced allocation will be utilized for three new schemes launched this year *i.e.*Production Linked Incentive (PLI) Scheme for Large Scale Electronics Manufacturing, Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme. Incentive claims and other disbursals under these schemes will need to be done from the FY 2021-22 onwards. Production Linked Incentive Scheme provides for incentive of 4% to 6% to eligible companies on incremental sales in mobile phone manufacturing and

manufacturing of specific electronics components. The Scheme for Promotion of Manufacturing of Electronics Components and Semiconductors will provide for financial incentive of 25% on capital expenditure for identified list of electronics goods. On the other hand Modified Electronics Manufacturing Cluster (EMC 2.0) aims at providing support for creation of world class infrastructure. It will provide financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country. While appreciating the efforts of the Ministry in providing renewed thrust to promotion of electronics and IT hardware manufacturing in India, which is evident from substantial increase in budgetary allocation and introduction of three new schemes, the Committee recommend the Ministry to adopt a holistic approach and ensure synergy amongst ongoing and new schemes to create a healthy eco-system for supporting electronics and IT hardware manufacturing in the country. The Committee also desire the Ministry to work out and finalize guidelines and other specific details of these schemes and apprise them of the progress in these schemes.

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

> "Ministry of Electronics and Information Technology (MeitY) is adopting a holistic approach and ensuring synergy amongst ongoing and new schemes to create a healthy eco-system for supporting electronics and IT hardware manufacturing in the country. In continuation to the existing schemes, the following four (4) new schemes have been notified by MeitY:
>
> **i. Production Linked Incentive Scheme (PLI)for Large Scale Electronics Manufacturing** was notified vide Gazette Notification No.CG-DL-E-01042020-218990 dated April 01, 2020. The Guidelines for the operation of the Scheme were notified on 01.06.2020. The Scheme extends an incentive of 4% to 6% to eligible companies on incremental sales (over base year) involved in mobile phone manufacturing and manufacturing of specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units. The last date for receiving application under first round of the scheme was 31.07.2020.
>
> A total of 16 applications were approved under the scheme, Mobile Phones (Category - Invoice Value Rs. 15,000 and above): 5; Mobile Phones (Category: Domestic Companies): 5; Specified Electronic

Components: 6.

Further, Second Round of PLI Scheme for Large Scale Electronics Manufacturing was launched on 11.03.2021 with the approval of Competent Authority. The Target Segment for the purpose of Second Round is Specified Electronic Components. The last date for receiving application under second round of the scheme was 31.03.2021. The received applications are in the process of appraisal.

ii. Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) notified vide Gazette Notification No. CG-DL-E-01042020-218992 dated April 01, 2020 provides a financial incentive of 25% on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products, i.e., electronic components, semiconductor/display fabrication units, ATMP units, specialized sub-assemblies, and capital goods for manufacture of aforesaid goods. The guidelines for the operation of the Scheme were notified on 01.06.2020. 26 applications have been received and 24 applications have been acknowledged under the scheme including those with high capital investment.

iii. Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme notified vide Gazette Notification No.CG-DL-E-01042020-218991 dated April 01, 2020 provides support for creation of world class infrastructure along with common facilities and amenities, including Ready Built Factory (RBF) sheds / Plug and Play facilities for attracting major global electronics manufacturers along with their supply chain to set up units in the country. The guidelines for the operation of the Scheme were notified on 01.06.2020. The Scheme provides financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country. Under the scheme, one application for setting up of EMC project (540 acres) at Kopparthy, Kadapa, Y.S.R District in state of Andhra Pradesh has been approved with a project cost of Rs. 748.76 crore including financial assistance of Rs. 350 crore from MeitY. M/s. Dixon Technologies (India) Limited has shown interest as Anchor Unit in the EMC with proposed investment of Rs. 300 crore for setting up of their manufacturing operations in the EMC.

iv. Production Linked Incentive Scheme (PLI) for IT Hardware was notified vide Gazette Notification No. CG-DL-E-03032021-225613 dated March 03, 2021. The guidelines for the operation of the Scheme were notified on 15.04.2021.
The Scheme provides an incentive of 4% to 2% / 1% on net

incremental sales (over base year) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years. The Target Segment under PLI Scheme includes (i) Laptops (ii) Tablets (iii) All-in-One PCs and (iv) Servers. The last date for receiving application under the scheme is 30.04.2021."

19. **The Committee had recommended the Ministry to adopt a holistic approach and ensure synergy amongst ongoing and new schemes to create a healthy eco-system for supporting electronics and IT hardware manufacturing in the country. The Ministry have conveyed that a holistic approach ensuring synergy amongst ongoing and new schemes to create a healthy eco-system for supporting electronics and IT hardware manufacturing in the country is being adopted. In continuation to existing schemes, four new schemes have been notified by MeitY. The Ministry have also issued the guidelines and other details of these schemes. The Committee observe that under the Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing, a total of 16 applications have been approved in the mobile phone manufacturing and manufacturing of specified electronic components. The second round of PLI Scheme for Large Scale Electronics Manufacturing has been launched on 11.03.2021 and the applications received under this scheme are in the process of appraisal. Under the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) out of 26 applications received 24 have been acknowledged including those with high capital investment. One application has been approved under the Modified Electronics Manufacturing Clusters (EMC 2.0) with project cost of Rs. 748.76 crore including financial assistance of Rs 350 crore from Meity. Under the Production Linked Incentive Scheme (PLI) for IT hardware the target segments are Laptops, Tablets, All in One PCs and Servers and the last date for applications was 30.04.2021. The National Policy on Electronics (NPE 2019) aims to make India a global hub of electronic system design and manufacturing (ESDM). A lot of hope is being placed on the success of**

the above schemes in boosting large scale manufacturing of electronics products. The Committee while taking note of the above status feel that these initiatives if implemented in right earnest may prove to be the game changer in the Electronics and manufacturing industry. The Committee desire that Ministry should do justice to the increase in allocation to this sector in the Budget 2021-22 by ensuring that all the applications are processed/evaluated in time and taken to their logical conclusion and Electronics manufacturing sector gets the much needed stimulus. The Committee may be informed of the further progress in these schemes.

<u>Promotion of Digital Payments</u>

(Recommendation Sl. No. 14)

20. The Committee note that budgetary allocation for Promotion of Digital Payments scheme under the Digital India Programme has been significantly enhanced for the year 2021-22. As against the proposed amount of Rs. 300 crore, the scheme has been allocated Rs. 1500 crore for the year 2021-22. Regarding the steep five-fold increase in allocation to this scheme *vis-à-vis* the proposed amount during the year 2021-22, the Ministry have informed that Promotion of digital payments ecosystem is an essential aspect of Digital India programme. Digital payments transactions have been steadily increasing since last few years. The total transaction volume has increased from 2,071 crore in FY 2017-18 to 4,572 crore in FY 2019-20. As on 13th February, 2021, around 4,306 crore digital payment transactions have been achieved. Government has also waived-off MDR on UPI and RuPay card transactions w.e.f. 1st January 2020 which has reduced the need of investment by Banks and Fin techs into infrastructure growth. Though there has been an unprecedented growth in digital payments, the potential is still huge since cash continues to dominate Indian markets. There is a constant need to push adoption of digital payments, targeting untapped markets/segments/sectors with special focus on North East Region and Rural areas through incentive and awareness programmes. The Ministry

have also informed that the DIGIDHAN Mission announced in 2017 has been primary catalyst to promote the digital payment ecosystem in India. The approach and steps taken by the Mission include BHIM Cashback schemes for Individuals & Merchants, BHIM Aadhaar Merchant Incentive Scheme, BHIM-UPI Merchant On-boarding Scheme, MDR Reimbursement Scheme, creation of Digital Payments Dashboard, Promotion of indigenous payment solutions BHIM-UPI & RuPay globally and sustained campaigns to promote Digital Payments etc. Digital payments are expected to grow manifold by 2025 due to growing Fintech ecosystem, Covid-19 led changes in consumer behavior and Government policies around financial inclusion. The Committee also feel that there is going to be drastic increase in digital payments and the increase in the budget for this scheme is a move in the right direction. While appreciating the initiatives taken by MeitY in promotion of Digital Payments, the Committee recommend sustained efforts to promote adoption of digital payments platforms in order to achieve the goal of a less-cash economy. The Committee also desire that apart from promotion of digital payments, the enhanced allocation is utilized effectively for developing robust security mechanisms for digital payments. The details of initiatives undertaken may be furnished to the Committee.

21. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated asunder:

> "Digital payments transactions have steadily been increasing over the last few years as the total transaction volume increased to 5,512 crore in FY 2020-21 from 1,004 crore in FY 2016-17. Equipped with contactless payment modes like UPI QR code, NFC enabled cards, digital payments are complimenting the "new normal" of social distancing. During the corona virus crisis, digital payments have been keeping economy running and helping people reduce contact with virus.
>
> The digital payment landscape in India is undergoing a massive transformation. Presently, major technology players, with large user base, are using UPI platform for providing payment services. There is need to strengthen the digital payment acceptance infrastructure

by utilizing low-cost solution such as UPI QR code.

Despite the unprecedented growth in digital payments over the past few years, there is potential for further growth as cash continues to dominate. It is, therefore, important to continue to push for adoption of digital payments, targeting untapped markets/ segments/ sectors.

To create a sustainable ecosystem to foster the growth of digital payments for achieving the goal of less-cash economy, MeitY is taking multi-pronged approach, which may broadly be categorized as:

a. Development of convenient digital payment modes and digital payment acceptance infrastructure to enable seamless digital payments and wider adoption of digital payments by the citizens, across the country.

b. Provisioning of incentives for merchants and citizens for adoption of digital payments

c. Awareness creation about benefits of digital payments through promotional campaign, training and education.

While the customers are rapidly shifting to the non-cash modes of payments, at the same time, number of frauds in digital transactions are also increasing. Various measures have been taken to ensure increased efficiency, uninterrupted availability of safe, secure, accessible and affordable payment systems.

Further, while conceiving and designing the sub-schemes and projects under promotion of digital payments through the allocated funds in FY 2021-22, due consideration will be accorded to strengthening the security of digital payments and grievance redressal mechanism."

22. Taking note of the unprecedented growth in Digital Payment landscape, the Committee had recommended that sustained efforts be made to promote adoption of digital payments platforms in order to achieve the goal of a less-cash economy. The Committee had also desired that apart from promotion of digital payments, the enhanced allocation is utilized effectively for developing robust security mechanisms for digital

payments and the details of initiatives undertaken be furnished to the Committee.The Committee note that in their Action Taken Reply the Ministry have simply concurred with the observation of the Committee and have made some general observations but have not outlined the details of concrete initiatives taken by them in this regard. The Committee would like to reiterate that due to Covid-19 led changes etc, digital payment has become all the more important and the Ministry need to play a major role in facilitating this eco system. Specific schemes/ policy decisions need to be developed on a continuous basis commensurate with the evolving situation. The Committee may be apprised of such specific measures at the earliest.

<u>Promotion of Digital Payments – Security measures and Grievance redressal</u>

(Recommendation Sl. No. 15)

23. The Committee note that while the customers are rapidly shifting to the non-cash modes of payments, at the same time, number of frauds in digital transactions is also increasing. Various measures such as issuance of periodic circulars/guidelines by RBI and issuance of alerts and advisories by CERT-In are taken for information dissemination and to spread awareness about cyber security. Apart from the information and education campaign, a strong grievance redressal mechanism is essential to increase trust of customers in digital payments. MeitY has integrated Digital Payment Grievances along with Ministry of Consumer Affairs (MoCA) for utilizing it with National Consumer Helpline (NCH) platform of Department of Consumer Affairs (DoCA). All the major banks and financial service institutions have been on-boarded on NCH Platform. The platform is live and receiving Digital Payment related grievances. When asked about any centralized helpline for victims of cyber crime pertaining to online Digital Payments and security of data it was informed that National Cyber Crime Reporting Portal cybercrime.gov.in is operationalized by MHA with helpline number 155260. The portal is an initiative of Government of India to facilitate

victims/complainants to report cyber crime complaints online. The portal also caters to complaints pertaining to online financial frauds, Cryptocurrency, ransomware crimes. While promotion of digital payments is a focus area for the Government, the Committee feel that having adequate security measures and grievance redressal mechanisms in place are equally important aspects in promotion of digital payments. The Committee are concerned to note that there is a lack of unified approach in dealing with cases pertaining to digital payments and with increasing digital/online transactions, there is an urgent need to adopt a unified approach by way of having a centralized nodal agency/helpline to deal with all the cases pertaining to digital/online transactions which would not only help the victims of payments related cyber crimes but also help in faster resolution of such cases. Arrangements should also be made to provide insurance coverage to the victims of cyber crime. The Committee recommend the Ministry to enhance their cooperation with the Ministry of Home Affairs and the Ministry of Finance on these aspects and devise mechanisms to make the digital payments eco-system more safe, secure and trustworthy for the citizens. The Committee may be informed of the steps taken in this direction.

24. In their Action Taken Reply, the Ministry of Electronics and Information Technology have stated asunder:

> "Government has taken several steps for enhancing security of digital payment transactions. RBI, as a regulatory body, is also issuing the policy guidelines to banks for enhancing and developing robust security mechanisms in digital payments.RBI has developed a unified portal (https://cms.rbi.org.in/), wherein complaints related with digital payments can be registered. National Payments Corporation of India (NPCI), which is managing various digital payments platform, is taking steps to enhance security. Digital payments related cybercrime are getting reported by citizens at respective banks for redressal of their grievances. Further, citizens are also using cybercrime portal (https://www.cybercrime.gov.in), managed by the Ministry of Home Affairs(MHA), to raise the digital financial frauds.
>
> As suggested by the Committee, there is an urgent need to adopt a unified approach by way of having a centralized nodal agency/helpline to deal with all the cases pertaining to digital/online

> transactions, which would not only help the victims of payments related cyber crimes but also help in faster resolution of such cases.
>
> A meeting, in this regard, will soon be convened with MHA and the Ministry of Finance (MOF) on these aspects and devise suitable mechanisms to make the digital payments eco-system more safe, secure and trustworthy for the citizens."

25. The Committee had noted about increase in number of frauds in digital transactions and recommended for creation of a strong grievance redressal mechanism to increase trust of customers in digital payments. The Committee had also expressed concern that there is a lack of unified approach in dealing with cases pertaining to digital payments and with increasing digital/online transactions there is an urgent need to adopt a unified approach by way of having a centralized nodal agency/helpline to deal with all the cases pertaining to digital/online transactions which would not only help the victims of payments related cyber crimes but also help in faster resolution of such cases. Arrangements should also be made to provide insurance coverage to the victims of cyber crime. The Ministry, in their Action Taken Notes, have outlined various steps taken for enhancing security of digital payment transactions. However, as regards creation of a strong grievance redressal mechanism and need of a centralized nodal agency/helpline having unified approach in dealing with cases pertaining to digital payments, the Ministry have only concurred with the views of the Committee and assured of some efforts in this direction, in future. The Committee feel that there cannot be an impetus to the digital payment unless there is complete assurance about its safety to the common man regarding digital payment transactions. The Committee desire that some confidence building measures are immediately taken by the Ministry to accelerate the shift from cash to non-cash modes of payment. The Committee may be apprised of efforts made and the result thereof along with any other initiative other than what has been suggested by the Committee.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Budget Analysis – Underutilization due to restrictions imposed by MoF

(Recommendation Sl. No. 2)

The Committee note that in 2020-21, the budget allocation stood at Rs. 6899.03 crore which was reduced to Rs. 5550.00 crore at RE stage and the actual expenditure has been Rs. 3652.94 crore (as on 31.01.2021). In terms of percentage, the utilisation in 2020-21 stood at 65.82% (w.r.t. RE). During the past few years, while the Ministry have been able to achieve near full utilization of the allocated funds, the year 2020-21 has been marked with under utilization of the allocated funds. The Ministry have submitted that the shortfall in utilization during the FY 2020-21 (till 31.01.2021) is largely attributed to spending restrictions imposed by MoF in the wake of Covid-19 pandemic which *inter-alia* included restricting MeitY's monthly expenditure @ 5% of BE 2020-21 during the first seven months (April-October 2020). As a result of the expenditure restriction, relaxation for spending beyond 5% during the third quarter was received from Ministry of Finance after the Pre-Budget meeting. An overall cut of Rs.1349.03 crore imposed at RE stage forced MeitY to review the expenditure estimates under various heads and reallocate the funds keeping in view the requirement of funds during the FY 2020-21 which further required re-appropriation of funds with the approval of competent authority as per Delegation of Financial Powers Rules (DFPRs). Accordingly, a proposal for re-appropriation of funds amounting to Rs. 487.08 crore was submitted to Ministry of Finance for obtaining approval of Parliament through 2nd and Final batch of Supplementary Demands for Grants 2020-21. The Ministry have further submitted that the expenditure has now picked up and they are hopeful of spending entire allocation made at RE stage by the end of March 2021. The Committee are disturbed to note that in spite of good track record in spending, the Ministry had to face restrictions and spill over of resources to the third quarter which they are now trying their best to cover up. The Committee, while taking note of the constraints of the Ministry due to MoF stipulation, are hopeful that the Ministry will be able to expend the allocations fully. The Committee recommend that the allocations made at BE 2021-22, particularly the enhanced allocations under Promotion of Electronics & IT Hardware Manufacturing and Promotion of Digital Payments are utilized optimally so that Ministry of Finance do not reduce the funds at RE stage and objectives of both schemes are achieved.

Reply of the Government

The observations/recommendations of the esteemed Committee regarding optimal utilization of allocated budget, especially in respect of "Promotion of

Electronics and IT Hardware Manufacturing" and "Promotion of Digital Payments", have been noted so as to avoid any budgetary cut at RE stage. MeitY is, however, hopeful of utilizing the available budgetary resources completely for achieving the targets and reaching the milestones.

Position of Outstanding Utilization Certificates (UCs)

(Recommendation Sl. No. 3)

The Committee note that as on 31st December 2020, a total of 170 Utilization certificates amounting to Rs. 485.95 crore were due. The Ministry further informed that it has taken several initiatives for reducing the number of pending UCs and the measures taken by MeitY to liquidate the pending UCs are proving to be fruitful as the pending UCs amount for any particular period is continuously on a decreasing trend. The Ministry further added that during the period from 01.04.2020 to 03.02.2021, Utilization Certificates amounting to Rs. 765.02 crore have been liquidated. In order to reduce the quantum of pending UCs as well as holding the implementing agencies more accountable, the Ministry are monitoring/reviewing implementation status of schemes/projects from time to time to ensure smooth implementation of various projects and to ensure that the grants released by MeitY are being fully utilised. UC status is also reviewed from time to time to ascertain utilization status of released grant to various agencies and aim towards zero pending UC and minimum unspent balance with the grantee institutions. While appreciating the efforts of the Ministry in liquidation of Utilization Certificates amounting to Rs. 765.02 crore during the period from April 2020 to January 2021, the Committee desire that efforts shall continue in future also to ensure that release of subsequent grants to important Government schemes/projects is not adversely affected and gradual build-up of pendency in Utilization Certificates is strictly avoided.

Reply of the Government

As desired by the Committee, MeitY would continue its efforts towards zero pending UC and minimum unspent balance with the implementing organizations/grantee bodies. It is noteworthy that all the proposals for release of grants from various Programme Divisions are critically examined by the Integrated Finance Division (IFD) of MeitY to ensure that there is no parking of funds by the grantee bodies. This will not only help reduce the unspent balances with the grantee bodies but also support to take a big leap forward towards restricting any gradual build-up of pendency in UCs and thereby approaching the target of zero pending UC and minimum unspent balance.

Internal and Extra Budgetary Resources (IEBR)

(Recommendation Sl. No. 4)

The Committee note that during the year 2019-20, an IEBR target of

Rs.1248.89 crore had been set by the Ministry at BE stage which was increased to Rs.1260.42 crore at the RE stage. Against this, Autonomous Societies under MeitY had achieved an IEBR target of Rs.1934.36 crore which is about 153.47% of the target set at RE stage. However, during the year 2020-21, as against the target of Rs. 1619.00 crore fixed at BE stage which was reduced to Rs. 1498.07 crore at RE stage, the achievement has been Rs. 793.92 crore (as on 31.12.2020). This is about 53% of the target set at RE stage. While the IEBR achieved by the Autonomous Societies was 153.47% of the target set for 2019-20, for the year 2020-21, the achievement has reduced to 53% (upto 31.12.2020). The reason for shortfall in achievement of targets during 2020-21 has been attributed to the Covid-19 pandemic. The Committee note that Ministry of Electronics and Information Technology have several notable Autonomous Societies under their aegis such as C-DAC, NIELIT, STPI, ERNET, SAMEER and C-MET which are working in niche areas such as R&D in IT, Electronics and associated ICT technologies and have huge potential for revenue generation, more so in the wake of the Covid-19 pandemic when demand for ICT tools and their usage for business continuity is at an all time high. The Committee understand Covid-19 rendered lot of challenges, at the same time the pandemic was a booster year for IT services and innovations with accelerated deployment of ICT tools and associated technologies. There were opportunities for these Societies and autonomous bodies to explore and come up with new avenues of revenue generation. While expressing concern at the shortfall in IEBR targets during the year 2020-21 due to Covid-19 pandemic, the Committee recommend exploring potential linkages with industry and academia etc. and identification of avenues through which R&D activities at these Autonomous Societies can be effectively harnessed for revenue generation to reduce their dependence on Government Grants.

Reply of the Government

The esteemed recommendation of the Committee has been forwarded to all the Autonomous Societies under the aegis of MeitY for taking necessary action. It is stated that the IEBR actual figures for the FY 2020-21 (up to 31st March 2021) have been received from all the Autonomous Societies and are given below:

Name of Autonomous SocietY	**IEBR 2020-21** (Rupees in crore)		
	TARGET/PROJECTION		**ACHIEVEMENT**
	BE 2020-21	**RE 2020-21**	
C-DAC	800.00	800.00	919.51
SAMEER	65.00	65.00	45.18
C-MET	34.00	34.00	23.38
NIELIT	410.95	319.87	304.78
ERNET	85.00	60.00	59.42

STPI/EHTP	224.13	219.20	214.97
TOTAL	**1619.08**	**1498.07**	**1567.24**
Percentage Achievement	**96.80% w.r.t. BE and 104.62% w.r.t. RE**		

It may be seen from the above table that the IEBR achievement is 96.80% w.r.t. BE 2020-21 and 104.62% w.r.t. RE 2020-21. It is also worth-mentioning that out of the above-mentioned six Autonomous Societies, three Societies, viz. NIELIT, STPI and ERNET, are self-sustained Societies and they do not depend upon MeitY for core grant to meet their salary and other establishment related expenditure. However, core grants are being provided to the other three Societies, viz. C-DAC, SAMEER and C-MET to meet their salary and establishment related expenses partially. MeitY has been impressing upon these Societies to explore new avenues for revenue generation and eventually become less dependent on Government Grants. It may further be seen from the table that C-DAC had achieved the target of Rs. 919.51 Crs. (114.94%) over and above its BE/RE 2020-21.

<u>Common Services Centre Special Purpose Vehicle (CSC-SPV)</u>

(Recommendation Sl. No. 7)

The Committee note that Common Services Centre Special Purpose Vehicle (CSC-SPV) was set up by the Ministry of Electronics & Information Technology to oversee implementation of the CSC scheme across the country. As per Annual Report 2016-17, CSC-SPV was categorized as a Section 8 Company and in the successive years as a Company registered under the Companies Act, 1956. The Ministry have clarified that as per the scheme approval, CSC-SPV was registered as an independent company under Company Act 1956 and incorporated on 16th July 2009 with MeitY having one Golden share in CSC SPV and two Directors on the Board with necessary administrative control. Secretary, MeitY is the ex-officio Chairman of the company. The Committee have been informed that by virtue of shareholding & control - it is company under the administrative control of MeitY. The Committee are given to understand that the Companies Act does not have any such provision. The Committee also note that MeitY have enabled the CSC SPV to use the Government of India infrastructure which includes the use of 'gov.in' domain name in concurrence with the objective of the scheme to be achieved. CSC eGovernance Services India Limited performs and supports MeitY in implementation of the CSC scheme and enables delivery of various services to the citizens. When the Committee desired to know the true nature of the entity, the Secretary informed the Committee that 3,37,000 Common Services Centres are run by this entity and this is a company that was brought into existence after taking proposal to the Cabinet around ten years ago.

The Committee note that the structuring of the entity is a bit unusual with

50 percent equity from Government entities and private sector companies including banks are also its share holders. CSC-SPV is indeed a unique entity with quasi-governmental attributes. The Committee also take note of Secretary's submission that there is no parallel to this, there is no other instrument that gives so much traction in providing services. At the same time, the Committee observe that they are 'for profit' entity getting substantial Government business without any competitive bidding. The Committee would like to know the number of Government projects allocated to CSC-SPV on nomination basis and the reasons for allocating these projects without floating tender for inviting bids. The Committee feel that the composition and functioning of the CSC-SPV need to be reviewed. The Committee would like to know under what provisions of law or Act, the concept of Golden Share has been introduced with respect to CSC-SPV. The Committee desire that further details on functioning of CSC-SPV may be furnished to them.

Reply of the Government

M/s CSC e-Governance Services India Ltd (CSC-SPV) is not a Section 8 Company. It's incorporated under Company Act 1956 and a certificate of incorporation was granted on 16.07.2009. Copy of Certificate is placed as **Annexure-I**.

It may kindly be noted that Company Act 1956 doesn't imply any condition upon governing of any Company; it is run by its "Article of Association (AoA)" and "Memorandum of Association (MoA)". Accordingly, MeitY is having one Golden share (refer the article 24 (a) of AoA) in CSC -SPV and two directors on the Board (vide Article 137 of Article of Association) with Veto powers (vide Article 125 & 126 of Article of Association). The Secretary, MeitY is the ex-officio Chairman of the Board of Company, wherein, Joint Secretary (e-Gov) is a member of the Board. A golden share is a nominal share which is able to outvote all other shares in certain specified circumstances. Golden shares were also important for companies that played a key role in a nation's economy and had an effect on public policy as well as national security. As per the Companies Act, shares can be issued with differential rights. Further, M/s CSC e-Governance Services India Ltd as a company is also audited by CAG. Thus, this Golden share is issued with various administrative rights and Veto Power to Govt. of India. As per the Companies Act, shares can be issued with differential rights. Thus, this Golden share is issued with various administrative rights and Veto Power to Govt. of India. The Article 24 of Articles of Association of describes the shareholding pattern of the M/s CSC eGovernance Services India Ltd.

Extract of the said Articles are as follows –

"Article 24 (a): Share Capital Structure: Government of India would have one golden share".

"Article 137: Number of Directors: Until otherwise determined by the Company in General Meeting and subject to the provisions of Section 149 & 152 of the Act, the total number of Directors shall not be less than three and not more than fifteen. Till such time the GOI has at-least one share in the Company, it will have the right to nominate two Directors (the "GoI Directors") and this will be in the form of One GoI Director and the Chairman to be nominated by Department of Information Technology (DeitY), GoI. Such GoI Directors shall be non-rotational Directors and may be appointed and/or removed from the office as per the written direction of the relevant officer of GoI. The appointment of the GoI Directors shall not be by the Company in General Meeting. Such GoI Directors shall enjoy all the rights and privileges accorded to any other Director of the Company."

"Article 125: Votes of members: Every member, who being an individual, is present in person or being a corporation, is present by a representative, shall have one vote on a show of hands. Provided however that, till such time that the GOI holds at least one share in the share capital of the Company, for any matter(s) in the list of Specified Matters, the GOI as a shareholder shall have a right to veto such decision by voting against any resolution so proposed."

"Article 126: Voting right in proportion to share of paid up capital of the Company: Every member who being an individual present in person or by a proxy or by attorney dully authorized under power of attorney, or being a Corporation is present by a representative or his proxy shall, on a poll, have a voting right in proportion to his share of the paid up equity capital of the Company. Provided however that, till such time the GoI holds at-least one share in the share capital of the Company, for any matter(s), in the list of Specified Matters, the GoI as a shareholder shall have a right to veto such decision by voting against any resolution so proposed."

M/s CSC e Governance Services India Limited (CSC-SPV) is implementing arm of Ministry of Electronics and Information Technology of one key project namely - CSC 2.0: A way forward project. An objective of the project is to create self-sustainable ecosystem / platform to deliver various Government-to-Citizen (G2C) and Business-toCitizen (B2C) services in the rural area. The model should be self-sustainable, transaction-based service delivery-oriented model run by any individual entrepreneur called Village Level Entrepreneur (VLE). As of Feb 2021, 3.74 lakh functional CSCs, out of them 2.78 lakhs CSCs are functional at Gram Panchayat to deliver 400+ services through the Digital Seva Platform. CSC-SPV has a mandate to implement, facilitate, monitor and develop the Common Services Centers (Owned by Village Level Entrepreneur) as a Franchise, reliable and IT enabled network of citizen access points in the villages. Thus, promoting rural entrepreneurship to create rural employment opportunities.

The existing CSC eco-system and service delivery platform available at gram panchayat level enables ministries/departments to take up various projects through CSC-SPV to deliver services at last miles. Due to which, MeitY has undertaken two major projects namely: PMGDISHA and Digital Village. a) PMGDISHA is a step towards “Digital Literacy” by utilizing the huge network of CSCs in India, which has an objective to make six crore persons in rural areas, across States/UTs, digitally literate, reaching to around 40% of rural households by covering one member from every eligible household. b) Digital Village is an initiative to enhance the reach of CSCs at last mile, so that more & more citizens get benefited. A Village can become Digital when having access to education, healthcare, information and communication technologies, finance, clean water and sanitation, and improved livelihoods including entrepreneurial endeavors and value-addition by villagers themselves.

Apart from that a list of other projects implemented by CSC –SPV (as conveyed by CSC -SPV) for various Ministries and Government departments has been obtained from CSC –SPV and attached as **Annexure-II**. All these projects & schemes were mainly implemented through 3.74 lakh CSCs.

As per Rules for Interpretation of Statues a law can be interpreted by “Rule of Purposive Construction“ or Heydon’s rules which means if interpretation is not provided in Indian law it can be interpreted as per this rule. The rule of purposive construction or Heydon’s rule or mischief rule is a certain rule that judges can apply in statutory interpretation in order to discover what is the intention or purpose behind the word or act. It essentially asks the question: By creating an Act of Parliament what was the “mischief” that the previous law did not cover. Further Law can be interpreted from external Sources and Foreign Laws and in India interpretation are derived from English Law.

A golden share is a nominal share which is able to outvote all other shares in certain specified circumstances. Golden shares have been predominantly used in many countries to keep control over state-run entities.

CSC-SPV functional organizational structure is at **Annexure-III**. The Company is functioning through its Board of Directors as per its Memorandum of Association & Articles of Association. The Board of Directors have delegated the executive powers to Managing Director and Chief Executive Officer of the Company for taking up any activities related to project/work, etc. with respect to initiation, commencement, operation, management etc. by following standard procedures. Further, the following are the key management personnel’s of the Company, which as per further delegation, approval and authorization from competent authority take care designated area.

a) Chief Operating Officer (COO): COO is responsible for and looks after the Business development and oversee the Operations of the Company.

b) Chief Technological Officer (CTO): CTO is Responsible for all Information Technological support, update, compliances, security of IT Infrastructure, adherence to the policies and support for necessary delivery of services through e Platform.
c) Chief Finance Officer (CFO): CFO is responsible for Book Keeping, Tax compliances, all finance and accounts related compliances of the Company as per approval from Competent Authority.
d) Company Secretary (CS): Company Secretary is responsible for Convening all Board Meetings , EGM and all Secretarial Compliances as per approval of Board and Requirement of Companies Act 2013.
e) Other Key Managerial Persons are: Officers from the Company are designated as Chief Vigilance Officer (CVO) and The Central Public Information Officer (CPIO) etc for the Job and responsibilities as per designation in addition to the Main job responsibilities.
f) Head of Operation: There are Vertical heads at central team, which look after day to day operation of each segment / Vertical and are responsible for Deliverance of the Job and Responsibilities of the segment which work is delegated to the State Head & Team.
g) State Head & Team: There are state head which are in charge the states and Union territory which are delegated for the implementation job and responsibilities of Vertical or Project from Central Team. The State implement the project at ground level through the state team.

<u>Government Instant Messaging Service (GIMS)</u>

(Recommendation Sl. No. 8)

The Committee note that GIMS is an open source based, secure, cloud enabled, and indigenous platform developed by NIC for instant and secured messaging amongst Government and citizens. The Mobile App, the Portal and the Gateway are the three major components of GIMS. Highlights of GIMS include email and mobile based self registration, one to one messaging, group messaging supporting official, casual and list groups, file and media sharing, audio/video call, profile and contact management, message broadcasting and chatbot enabled dashboard. GIMS is presently hosted at NDC Shastri Park and the Android and iOS versions are available at https:// gims.gov.in. Around 50,000 users of 150 Organisations have participated in the Proof-Of-Concept of the App. GIMS has been integrated with NIC email and DigiLocker. GIMS Web version enables a user to send and receive messages from the web browser. Amidst the emerging concerns relating to data security and privacy, there was a strong need for an indigenous messaging App which could cater to secure communication needs of Government officials and general public alike without relying on servers or data centers hosted abroad and/or owned by foreign entities which fall outside the purview of Indian laws. While taking note of Ministry's efforts in developing GIMS which is an indigenous Messaging App designed, developed and governed by Indian policies and hosted on Government Infrastructure wherein the strategic control remains firmly with the Government of India, the Committee feel that the bigger challenge that lies ahead of the Ministry is to ensure widespread adoption of the indigenously developed GIMS App so that its true potential can be achieved and it does not meet the same fate like Digilocker and UMANG App initiatives. The Committee, therefore, recommend that due publicity within all branches of the Government may be given to GIMS App to ensure that it reaches a minimum critical mass of users in order to make an impact in the already saturated instant messaging App space. The Ministry may also explore the option of integrating it with the already existing platforms such as NIC email and eOffice etc. to ensure a seamless adoption by the existing users of these platforms. The Committee would like to be apprised of the progress made in this regard.

Reply of the Government

Overview of the system: Government instant Messaging System (Now named as Sandes) is an open source based, secure, cloud enabled, and indigenous platform developed by NIC for instant and secured messaging amongst Government and citizens. The Sandes system comprises of the App, the Portal, the Gateway and the Web version. The mobile based self registration app supports one to one and group messaging, official/casual/ list groups, file and media sharing, audio/video call, profile and contact management, message broadcasting, chatbot enabled dashboard and Aadhar authentication.

Enhancements: On the basis of regular feedback received from the different organizations participating in the POC, regular enhancements are being done in the System. Some of the enhancements are:

1. **Mobile** based self registration
2. Improved **UI/UX**
3. **Sandes web** for iOS users (already available for Android users)
4. **Aadhar authentication** integrated with the App.
5. **Delete for All** and **Delete media** from device storage developed.
6. **Invite** a Govt / Public user
7. Service based **integration** with existing e-gov applications
8. Strengthened the security features in the App by introducing **Traceability**, **Data encryption** at device level, **encrypted OTP & messages** from integrated eGov applications.
9. Added configurable options like **Dark Mode, Read receipt, Display Status**, Run app in **background**, Show **Phone book contact names, Automated backup.**
10. Availability of app at the **Google Play store and Apple app store**.
11. Enable and disable the **visibility of officer's details** to other Sandes users by organization Admin on portal.
12. **Verification of the self registered** users by organization admin on portal.
13. Filter based Groups creation on portal
14. Govt. of India rules based Privacy and Data retention policy for Sandes.

15. **24X7** help line system

Infrastructure:

1. Current Production environment is hosted at NIC Data Centre, Delhi
2. The Disaster Recovery site is provisioned at NIC Data Centre, Bhubaneswar.
3. Provision for the container based environment for 2 Cr users is being done at NIC Data Centre, Bhubaneswar.
4. The DR site for 2 Cr users is being planned at NIC Data Centre, Delhi.

Integration of eGov application: Various e-Gov applications are being integrated with Sandes to send free and secured messages to the users. It is already integrated with **NIC email, DigiLocker, and e-office** and some of the e-gov application integrated with Sandes are **e-Courts**, Parichay, BHUIYAN (Chhattisgarh Land Records), **Jeevan Parmaan**, JKUBER (Integrated Financial Management System, Jharkhand), FRBAS-Meity, A&F Sanctions Management System, Duty Portal, **Public Distribution System** (PDS) etc.

Adoption of the System: Constant efforts are being made to reach out to various Ministries and organisations by giving presentations, demos and hand holding. Presently, more than **4.5 lakhs** users (Public and Govt.) and **160** Organizations have exchanged **2.2Cr** messages using this platform. Recently, presentation was given to NITI Aayog, Election Commission of India, National Security Guards and MHA. Some organizations who have onboarded recently includes ECI, Dept. of Post, NSG, DEA, Power Grid, Dept. of Land Resource, National Police Academy, Directorate General of Defence Estates and some of the State Government Departments. The Secretary IT has written to all the Chief Secretaries of State/UT Administration and to the Secretaries of all the Ministries/ Department to adopt Sandes as official communication channel.

Promotion of Electronics and IT Hardware Manufacturing

(Recommendation Sl. No. 10)

The Committee note that the demand for Electronics and IT hardware in India is increasing at a fast pace and rose from Rs. 5,10,258 crore in 2016-17 to Rs.7,75,000 crore in 2020-21. However, the percentage of this demand which is met through imports has been reducing steadily from 45.60% in 2016-17 to 38.00% in 2020-21. The Committee further note that while there has been a gradual decline in the percentage of demand met through imports, the overall increase in demand negates that effect since the volumes are huge and therefore despite percentage increase in domestic production, more and more foreign exchange reserves are being used up to procure electronics hardware from abroad. Keeping this in view, the Government has been taking several initiatives for promotion of electronics manufacturing in the country and to provide an enabling environment for the industry to compete globally. During the year 2021-

22, the budgetary allocation for the scheme Promotion of Electronics & IT Hardware Manufacturing has been enhanced significantly. As compared to 2020-21 when an allocation of Rs.980 crore had been made under the scheme, this year an allocation of Rs.2631.32 crore has been made under the scheme which is 2.68 times the allocation made during the last year. The Ministry have informed that the enhanced allocation will be utilized for three new schemes launched this year *i.e.* Production Linked Incentive (PLI) Scheme for Large Scale Electronics Manufacturing, Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme. Incentive claims and other disbursals under these schemes will need to be done from the FY 2021-22 onwards. Production Linked Incentive Scheme provides for incentive of 4% to 6% to eligible companies on incremental sales in mobile phone manufacturing and manufacturing of specific electronics components. The Scheme for Promotion of Manufacturing of Electronics Components and Semiconductors will provide for financial incentive of 25% on capital expenditure for identified list of electronics goods. On the other hand Modified Electronics Manufacturing Cluster (EMC 2.0) aims at providing support for creation of world class infrastructure. It will provide financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country. While appreciating the efforts of the Ministry in providing renewed thrust to promotion of electronics and IT hardware manufacturing in India, which is evident from substantial increase in budgetary allocation and introduction of three new schemes, the Committee recommend the Ministry to adopt a holistic approach and ensure synergy amongst ongoing and new schemes to create a healthy eco-system for supporting electronics and IT hardware manufacturing in the country. The Committee also desire the Ministry to work out and finalize guidelines and other specific details of these schemes and apprise them of the progress in these schemes.

Reply of the Government

Ministry of Electronics and Information Technology (MeitY) is adopting a holistic approach and ensuring synergy amongst ongoing and new schemes to create a healthy eco-system for supporting electronics and IT hardware manufacturing in the country. In continuation to the existing schemes, the following four (4) new schemes have been notified by MeitY:

i. Production Linked Incentive Scheme (PLI)for Large Scale Electronics Manufacturing was notified vide Gazette Notification No.CG-DL-E-01042020-218990 dated April 01, 2020. The Guidelines for the operation of the Scheme were notified on 01.06.2020. The Scheme extends an incentive of 4% to 6% to eligible companies on incremental sales (over base year) involved in mobile phone manufacturing and manufacturing of specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units. The last date for receiving application under first round of the scheme was 31.07.2020.

A total of 16 applications were approved under the scheme, Mobile Phones (Category - Invoice Value Rs. 15,000 and above): 5; Mobile Phones (Category: Domestic Companies): 5; Specified Electronic Components: 6.

Further, Second Round of PLI Scheme for Large Scale Electronics Manufacturing was launched on 11.03.2021 with the approval of Competent Authority. The Target Segment for the purpose of Second Round is Specified Electronic Components. The last date for receiving application under second round of the scheme was 31.03.2021. The received applications are in the process of appraisal.

ii. Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) notified vide Gazette Notification No.CG-DL-E-01042020-218992 dated April 01, 2020 provides a financial incentive of 25% on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products, i.e., electronic components, semiconductor/display fabrication units, ATMP units, specialized sub-assemblies, and capital goods for manufacture of aforesaid goods. The guidelines for the operation of the Scheme were notified on 01.06.2020. 26 applications have been received and 24 applications have been acknowledged under the scheme including those with high capital investment.

iii. Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme notified vide Gazette Notification No.CG-DL-E-01042020-218991 dated April 01, 2020 provides support for creation of world class infrastructure along with common facilities and amenities, including Ready Built Factory (RBF) sheds / Plug and Play facilities for attracting major global electronics manufacturers along with their supply chain to set up units in the country. The guidelines for the operation of the Scheme were notified on 01.06.2020. The Scheme provides financial assistance for setting up of both EMC projects and Common Facility Centres (CFCs) across the country. Under the scheme, one application for setting up of EMC project (540 acres) at Kopparthy, Kadapa, Y.S.R District in state of Andhra Pradesh has been approved with a project cost of Rs. 748.76 crore including financial assistance of Rs. 350 crore from MeitY. M/s. Dixon Technologies (India) Limited has shown interest as Anchor Unit in the EMC with proposed investment of Rs. 300 crore for setting up of their manufacturing operations in the EMC.

iv. Production Linked Incentive Scheme (PLI) for IT Hardwarewas notified vide Gazette Notification No. CG-DL-E-03032021-225613 dated March 03, 2021. The guidelines for the operation of the Scheme were notified on 15.04.2021.
The Scheme provides an incentive of 4% to 2% / 1% on net incremental sales (over base year) of goods manufactured in India and covered under the target segment, to eligible companies, for a period of four (4) years. The Target Segment under PLI Scheme includes (i) Laptops (ii) Tablets (iii) All-in-One PCs

and (iv) Servers. The last date for receiving application under the scheme is 30.04.2021.

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

Promotion of Electronics and IT Hardware Manufacturing – Impact of Covid-19

(Recommendation Sl. No. 11)

The Committee note that the virus outbreak in early part of the year 2020 manifested itself as disruption in global supply chains of electronics that are dependent on a single country to a large extent. There was depletion of inventories of electronics manufacturers in India in the month of January and February to the extent of 40% as per industry estimates that led to shortfall in production. As the severity of the pandemic surfaced in March 2020, discussions were being held to explore sources of import of such components from other countries. Industry associations were advised to organize buyer-seller meets to explore such avenues. Consequently, a range of measures from short to medium term and long term were taken to mitigate the impact of pandemic on electronics hardware sector. As part of short to medium term measures, it was decided to take steps to broad base the sources of electronics hardware imports in India while promoting indigenous production at the same time to reduce dependency on a single market/geographical region. As long-term measures, steps are being taken to promoting indigenous production as well as attracting the global electronics supply chain to India. In this regard, MeitY has notified three new schemes, viz., Production Linked Incentive (PLI) Scheme for Large Scale Electronics Manufacturing, Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS) and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme, to attract and incentivize large investments in the electronics value chain and promote domestic value addition and exports. Beside these measures, alternate supply lines are also being explored in coordination with Indian Embassies, Industry Associations and local industry and Electronics industries are also being encouraged to take advantage of the new Schemes to strengthen the electronics sector. The Committee observe that the Covid-19 pandemic has indeed brought consciousness among all that the global manufacturing ecosystem and supply chain (including ESDM) are heavily dependent on one country and there is a need to broad base electronic hardware imports while at the same time promote indigenous manufacturing. The Committee exhort the Ministry to leverage this sentiment and take necessary steps to make India self-reliant and exploit the global sentiment of diversification to promote indigenous Electronics and IT Hardware Manufacturing and transform India into a global manufacturing hub.

Reply of the Government

MeitY is constantly encouraging the ESDM ecosystem to diversify their manufacturing base beyond one country to mitigate the risk which everyone faced during the Covid-19 pandemic. MeitY in addition to facilitating shifting of manufacturing base to India is also coming up with incentives, through various schemes, for starting manufacturing in India.

To promote indigenous electronics and IT Hardware manufacturing and transform India into a global manufacturing hub, MeitY has notified Production Linked Incentive Scheme (PLI) for IT Hardware on March 03, 2021 in addition to the recently notified schemes viz. Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing; Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS); and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme.

The overall impact of these new schemes will be an increase in domestic value addition and creation of National / Domestic Champion Companies. In order to promote investment under the aforesaid Schemes, alternate supply lines are also being explored in coordination with Indian Embassies, Industry Associations and domestic Industry. Electronics industries are also being encouraged to take advantage of the aforementioned new Schemes notified by MeitY, to strengthen the electronics sector. MeitY has been conducting series of webinars in association with Embassies, Missions, and Invest India for creating awareness of new schemes and to attract global electronics manufacturers, along with their supply chain.

<u>Modified Special Incentive Package Scheme (MSIPS)</u>

(Recommendation Sl. No. 12)

The Committee note that Modified Special Incentive Package Scheme (MSIPS) was announced by the Government in July, 2012 to promote largescale manufacturing in the country and to offset disability and attract investment in the ESDM sector. The scheme provides subsidy for capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The incentives are available for 44 categories / verticals of electronic products and components covering entire electronics manufacturing value chain. It has been amended in August, 2015 to extend the period of the scheme, enhance scope of the Scheme by including 15 more product verticals, and attract more investment. The scheme was further amended in January, 2017 to expedite the investments. The scheme provides for an Inter-Ministerial Appraisal Committee to evaluate investment applications. Based on the recommendation of Appraisal Committee,approval of Competent Authority is obtained. M-SIPS scheme was open to receive applications till 31st December 2018 and is now in implementation mode. The incentives are available under the scheme for a period of 5 years from the date of approval of the application. Under the MSIPS scheme, Rs.120.81 crore incentives have been disbursed so far against 26 claim applications. The expenditure this year has been low mainly due to disruption caused by the pandemic. This has delayed the investments and affected operations of the companies. Further incentives of Rs 105 crore against 20 claims have been recommended by IFCI Ltd (the verification agency). These claims are in the process of approval. Further, claims with incentives of Rs 90 crore are in advance stages of verification with IFCI Ltd. By the end of the FY 2020-21, an expenditure of Rs 315 crore is likely to be achieved under the scheme. The target under MSIPS for FY 2021-22 is Rs. 700 crore. The Committee are concerned to note the extremely slow pace of disbursement of incentives under the scheme. The scheme was open to applicants till 31st December 2018 and since 2012-13 had received a total of 334 proposals. However, out of the committed incentives of Rs. 8593.00 crores, incentives released so far stands at a mere 1072.03 crore which is just about 12.47% of the committed incentives. If this is going to be pace during 2021-22 then the objective of making India an electronic manufacturing hub will remain a distant dream. The Ministry need to fast track the scheme so that it achieves the intended objectives. The Committee recommend the Ministry to take appropriate measures so that disbursement of incentives under the scheme picks up.

Reply of the Government

The release of incentives under the scheme so far is Rs.1167 crore which is 12.96 % of the committed incentives of Rs.9002 crore. Incentives under the scheme are provided on reimbursement basis, i.e. only after the investment is incurred and the production is commenced. However, the incentives are committed based on projection basis (i.e. projections made by applicants during appraisal of the project). Since the permitted investment span is 5 years, applicants generally take a few years' time in filing their first claim.

The release of incentives in FY 2020-21 has been Rs.215 crore which is low mainly due to disruption caused by the pandemic. The budget allocated for the FY 2021-22 is Rs.700 crore which is expected to be achieved. At present, 18 claims with incentive recommendation of Rs.282 crore are under process with the Ministry. One of the claims with incentive recommendations of Rs.128 crore is under independent cost assessment. Three claims with incentives of Rs.7 crore are under verification with IFCI. It may be seen that in the 1st quarter only, incentives amounting to Rs.410 crore are under process which is 58.57 % of the total budget allocation for FY 2021-22.

To improve the pace of disbursement of incentives, following initiatives have been taken by the Ministry recently:

I. To expedite the approval of various requests related to approved projects like extension in project timelines, change of name due to acquisition/ merger etc., change of location, change in machinery, with the approval of Honble MEIT, power has been delegated to Secretary.

II. Regular workshops are being conducted by IFCI Ltd, to explain the applicants about the process of verification and disbursement along with the documentation requirements.

III. Monitoring of the progress of the approved projects is being done through the Quarterly Progress Reports (QPR).

The above initiatives are expected to expedite the process of disbursement.

Cyber Security Projects (NCCC & Others)

(Recommendation Sl. No. 13)

The Committee note that the objective of the scheme is to adopt a holistic approach towards securing the cyber space of the country by pursuing multiple initiatives like Security Policy, Compliance and Assurance, Security, Incident-Early warning & Response, Security Training, Security specific R&D, Enabling Legal Framework and Collaboration. Due to COVID-19 pandemic and lockdown situation, implementation of NCCC project got affected which resulted in less utilization of funds during the first two quarters of the F.Y. 2020-21. This resulted in reduction in allocation at the RE stage from Rs. 170.00 crore to Rs. 80.00 crore. The project for setting up of NCCC had been approved with an outlay of Rs. 770 Crores for a period of 5 years and was initiated in April 2015 after approval of competent authority. In the phase-I, the project on Threat and Situational Awareness (NCCC Test bed) has been implemented. Phase-I of NCCC has been operationalised in July, 2017. In this phase metadata from 20 sites of ISPs and organisations is being analysed. Additional 15 remote sites are targeted to be operationalised by August, 2021. A total of 65 posts (60 S&T and 5 non-S&T) were sanctioned in year 2016 out of which 57 posts have been filled (54 S&T and 3 non-S&T), recruitment for remaining posts is currently going on. A proposal for creation of remaining 59 posts (S&T and non-S&T) as per the NCCC Detailed Project Report (DPR) is under consideration with Department of Expenditure, Ministry of Finance. The full-fledged NCCC will be implemented within a period of one year if requisite funds are provided. The Committee note with concern that the project for setting up of NCCC which was initiated way back in April 2015 with an outlay of Rs. 770 Crores spread over a period of 5 years began to get budget allocation only from FY 2017-18 onwards and its implementation has been delayed citing shortage of funds. Incidents of cyber attacks on critical IT infrastructure in the country have become commonplace and the urgency of setting up NCCC to ensure cyber security of critical IT infrastructure cannot be overemphasized. The country can hardly afford the sluggish approach of the Ministry in setting up of NCCC as a pro-active agency in dealing with issues relating to cyber space. The Committee desire that Detailed Project Report which is under consideration of Department of Finance be expedited and the Ministry make adequate provision of funds for Cyber Security Projects (NCCC & Others) scheme so that the project of setting up of NCCC is not delayed any further.

Reply of the Government

Phase-I of NCCC was operationalized in July 2017. The center is operational on 24×7×365 basis and performing threat detection and analysis activities as per its mandate. Based on experience gained by CERT-In during NCCC Phase-I, CERT-In is now fully geared up for the full scale implementation of NCCC. In this connection, Rs. 167 Cr have been allocated to NCCC in the current F.Y. 2021-22 and accordingly an implementation roadmap has been drawn up by CERT-In. In addition to the current allocation for the F.Y. 2021-22, it has proposed to allocate additional funds of Rs. 600 Cr over the F.Y. 2021-22 to 2025-26. The proposal is being submitted by Meity for the approval of Expenditure Finance Committee (EFC). Accordingly CERT-In has prepared a revised roadmap for full-fledged implementation of NCCC.

With regard to manpower, out of 65 posts sanctioned, 56 posts (53 S&T and 3 non S&T) are filled and MeitY is processing for filling up of the remaining posts.

Co-Win App

(Recommendation Sl. No. 16)

The Committee note that Co-Win App has been a major Covid-19 related initiative through which lakhs of people are getting vaccinated for Covid-19 everyday. CoWIN portal and application has been developed by M/o Health and Family Welfare and only Technical Guidance was provided by NIC as and when desired by that Ministry. CoWIN App will work in conjunction with Aarogya Setu App which has been downloaded by 16.92 crore users so far. MeitY have also prepared a frontend for the citizens on Aarogya Setu itself. Aarogya Setu App will already have information on the progress in Covid-19 vaccination. Recently registration services for individuals over 50 years of age have also been opened up on Aarogya Setu App. Thereafter, those individuals will also be able to use Aarogya Setu App to register themselves to generate the health ID and to get session scheduled for providing them vaccination. The CoWIN App will work more as the backend application, which is for facilitating smooth conduct of session in a location where vaccination is underway and Aarogya Setu App will serve as the frontend citizen-facing application. While appreciating the Ministry for development of technology initiatives such as CoWin and Aarogya Setu Apps in the fight against Covid-19, the Committee would stress upon the need to ensure synchronization between the two Apps since they have been developed separately by Ministry of Health and Family Welfare and Ministry of Electronics and Information Technology respectively but both have to work in conjunction with each other in order to be effective in the fight against Covid-19. As the Covid-19 vaccination progresses, both the Apps are likely to garner huge user-base which makes them susceptible and lucrative targets for attacks originating from the cyber space like the recently reported global Phishing attack targeting the Covid-19 vaccine cold-chain. The Committee, therefore, recommend that adequate security arrangements are put in place to ensure that both Aarogya Setu App and Cowin App do not fall prey to attacks emanating from cyber space.

Reply of the Government

Aarogyasetu App has been downloaded by 18.80 crore citizens as on date. The app has been rolled out with an established and strong security setup both at the front end and back end, which has effectively withstood huge user traffic and cyber-attacks since the time it was released in April 2020 to help the Health Ministry to Contain the pandemic. Strong encryption mechanism has also been deployed for securing data at rest and in transit. Aarogyasetu facilitates the registration for covid vaccination and download of vaccination certificates, through API integration with Cowin. Necessary security measures have been undertaken to secure the API communication at Aarogyasetu's end. Cowin has also done the required security checks and audit to ensure the necessary safeguards to secure the application and data at their end. Both the Aarogyasetu team and Cowin team are working in close co-ordination to address any technical issues if and when they arise.

Unified Mobile Application for New-Age Governance (UMANG)

(Recommendation Sl. No. 17)

The Committee note that Unified Mobile Application for New-Age Governance (UMANG) was released on 23rd November, 2017 and has been developed as a single mobile platform to deliver major Government services with Core Platform integrated with DigiLocker, PayGov and Rapid Assessment System (RAS). Till 31st October, 2020, UMANG has about 2039 services (860 – Central and State Government services; 1179 –Bill Payment services) from 189 Departments of Central Government Departments and Government Departments of 27 States/UTs and many more are continuously being onboarded. It supports around 12 Indian languages, in addition to English and has been hosted on cloud. The Committee note that since its launch on 23rd November, 2017 and till 28th October, 2019 i.e. in a span of approximately two years, the total number of downloads of UMANG app stood at a mere 1.93 Crore. By January 2021, this number has reached 3.83 crore i.e. during the next 15 months, the downloads have increased by 1.93 crore. However, even at 3.83 crore, it covers a miniscule percentage of the Indian population. As on 31st January, 2021, UMANG has grown to provide 1,051 services from Central and State Government departments and 19,474 bill payment services. Out of these, around 18,000 services of the Billers were added in the month of December, 2020 only. Keeping in view a very tepid response to the App, the Committee in their Fourth Report on Demand for Grants (2019-20) had recommended for an assessment and evaluation survey/user study to ascertain reasons for tepid/lukewarm response to the UMANG App. The Ministry have informed that a small User and Integrated Department study was conducted by Prof. Satya Bhushan Dash of IIM Lucknow covering a few aspects of the App and an RFP has been floated to analyze the overall impact assessment of UMANG Project with details on realized benefits in terms of outputs and outcomes, gap assessment, challenges, improvements etc. covering the individual users of the App and the providers (Departments/Ministries). Currently, 4 bids for the same have been received and are under evaluation. The Committee are concerned to find lukewarm response to the UMANG Mobile App from the general public resulting in less than expected number of downloads. The Ministry's efforts to increase the number of available services to 1051 apart from the bill payment services is certainly laudable, but at the same time, availability of a high number of services is futile unless these manage to attract sufficient number of users towards the App. The Committee are surprised to find such low subscription of an App that offers so many services to its users at their fingertips in a fast, secure, easy and cost-effective manner. In this backdrop, it is all the more necessary that Ministry conducts an impact assessment study to find the reasons where things are going wrong. The Committee, therefore, recommend that reasons for lukewarm response to the Mobile App may be ascertained and the RFP floated to analyze the overall impact assessment of UMANG Project be fast tracked so that remedial action can be taken in time.

Reply of the Government

UMANG is the one of the most downloaded Apps **amongst** Government apps providing government services in India. As of June 2021, UMANG has around 4.86 crore downloads (Android and iOS) and is facilitating around 25-30 lakh transactions on daily basis.

It is not correct to say that UMANG has got a lukewarm response. UMANG's success can be gauged from the fact that:

- The average no. of monthly transactions on UMANG has gone up from **2.14 crore in 2018 to 6.54 crore in 2021 (till May 2021),** which shows that people are increasingly using UMANG.
- Currently ~50 lakh hits are happening on UMANG on a daily basis.
- As of June 2021, users have performed more than **167 crore** department transactions through UMANG.

- As of June 2021, UMANG's average Lifetime user rating is **4+** on Play Store from more than **170,000 +** user reviews. This shows the satisfaction level of users with UMANG.
- Users submitted more than **60 lakh** claims for PF withdrawal from EPFO through UMANG. More than **10.50 lakh** Advance Claims for **COVID -19 (~60% of overall)** in EPFO were raised via UMANG Platform.
- More than **5.5 lakh Jeevan Pramaan** pensioner certificates generated successfully through UMANG.
- Many departments were not having their own app or have **shelved** their initiative for developing new mobile apps. Some of them are:
    - ESIC
    - CISF
    - CRPF
    - PMAY
    - e-Gopala
    - EPFO

As submitted previously, UMANG app had done limited promotion of its features and benefits among the users initially, as in the beginning; the focus was to increase the number of services. The detailed media outreach programme for UMANG app was planned to be executed from April 2021 but because of the current COVID-19 scenario in the country, this has now been postponed. However, social media platforms are being used to promote UMANG and its services and it has further accelerated adoption of UMANG.

As suggested by the committee, RFP wasfloated and an agency has been finalized with the following strategy for Impact assessment:

1) Survey of impact on users for various important category of UMANG services
2) Survey of 10 departments and
3) Survey of 5 States

MeitY will apprise the Committee of the findings/outcome of the Impact assessment as and when it is conducted, and subsequently will take the action on the recommendations thereof.

CHAPTER III

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

-NIL-

CHAPTER IV

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

Budget Analysis – Need for adequate allocation

(Recommendation Sl. No. 1)

The Committee note that as against the proposed allocation of Rs. 13,886.00 crore, the Budget allocation to the Ministry for the year 2021-22 is Rs. 9720.66 crore which is 30% less than the amount proposed by the Ministry. The budget allocation of Rs. 9720.66.00 crore includes Rs. 9274.66 Crore under Revenue section and Rs. 446.00 crore under Capital section. During the last year, as against proposed allocation of Rs. 11,023.00 crore, the budget allocation stood at Rs. 6899.03 crore which had a reduction of 37.41%. However, despite reduction of almost 30% in the proposed amount, there is a 40.90% increase in actual allocation for the year 2021-22 as compared to the year 2020-21. Regarding substantial increase in BE(2021-22) as compared to the previous year i.e. 2020-21, the Ministry have informed that there is an increase of 40.90% amounting to Rs.2821 crore over BE 2020-21 in the budget allocation for the financial year 2021-22. This increased allocation is mainly for Production Linked Incentive (PLI) Scheme for Large Scale Electronics Manufacturing under 'Promotion of Electronics and IT Hardware Manufacturing' Scheme; for 'Promotion of Digital Payments' Scheme and National Language Translation Mission in view of the announcements made by the Hon'ble Finance Minister in her Budget Speech for financial year 2021-22. The Committee observe that though the budgetary allocation has improved for the current year still it does not match with the expectations of the Ministry. The gap of proposed allocation and amount actually sanctioned by the MoF continues year after year. It was 37.41% in 2020-21 and this year it is 30.00%. Keeping in view the vast mandate of the Ministry and ever increasing role of MeitY in various IT based services, steep reduction in the budgetary allocation is definitely a cause for concern. In fact, during the ongoing Covid-19 pandemic when the Ministry's activities have increased manifold, the budget of the Ministry during the current year should have matched their expectation in terms of amount proposed. The Committee feel the Ministry need to impress upon the Ministry of Finance about the financial requirement in various heads and the gap in the amount proposed and actual is avoided to the extent possible. The Committee recommend that adequate budgetary resources are allocated to the Ministry commensurate to their requirements so that range of schemes/programmes of the Ministry both new and ongoing do not suffer due to shortage of funds.

Reply of the Government

The observations/recommendations of the esteemed Committee have been noted for further compliance. MeitY would take up the matter with Ministry of Finance seeking adequate budgetary resources to commensurate with the fund requirements under various schemes of MeitY at appropriate stages, viz. at the time of Supplementary Demands for Grants and Revised Estimates stage keeping in view the expenditure trends so that both new and ongoing schemes/programmes may not suffer due to shortage of funds.

National Informatics Centre (NIC)- Business continuity during Covid-19 lockdown

(Recommendation Sl. No. 5)

The Committee note that National Informatics Centre (NIC), which was established in 1976, has emerged as a promoter of digital opportunities for sustainable development. NIC has rich experience in providing ICT & e-Governance support in last 4 decades. By establishing the ICT Network, “NICNET”, NIC has facilitated the institutional linkages with all the Ministries/ Departments of the Central Government, 37 State Governments/Union Territories, and about 720+ District Administrations of India. NIC has aligned itself with mission and vision of Digital India Programme. In FY 2020-21, NIC has taken up various ICT initiatives for support & delivery of citizen centric services at all levels of governance – Centre, State and districts. Lack of manpower and basic infrastructure are amongst the major constraints faced by NIC hampering expansion of e-governance projects and related activities. The Covid-19 pandemic and the associated challenges of business continuity while ensuring social distancing underscored the importance of digital infrastructure and connectivity. NIC rose to the occasion to provide its uninterrupted seamless services during such difficult times. Major Covid-19 challenges which confronted NIC included keeping the critical services such as video conferencing, web portals, IT domains and citizen centric applications up and running with zero downtime, sustain seamless functioning of critical government applications, Vulnerability Assessment for hosting new applications and services related to Pandemic and lockdown, providing endpoint security during Work from Home and purchase of new equipment and spare parts for the replacement against the wear and tear during Covid-19 induced lockdown etc. In order to continue with their mission, NIC require constant support and encouragement. While appreciating the critical role played by NIC as a provider of digital infrastructure and connectivity delivering un-interrupted seamless services during such difficult times thereby ensuring business continuity during Covid-19 induced lockdown, the Committee recommend that the Ministry are sensitive to NIC’s requirements and address the challenges faced by them, particularly infrastructure related concerns so that their ability to provide the critical IT infrastructure backbone during times of crisis such as the Covid-19 induced lockdown gets strengthened.

Reply of the Government

iNOC

Integrated Network Operations Centre (iNOC), is responsible for the constant monitoring & troubleshooting of network devices to ensure round the clock management of NICNET. The iNOC manages and monitors all NIC Centres in States, District and Bhawans and guarantees a fast response time to all critical issues. The iNOC also manages the eMail and SMS Services, DNS, VPN, Video Conferencing Services, Lease Line, Broadband, Wi-Fi apart from Internet Gateway Services.The existing Integrated Network Operation Centre (iNOC) was created in 2002. With the continuous and exponential growth in use and reliance on secured network this Network Operation Centre needs an immediate upgradation as the infrastructure has become obsolete and unreliable. Also, due to constant increase of IT enabled services and adoption of Digital India by Government of India, the demand for IT services has increased several folds by various departments of the Government at National and State level, demanding high speed and secured network. Hence, the existing infrastructure of iNOC are being renovated and upgraded to meet the present requirement.

The project is being executed from NICs own budget and approval of funds in FY 2021-22 to execute the project is awaited.

National Data Centre, Bhopal

The 1500 racks Rating-IV National Data Centre is being established in a phased manner including infrastructure for complete operational and management support. The project was approved by Hon'ble Union IT Minister, Shri Ravi Shankar Prasad, Union Minister of Electronic & Information Technology. 5 acres of land in IT-Park, Bhopal for the project was allotted to NIC by Science & Technology Department, Government of Madhya Pradesh in March 2015 for establishment of State of Art Data Centre at Bhopal. **In the first phase of the project, 250 Rack State-of-the-Art Rated IV Data Centre will be setup** with an expansion capability to 500 Racks. Subsequent phases shall be taken up later as per the demand. The project is likely to be commenced soon and is expected to be completed in two and half years.

Approval has been accorded to NIC in January 2020 to execute the project from its own budget. Approximately 50-60 Crores may be required in FY 21-22 in NIC budget for execution of the project.

NERDC

There has been considerable thrust by the Government of India in the recent times to bring a digital transformation in the North-Eastern region. The vision document ‘Digital North Eastern India– Vision 2022’ envisages that the Digital North East India will play an integral role in Digital India. It has also brought to the focus, the key areas of strategic importance for meeting the requirements of the region. Digital infrastructure, including connectivity infrastructure is one the nine thrust areas that need to be strengthened in order to realize the objectives of the Digital North East India 2022. In line with this vision a State-of-the-Art Rated III NE Regional Data Centre has been planned at Guwahati, Assam at an estimated cost of Rs.350 Cr. The establishment of 200 Rack NE Regional Data Centre has started and is expected to be completed in two and half years. State Government of Assam has already allotted three Bigha of land for the said purpose.

MeitY has released a sum of Rs. 10.00 Cr to NICSI to initiate the project against a administrative approval of Rs.348.66 Cr for the project.

Office Space

NIC has shifted its office from Pushpa Bhawan to CGO Complex, New Delhi in 1985-86. Since then, activities have increased exponentially and the need for office space has also grown accordingly. NIC as on today is in urgent need for additional office space.

Promotion of Digital Payments

(Recommendation Sl. No. 14)

The Committee note that budgetary allocation for Promotion of Digital Payments scheme under the Digital India Programme has been significantly enhanced for the year 2021-22. As against the proposed amount of Rs. 300 crore, the scheme has been allocated Rs. 1500 crore for the year 2021-22. Regarding the steep five-fold increase in allocation to this scheme *vis-à-vis* the proposed amount during the year 2021-22, the Ministry have informed that Promotion of digital payments ecosystem is an essential aspect of Digital India programme. Digital payments transactions have been steadily increasing since last few years. The total transaction volume has increased from 2,071 crore in FY 2017-18 to 4,572 crore in FY 2019-20. As on 13th February, 2021, around 4,306 crore digital payment transactions have been achieved. Government has also waived-off MDR on UPI and RuPay card transactions w.e.f. 1st January 2020 which has reduced the need of investment by Banks and Fintechs into infrastructure growth. Though there has been an unprecedented growth in digital payments, the potential is still huge since cash continues to dominate Indian markets. There is a constant need to push adoption of digital payments, targeting untapped markets/segments/sectors with special focus on North East Region and Rural areas through incentive and awareness programmes. The Ministry have also informed that the DIGIDHAN Mission announced in 2017 has been primary catalyst to promote the digital payment ecosystem in India. The approach and steps taken by the Mission include BHIM Cashback schemes for

Individuals & Merchants, BHIM Aadhaar Merchant Incentive Scheme, BHIM-UPI Merchant On-boarding Scheme, MDR Reimbursement Scheme, creation of Digital Payments Dashboard, Promotion of indigenous payment solutions BHIM-UPI & RuPay globally and sustained campaigns to promote Digital Payments etc. Digital payments are expected to grow manifold by 2025 due to growing Fintech ecosystem, Covid-19 led changes in consumer behavior and Government policies around financial inclusion. The Committee also feel that there is going to be drastic increase in digital payments and the increase in the budget for this scheme is a move in the right direction. While appreciating the initiatives taken by MeitY in promotion of Digital Payments, the Committee recommend sustained efforts to promote adoption of digital payments platforms in order to achieve the goal of a less-cash economy. The Committee also desire that apart from promotion of digital payments, the enhanced allocation is utilized effectively for developing robust security mechanisms for digital payments. The details of initiatives undertaken may be furnished to the Committee.

Reply of the Government

Digital payments transactions have steadily been increasing over the last few years as the total transaction volume increased to 5,512 crore in FY 2020-21 from 1,004 crore in FY 2016-17.Equipped with contactless payment modes like UPI QR code, NFC enabled cards, digital payments are complimenting the "new normal" of social distancing. During the corona virus crisis, digital payments have been keeping economy running and helping people reduce contact with virus.

The digital payment landscape in India is undergoing a massive transformation. Presently, major technology players, with large user base, are using UPI platform for providing payment services. There is need to strengthen the digital payment acceptance infrastructure by utilizing low-cost solution such as UPI QR code.

Despite the unprecedented growth in digital payments over the past few years, there is potential for further growth as cash continues to dominate. It is, therefore, important to continue to push for adoption of digital payments, targeting untapped markets/ segments/ sectors.

To create a sustainable ecosystem to foster the growth of digital payments for achieving the goal of less-cash economy, MeitY is taking multi-pronged approach, which may broadly be categorized as:

a. Development of convenient digital payment modes and digital payment acceptance infrastructure to enable seamless digital payments and wider adoption of digital payments by the citizens, across the country.

b. Provisioning of incentives for merchants and citizens for adoption of digital payments

c. Awareness creation about benefits of digital payments through promotional campaign, training and education.

While the customers are rapidly shifting to the non-cash modes of payments, at the same time, number of frauds in digital transactions are also increasing. Various measures have been taken to ensure increased efficiency, uninterrupted availability of safe, secure, accessible and affordable payment systems.

Further, while conceiving and designing the sub-schemes and projects under promotion of digital payments through the allocated funds in FY 2021-22, due consideration will be accorded to strengthening the security of digital payments and grievance redressal mechanism.

<u>Promotion of Digital Payments – Security measures and Grievance redressal</u>

(Recommendation Sl. No. 15)

The Committee note that while the customers are rapidly shifting to the non-cash modes of payments, at the same time, number of frauds in digital transactions is also increasing. Various measures such as issuance of periodic circulars/guidelines by RBI and issuance of alerts and advisories by CERT-In are taken for information dissemination and to spread awareness about cyber security. Apart from the information and education campaign, a strong grievance redressal mechanism is essential to increase trust of customers in digital payments. MeitY has integrated Digital Payment Grievances along with Ministry of Consumer Affairs (MoCA) for utilizing it with National Consumer Helpline (NCH) platform of Department of Consumer Affairs (DoCA). All the major banks and financial service institutions have been on-boarded on NCH Platform. The platform is live and receiving Digital Payment related grievances. When asked about any centralized helpline for victims of cyber crime pertaining to online Digital Payments and security of data it was informed that National Cyber Crime Reporting Portal cybercrime.gov.in is operationalized by MHA with helpline number 155260. The portal is an initiative of Government of India to facilitate victims/complainants to report cyber crime complaints online. The portal also caters to complaints pertaining to online financial frauds, Cryptocurrency, ransomware crimes. While promotion of digital payments is a focus area for the Government, the Committee feel that having adequate security measures and grievance redressal mechanisms in place are equally important aspects in promotion of digital payments. The Committee are concerned to note that there is a lack of unified approach in dealing with cases pertaining to digital payments and with increasing digital/online transactions, there is an urgent need to adopt a unified approach by way of having a centralized nodal agency/helpline to deal with all the cases pertaining to digital/online transactions which would not only help the victims of payments related cyber crimes but also help in faster resolution of such cases. Arrangements should also be made to provide insurance coverage to the victims of cyber crime. The Committee recommend the Ministry to enhance their cooperation with the Ministry of Home Affairs and the Ministry of Finance on these aspects and devise mechanisms to make the digital payments eco-system more safe, secure and trustworthy for the citizens. The Committee may be informed of the steps taken in this direction.

Reply of the Government

Government has taken several steps for enhancing security of digital payment transactions. RBI, as a regulatory body, is also issuing the policy guidelines to banks for enhancing and developing robust security mechanisms in digital payments.RBI has developed a unified portal (https://cms.rbi.org.in/), wherein complaints related with digital payments can be registered. National Payments Corporation of India (NPCI), which is managing various digital payments platform, is taking steps to enhance security. Digital payments related cybercrime are getting reported by citizens at respective banks for redressal of their grievances. Further, citizens are also using cybercrime portal (https://www.cybercrime.gov.in), managed by the Ministry of Home Affairs(MHA), to raise the digital financial frauds.

As suggested by the Committee, there is an urgent need to adopt a unified approach by way of having a centralized nodal agency/helpline to deal with all the cases pertaining to digital/online transactions, which would not only help the victims of payments related cyber crimes but also help in faster resolution of such cases.

A meeting, in this regard, will soon be convened with MHA and the Ministry of Finance (MOF) on these aspects and devise suitable mechanisms to make the digital payments eco-system more safe, secure and trustworthy for the citizens.

CHAPTER V

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

National Informatics Centre (NIC)- Manpower constraints

(Recommendation Sl. No. 6)

The Committee note that NIC provides the key backbone infrastructure for ICT requirements of the Government. With proliferation of e-Governance services as part of Digital India programme, the requirement on NIC's resources has grown steadily. Presently, NIC has 3396 Manpower /Technologists / Engineers against the sanctioned strength of 4212. A proposal for creation of 1407 (reworked now to 1392) posts in NIC was initiated way back in 2014. The proposal was approved by the Hon'ble Minister, E&IT after due deliberations at all levels and submitted to the Ministry of Finance for concurrence. After addressing certain clarifications, the proposal was resubmitted to Ministry of Finance through MeitY for further consideration in February, 2020. The proposal has been received back from Ministry of Finance on 10th February 2021 seeking additional information which is being compiled. Recruitment for filling up of approximately 500 posts at the level of Scientist-B and Scientific / Technical Assistant-A which was to be completed during 2020-21 is in process and NIC is also mooting a proposal for recruitment of S&T officials at Group-A (Scientist-C to Scientist-F), for which Recruitment Rules are being framed. Despite the important role played by NIC as key IT infrastructure provider for the Government particularly during the Covid-19 pandemic , the Committee are concerned to find lackadaisical attitude of the Ministry in addressing the manpower constraints at NIC. The proposal for creation of 1407 (reworked now to 1392) posts at NIC is pending since 2014. Recruitment to fill up approximately 500 posts at the level of Scientist-B and Scientific / Technical Assistant-A which was to be completed during 2020-21 is in process and Recruitment Rules are being framed for S&T officials at Group-A (Scientist-C to Scientist-F) at NIC. Taking a strong view of the shortage of manpower at NIC which has been pending since long and the recruitment process which is progressing at a slow pace, the Committee recommend the Ministry to undertake a comprehensive review of the manpower requirements at NIC with concrete follow up action in all pending recruitments in a time-bound manner. The Committee may be apprised of the action taken in this regard.

Reply of the Government

Regarding the current status of creation of 1407 (reworked now to 1392) posts in NIC, proposal was initiated in 2014. The proposal was approved by the Hon'ble Minister, E&IT after due deliberations at all levels and submitted to the Ministry of Finance for concurrence. The proposal received back from Ministry of Finance for seeking clarifications on some points have been examined by a duly constituted Internal Committee and the detailed clarifications have been resubmitted to Ministry of Finance through MeitY for further consideration in February, 2020. M/o Finance have made some observations and sought additional information, which is being compiled for submission to Ministry of Finance through Administrative Ministry.

The result of 207 posts of Scientific / Technical Assistant have been declared and the document verification is being completed. The recruitment process for 288 posts of Scientist-B is an advance stage where the written examination has been concluded and process of Interview is expected to be conducted shortly by NIELIT, even though the process has been hampered due to the unprecedented situation arising due to the 2nd wave of the Covid-19 Pandemic.

The proposal for recruitment of S&T official at Group-A (Scientist-C to Scientist-F) has been initiated and forwarded to NIELIT. The draft Recruitment Rules for Group-A S&T Officers have been prepared and submitted to the administrative ministry for approval of the competent authority to facilitate appointment of the Scientist-B and above level S&T officers for the ongoing recruitment.

Digital India Programme – Need for higher allocation of funds

(Recommendation Sl. No. 9)

The Committee note that Digital India Programme is an umbrella programme which amalgamates all the ongoing schemes/programmes/projects being implemented by Ministry of Electronics and Information Technology. It weaves together a large number of ideas and thoughts into a single, comprehensive vision so that each of them can be implemented as part of a larger goal. The Committee also note that in 2019-20, the Ministry had proposed Rs. 7931.14 crore and the BE allocation was Rs. 3750.76 crore which was reduced to Rs. 3212.52 crore at RE stage and the actual utilization was Rs. 3191.09 crore. In 2020-21, as against the proposed amount of Rs. 6940.00 crore, the Ministry were allocated BE of Rs. 3958.00 crore which was reduced to Rs. 3044.82 crore at RE stage and the actual utilization (as on 31.01.2021) stood at Rs. 1724.47 crore. The year 2020-21 witnessed lower utilization owing to budgetary constraints imposed by Ministry of Finance in view of the Covid-19 scenario. In 2021-22, as against the proposed amount of Rs. 9527.00 crore, the Ministry have been allocated a reduced amount of Rs. 6806.33 crore. The Committee are surprised to find that despite good utilization of allocation by the Ministry in the Digital India Programme, the Ministry of Finance have not been considerate to the requirement of funds as proposed by MeitY. Barring two schemes viz. Cyber Security Projects (NCCC & Others) and Promotion of Digital Payments all the other schemes have been allocated less than the proposed amount for 2021-22. Even amongst the two schemes which have been allocated bulk of the funds i.e. Promotion of Electronics and IT Hardware Manufacturing and Promotion of digital Payments, the former got Rs. 2631.32 crore which is 62.65% of the proposed amount of Rs. 4200.00 crore. In view of the importance of the flagship Digital India Programme which weaves together all the subschemes of the Ministry, the Committee recommend that adequate allocation of funds to Digital India Programme may be taken up with the Ministry of Finance so that implementation of the sub-schemes which form part of the Digital India Program do not get delayed due to paucity of funds.

Reply of the Government

The comments of the esteemed Committee have been noted. Ministry of Finance would be approached for adequate allocation of funds at appropriate stage (Supplementary Demands/Revised Estimates) keeping in view of the expenditure trends owing to second wave of COVID-19 pandemic and requirement of funds in respect of various schemes under Digital India Programme for the FY 2021-22.

New Delhi;
29 <u>November, 2021</u>
8 Agrahayana, 1943 (Saka)

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

Annexure-I

STANDING COMMITTEE ON COMMUNICATIONS AND INFORMATION TECHNOLOGY (2021-22)

MINUTES OF THE THIRD SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 17th November, 2021 from 1100 hours to 1305 hours in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor- Chairperson

MEMBERS

Lok Sabha

2. Shri Karti P. Chidambaram
3. Smt. Sunita Duggal
4. Dr. Sukanta Majumdar
5. Ms. Mahua Moitra
6. Shri Santosh Pandey
7. Shri Sanjay Seth
8. Smt. Sumalatha Ambareesh

Rajya Sabha

9. Dr. Anil Agrawal
10. Shri John Brittas
11. Shri Suresh Gopi
12. Shri Jawhar Sircar

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 four draft Action Taken Reports on

Demands for Grants (2021-22) relating to the Ministries/Departments under their jurisdiction and to take evidence of the representatives of the Ministry of Information and Broadcasting on the subject ‘Review of functioning of Central Board of Film Certification (CBFC)’ with special emphasis on Mukul Mudgal and Shyam Benegal Committee Reports.

3. The Committee, then, took up the following draft Action Taken Report for consideration and adoption.

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

(ii) …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx……..xxxxx…;

(iii) Draft Action Taken Report on Demands for Grants (2021-22) of the Ministry of Electronics and Information Technology; and

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

4. After due deliberations, the Committee adopted the draft Action Taken Reports at Sl. Nos. (ii) and (iii) without any modifications and draft Action Taken Reports at Sl. No. (i) and (iv) with slight modifications. The Committee authorized the Chairperson to finalize the draft Action Taken Reports and present the Reports to the House during the next Session of Parliament.

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

6. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx……..xxxxx…..

7. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx……..xxxxx…

8. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx….. ..xxxxx…..

9. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx….. .xxxxx…..

10. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx….. .xxxxx…..

…..xxxxx….. …..xxxxx….. …..xxxxx….. …..xxxxx…..

Verbatim Proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

*****

*Matters not related to the Report.

Annexure-II

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

(SEVENTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

(i) Observations/Recommendations which have been accepted by the Government
Rec. Sl. Nos.: 2, 3, 4, 7,8, 10, 11, 12,13, 16 and 17

Total 11

Percentage 64.70

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government
Rec. Sl. No.: Nil

Total Nil

Percentage 0.00

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration
Rec. Sl. Nos.: 1, 5, 14 and 15

Total 04

Percentage 23.52

(iv) Observations/Recommendations in respect of which the replies of the Government are of interim in nature
Rec. Sl. No.: 6, 9

Total 02

Percentage 11.76