

32

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

SEVENTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2022-23)**

THIRTY-SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2022/ Phalguna, 1943 (Saka)

THIRTY-SECOND REPORT

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

(SEVENTEENTH LOK SABHA)

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

**DEMANDS FOR GRANTS
(2022-23)**

Presented to Lok Sabha on 21.03.2022

Laid in Rajya Sabha on 21.03.2022



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2022/ Phalguna, 1943 (Saka)

CONTENTS

Page

Composition of the Committee
Abbreviations
Introduction

(ii)
(iii)
(iv)

REPORT

PART- I

I.	Introductory	1
II.	Implementation Status of Recommendations of the Committee Contained in their Twenty-third Report on Demands for Grants (2021-22) of the Ministry of Communications (Department of Telecommunications)	2
III.	DoT Budget (2022-23)	2
	(i) Revenue Section	3
	(ii) Capital Section	5
IV.	Universal Service Obligation Fund (USOF)	6
	(i) Progress of Implementation of BharatNet	9
	(ii) Implementation and Status of the BharatNet Phase-I	9
	(iii) BharatNet Phase-II	10
	(iv) Utilization of BharatNet Networks	10
	(v) Revised implementation strategy of BharatNet to connect 6 lakh villages	12
	(vi) Aspirational Districts Scheme	14
	(a) 502 Aspirational District villages (MP, UP, Rajasthan, Bihar)	14
	(b) Remaining 7,287 Aspirational Districts villages (Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha)	15
	(vii) Scheme for Mobile Communications Services in Left Wing Extremism (LWE) Affected Areas	16
	(a) LWE Phase-I	16
	(b) LWE Phase-II	17
V.	Defence Spectrum: OFC based network for Defence Services	18
VI.	Mandatory Testing of Telecom Equipment	21
VII.	Review of functioning of PSUs:	22
	(i) Performance of BSNL, MTNL & ITI	22
	(ii) Monetization of Assets	25
	(iii) Mahanagar Telephone Nigam Limited	27
	(iv) Revival Plan for BSNL & MTNL	29
	(v) Capital Infusion for 4G Spectrum to BSNL	30
	(vi) Indian Telephone Industries (ITI) Ltd.	31
	(vii) ITI Srinagar Unit	33

PART- II

Observations/Recommendations

35-53

Appendices

- | | | |
|------------|---|----|
| I. | Minutes of the Eleventh sitting of the Committee held on 24 th February, 2022. | 54 |
| II. | Minutes of the Fifteenth sitting of the Committee held on 16 th March, 2022. | 57 |

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

Dr. Shashi Tharoor – Chairperson

Lok Sabha

2. Smt. Sumalatha Ambareesh
3. Ms. 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 | - | Director |
| 3. Shri Shangreiso Zimik | - | Deputy Secretary |

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

The name of the Standing Committee on Information Technology has been changed to Standing Committee on Communications and Information Technology with effect from 23 November, 2021 *vide* Bulletin Part-II Para no. 3293 issued by Committee Branch –I.

Abbreviations

AGR	Adjusted Gross Revenue
AIR	Authorised Indian Representative
BE	Budget Estimate
BSNL	Bharat Sanchar Nigam Limited
CEIR	Central Equipment Identity Register
ComSec	Communication Security
CSC SPV	CSC e-Governance Services India Limited is a Special Purpose Vehicle
CTDP	Comprehensive Telecom Development Plan
DCC	Digital Communications Commission
DoT	Department of Telecommunications
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EoI	Expression of Interest
FTTH	Fibre to the Home
GPs	Gram Panchayats
ITI	Indian Telephone Industries
ITSARs	Indian Telecom Security Assurance Requirements
LWE	Left Wing Extremism
MTCTE	Mandatory Testing and Certification of Telecom Equipment
NCCS	National Centre for Communication Security
NFS	Network For Spectrum
OEMs	Original Equipment Manufacturers
OFC	Optical Fibre Cable
PLB HDPE	High Density Polyethylene Permanently Lubricated Ducts
PoC	Proof of Concept
R&D	Research & Development
RE	Revised Estimate
RFP	Request for Proposal
SDGs	Sustainable Development Goals
T-CERT	Telecom Computer Emergency Response Team
TSTLs	Telecom Security Test Laboratories
TSTPs	Test Schedules and Test Procedures
TTSCC	Telecom Testing and Security Certification Centre
UAL	Universal Access Levy
UNMS	Unified Network Management System -
USOF	Universal Service Obligation Funds
VRS	Voluntary Retirement Scheme

INTRODUCTION

I, the Chairperson, Standing Committee on Communications and Information Technology (2021-22), having been authorized by the Committee to submit the Report on their behalf, present this Thirty-second Report on Demands for Grants (2022-23) of the Ministry of Communications (Department of Telecommunications).

2. The Standing Committee on Communications and Information Technology (2021-22) was constituted on 13th September, 2021. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the Ministry/Department concerned and make a Report on the same to the Houses.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications (Department of Telecommunications) for the year 2022-23 which were laid on the Table of the House on 9th February, 2022. The Committee took evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on 24th February, 2022.

4. The Report was considered and adopted by the Committee at their sitting held on 16th March, 2022.

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

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

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

**New Delhi;
16 March, 2022
25 Phalgun, 1943 (Saka)**

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

Report

Part-I

I. Introductory

The Department of Telecommunications (DoT) is, inter-alia, responsible for Telecom Policy; Licensing and Coordination matters relating to telegraph, telephones, telecom wireless data; international cooperation in matters connected with telecommunications, promotion of standardization, Research & Development (R&D) in telecommunications; and promotion of private investment in the sector. DoT is also responsible for frequency management in the field of radio communication in close coordination with the international bodies. DoT enforces wireless regulatory measures by monitoring wireless transmission of all users in the country.

2. The Telecommunication has been recognized the world-over as a powerful tool of development and poverty reduction through empowerment of masses. It is one of the key element of the Sustainable Development Goals (SDGs) of the United Nations Agenda for Sustainable Development for 2030, reflecting its growing reach, better networks and adoption of tools and solutions that enhance digitisation of systems, processes and interactions across key sectors like agriculture, banking, healthcare, etc. in developing and middle income countries. During the difficult pandemic period, initiatives of the Department ensured seamless connectivity, uninterrupted services, work from home, work from anywhere, and on-line classes to name a few.

3. Telecommunications is a network industry in which new users generate positive externalities for existing users by broadening the network. Information is essential to the functioning of any economy and has been intimately associated with positive economic externalities. By decreasing the cost of acquiring information, telecommunications reduce transaction costs, create opportunities for additional transactions, and therefore contribute to economic efficiency and growth. Reducing transaction costs is a major contribution of telecommunication to economic growth of a nation. Information, and the facilities for accessing, processing, and disseminating it in electronic form, have become a strategic resource as important as land, labour and capital.

4. Higher economic growth places more demand on the existing and newer telecommunications services thereby inducing the development of the sector while the economic growth itself makes the necessary investment resources available. In this context Government of India has played an important role and supported the telecom sector by appropriate and benign policies. Through policy initiatives, the Government has ensured fair competition among service providers, and a fair and proactive regulatory framework has made telecom services affordable and within reach of common person of the country.

5. With the subscriber base of 1.19 billion, India is currently the world's second-largest country in terms of telephone connections. India's mobile subscriptions now constitute more than 98% of all telephone subscriptions.

II. Implementation Status of Recommendations of the Committee Contained in their Twenty-third Report on Demands for Grants (2021-22) of the Ministry of Communications (Department of Telecommunications)

6. The Twenty-third Report of the Standing Committee on Information Technology on Demands for Grants (2021-22) of the Ministry of Communications (Department of Telecommunications) was presented to Parliament on 10th March, 2021. The Department of Telecommunications furnished their Action Taken Notes on the observations/recommendations contained in the Twenty-third Report on 27th July, 2021. The Twenty-ninth Report on Action Taken by the Government on the Twenty-third Report was presented to Lok Sabha on 1st December, 2021. Out of 15 recommendations contained in the said report, 08 recommendations were accepted by the Government. The Committee had commented on 04 recommendations and replies to 03 recommendations had been found to be of interim nature on which final replies have been sought from the Ministry. The final Action Taken Statement on the recommendations contained in the Twenty-ninth Report will be laid in Parliament in due course.

III. DoT Budget (2022-23)

7. The Department of Telecommunications (DoT) laid Demand No.13 for the Financial Year 2022-23 on 9th February, 2022. The Actuals under Revenue and Capital Sections for the years 2018-19, 2019-20 and 2020-21, Proposed, Budget Estimate (BE), Revised Estimate (RE) and Actuals 2021-22, proposed and BE during 2022-23 under Revenue and Capital are as under:

(Rs in Crore)

Major Head	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Proposed	2021-22 BE	2021-22 RE	2021-22 Actual (upto Dec'21)	2022-23 Proposed	2022-23 BE
Revenue Section	24691.73	26392.44	45154.71	51587.71	41803.44	38380.04	22425.36	44843.94	32436.38
Capital Section	4041.44	9634.49	8356.11	11755.61	31133.56	10670.17	6268.52	4990.97	63111.42
Grant Total	28733.17	36026.93	53510.82	63343.32	72937.00	49050.21	28693.88	49834.91	95547.80

(i) **Revenue Section**

8. Head wise details of the expenditure under Revenue Section as on December, 2021 is as under:

(Rs in crore)

Sl. No.	Head Name	Major Head	BE 2021-22	RE 2021-22	Expenditure Up to Dec'2021
1	Secretariat Economic Services	3451	789.91	869.15	527.90
2	Pension & Other Retirement Benefits	2071	15350.00	16374.16	11961.56
3	Labour Employment and Skill Development	2230	4.09	4.10	4.09
4(a)	Wireless and Planning Coordination	3275	13.99	15.80	12.56
(b)	Monitoring Services	3275	40.50	40.50	31.13
(c)	Compensation to Service Prov. For USOF	3275	9000.00	8300.00	3340.19
(d)	Transfer to Reserve Fund	3275	9000.00	8300.00	3340.19
(e)	TDIP	3275	9.00	6.45	1.76
(f)	Payment of Interest on MTNL Bonds	3275	383.21	383.57	347.95
(g)	Viability Gap Funding to BSNL for providing telecom connectivity during Shri Amarnath Yatra	3275	1.00	0.00	0.00

(h)	Special assistance for Swachhta Action Plan (SAP)	3275	2.5	2.5	0.00
(i)	International Co-operation	3275	60.00	30.00	25.88
(j)	CDOT	3275	325.70	400.00	272.92
(k)	ITI, Bangalore	3275	0.01	0.00	0.00
(l)	TRAI-Tfr to TRAI Gen. Fund	3275	100.00	92.00	60.00
(m)	TDSAT	3275	18.50	17.81	12.42
(n)	Training (NICF&NTIPRIT)	3275	26.03	5.00	3.20
(o)	Provision for champion Service Sector Scheme for innovation and incubation of Future Technology of Telecom Sector	3275	5.00	9.00	4.15
(p)	Grant of GST ON 4G Spectrum	3275	3674.00	0.00	0.00
(q)	Incremental pension for voluntarily retiring employees of BSNL & MTNL	3275	3000.00	3530	2479.46
	Total Revenue Section (Gross)		41803.44	38380.04	22425.36

9. Against the proposed amount of Rs.44843.94 crore, an amount of Rs.32436.38 crore has been allocated at BE 2022-23, which is Rs.12,407.56 crore less than the proposed amount. The Department have replied that allotment for USOF's BharatNet scheme was previously under Revenue Section. From BE 2022-23, the same has been moved to Capital Section of the Grant. However, at the time of sending BE 2022-23 proposals to MoF, allocation for Bharat Net was proposed under Revenue Section. This is the main reason why the amount allocated at BE appears to be much less than the amount proposed under Revenue Section. For major schemes such as USOF (other than Bharat Net) and PLI, MoF has allocated the amounts proposed by the Department.

10. Regarding expenditure under Revenue Section, the Department have informed that Rs.31,547.03 crore as on 28.02.2022 has been expended. The remaining amount particularly for the important schemes like USOF will be utilized by the end of this financial year.

(ii) **Capital Section**

11. Head-wise details of the expenditure under Capital Section as on 21st January, 2022 is as under:

(Rs. in Crore)

S. No.	Head Name	Major Head	BE 2021-22	RE 2021-22	Expenditure up to Dec'21
1	ITI Revival (Equity Investment)	4859	80.00	80.00	0.00
2	Capital Infusion for 4G Spectrum for BSNL and MTNL	5275	20410.00	0.00	0.00
3	Dte & Administration Major Work Building		0.01	0.01	0.00
4	WMO Major Work Building		5.50	6.70	3.28
5	WPC		0.01	0.01	0.00
6	Monitoring Services		3.05	3.65	0.28
7	OFC Based Network for DS		5200.00	5200.00	3069.92
8	Funds Transferred to CRIF		5200.00	5200.00	3069.92
9	BharatNet		0.00	0.00	0.00
10	Transfer to Reserve Funds		0.00	0.00	0.00
11	Wireless Sets and Equipments (TEC)		20.00	5.00	0.51
12	Training Institute for Communication Finance (NICF)		53.97	32.00	10.71
13	Telecom Testing and Security Certification Centre		15.00	0.00	0.00
14	Telecom Computer Emergency Response Team (T-Cert)		23.00	16.00	0.00
15	Central Equipment Identity Register (CEIR)		13.00	12.00	0.00
16	Indigenous 5G Test Bed		0.01	1.80	0.90
17	TRAI Building		110.00	113.00	113.00
18	Establishment of Satellite Gateway Assistance to BSNL		0.01	0.00	0.00
19	Digital Intelligence Unit Project		0.00	0.00	0.00
	Total Capital Section		31133.56	10670.17	6268.52

12. Regarding reduction in allocation made at RE stage during 2021-22, the Department informed that it has been mainly due to the surrender of fund for Capital infusion in BSNL & MTNL for 4G Spectrum to the tune of Rs 20,410 crore. Provision for the same has been made in BE 2022-23.

13. During 2021-22, an amount of Rs.6268.52 crore has been utilized by the Department upto December, 2021 under Capital Section, which is Rs.4401.65 crore less than the amount allocated at RE. About the reasons for shortfall in utilization of funds under Capital Section when compared to RE 2021, the Department have stated that the expenditure under Capital Head as on 28.02.2022 is Rs. 6312.63 Cr. It is submitted that 97% of the amount allocated at RE 2021-22 is for NFS (OFC Based Network for Defence Services) wherein the quantum of funds released is usually big. It is expected that the amount allocated will be utilized by the end of this financial year.

14. Taking note of „Nil utilization of funds under schemes like Capital infusion for 4G spectrum for BSNL and MTNL, Telecom Testing and Security Certification Centre, Telecom Computer Emergency Response Team and Central Equipment Identity Register (CEIR), the Committee desired to know the difficulties faced in ensuring smooth implementation and optimum utilization of funds under these schemes. To this, the Department informed that the provision for Capital infusion for 4G Spectrum for BSNL and MTNL has been surrendered since BSNL was asked to undertake a 4G PoC (Proof of Concept) with domestic equipment and consequently, spectrum allocation can't be made in 2021-22. For T-CERT (Telecom Computer Emergency Response Team) and CEIR (Central Equipment Identity Register), almost the entire amounts provisioned at RE 2021-22 have been released. Regarding Telecom Testing and Security Certification Centre (TTSCC) Scheme, the allotment of funds under BE 2021-22 was sought for a proposed new project for setting up of 5G security test bed at NCCS, Bengaluru. However, in RE 2021-22, NIL allotment was sought as the project estimate for 5G security test bed is under consideration.

IV. Universal Service Obligation Funds (USOF)

15. In accordance with the Indian Telegraph Act, 1885, License fee includes Universal Access Levy, which is charged @ 5% of the Adjusted Gross Revenue (AGR) of the telecom licensees. The fund collected under UAL goes to the Consolidated Fund of India and it is non-lapsable in nature. The outflow from this fund to USOF is through budgetary provision by the Ministry of Finance each year, based on the requirement of USOF. Since inception of USOF, i.e. 2002-03, UAL amounting to Rs. 1,21,827.84 Crore has been collected. The final allotment amounting to Rs. 62,564.16 Crore, received through Parliamentary approvals was transferred to Head 8235 General & Reserve Fund-118 USO Fund in respective years and the entire allocation so made and transferred to USO Fund, has been utilized in the respective years. As on 31.12.2021, the balance of UAL amount

available as potential fund under USO is Rs. 59,263.68 Crore. USOF prepares the budgetary provisions to meet the expenditure required for fulfilment of the various schemes and forwards the requirement of funds to Ministry of Finance each year through Budget branch of DoT. The allocations received from the Ministry of Finance each year through Budget branch of DoT are utilized to meet the expenditure incurred under the projected schemes of USOF.

16. Amount proposed, allocated at BE, RE and actual utilization during 2018-19, 2019-20, 2020-21, 2021-22, proposed and BE during 2022-23 for various schemes of USOF are as under:

(Rs. in crore)					
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Proposed	10450.00	8350.00	8000.00	13250.00	9000.00
BE	10,000.00	8350.00	8000.00	9000.00	9000.00
RE	4788.22	3000.00	7200.00	8300.00	
Actual	4788.22	2926.00*	7200.00	3340.68 (as on 31.12.2021)	
% w.r.t. RE	100%	100%	100%	40.24%	

*Rs. 3000 crores (Rs. 2000 crore for BharatNet and Rs. 1000 crore for other USOF Schemes) was received as Revised Allotment for the FY 2019-20 from Ministry of Finance, out of which Rs. 74 crore was re-appropriated to meet urgent requirement in other Heads.

17. When the Committee desired to know the reasons for variation between BE and RE during 2021-22, the Department have informed the Committee that BE for 2021-22 of Rs. 9000 crore (Rs. 7000 crore for BharatNet & Rs.2000 crore for other USOF schemes) was received. Against the proposed RE of Rs. 9000 crore for FY 2021-22, Rs. 8300 crore has been allocated by MoF (Rs. 7000 crore for BharatNet & Rs.1300 crore for other USOF schemes). The pace of implementation of BharatNet Phase-II during 2021-22 was slower as compared to the target. The Phase-II work was largely dependent on 8 States (around 65000 GPs under State Led Model) and BSNL (23000 GPs in CPSUs led Model). BSNL suffered from capacity constraints because of its internal issues and financials. Further, progress under State-Led Model in the states of Chhattisgarh, Maharashtra, Andhra Pradesh, Telangana and Tamil Nadu has been slower than expected owing to COVID restrictions, delay in receiving relevant clearances and approvals in time and poor execution of Project by States.

18. On the reasons for reduction of funds from BE to RE amounting to Rs.700 crore during 2021-22 considering that sufficient balance is available in USOF, the Department have stated that Rs. 9000 crore was proposed by USOF as Revised Estimates for FY 2021-22 against which an allotment of Rs. 8300 crore has been received from Ministry of Finance. The fund is sufficient to meet the expenditure under various USOF Schemes during the F.Y. 2021-22.

19. Regarding the measures taken to increase the pace of utilization of funds, the Department have informed that the initial pace of implementation of BharatNet Phase-II during 2021-22 was slow as compared to the target. The Phase-II work is largely dependent on eight States (around 65000 GPs under State Led Model) and BSNL (around 23000 GPs under CPSUs led Model). Various challenges were faced by implementing agencies due to COVID restrictions, getting clearances etc. However, number of steps have been taken by USOF/BBNL like regular review meetings, conveying administrative decisions for problem resolution and constant monitoring of project implementation, etc. As a result it is expected that pace of work will improve. Further, as on Feb 2022, amount of approx. Rs. 6450 Crore has been disbursed, which amounts to approx. 78% of RE for F.Y. 2021-2022. Remaining fund is expected to be utilized by 31.03.2022.

20. The Department further informed that following schemes have been prioritized under USOF during FY 2022-23:

- (i) BharatNet- Provision of broadband connectivity to all 6 lakh villages across India.
- (ii) Comprehensive Telecom Development Plan (CTDP) for the North-Eastern Region- Provision of 4G mobile connectivity in uncovered villages of Meghalaya & Rest of NER including National Highways
- (iii) Comprehensive Telecom Development Plan for Islands- Laying of Submarine Cable from Kochi to Lakshadweep and Mobile connectivity in Andaman and Nicobar.
- (iv) Scheme for Mobile Services in 354 uncovered Villages of Border Areas.
- (v) Scheme for Mobile Services in Aspirational Districts
- (vi) Scheme for Mobile Communication Services in Left Wing Extremism (LWE) Affected Areas- 4G upgradation in Phase-I and provision of 4G services in Phase-II.

(i) **Progress of implementation of BharatNet**

21. BharatNet, one of the biggest rural telecom projects of the world, is being implemented in a phased manner to provide broadband connectivity to all Gram Panchayats (approx. 2.6 lakh) in the country. The total funding of the BharatNet including both Phase-I and Phase-II as approved by the Cabinet, is Rs. 42,068 crore (exclusive of GST and levies). Now, the scope of the project has been extended up to all inhabited villages.

22. Proposed, BE, RE and actual during 2021-22, Proposed and BE during 2022-23 are as under:

Rs. in Crore					
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Proposed	8000.00	6000.00	6000.00	10000.00	7000.00
BE	8175.00	6000.00	6000.00	7000.00	7000.00
RE	4145.54	2000.00* (Re-appropriated as Rs. 1657.74 cr.)	5500.00 (Re- appropriated as 5919.79)	7000.00	-
Actuals	4145.54	1657.74	5919.79	2876.28	-
%w.r.t. RE	100%	100%	100%	41.08%	-

(ii) **Implementation and Status of the BharatNet Phase-I**

23. Phase-I was completed in December 2017 with the implementation of over 1 lakh GPs. The work front for Phase-I was revised to 1,20,314 as about 3,000 GPs of North East, which were earlier being implemented by RailTel have been proposed under PPP model and in some GPs work was in progress. As on 09.01.2022, about 3,09,159 km underground OFC has been laid for connecting a total of 1,18,946 GPs. Status of the BharatNet Phase-I (as on 09.01.2022) is as under:

CPSU	GPs planned in Phase-I	OFC laid (km)	Service Ready GPs
BSNL	101780	250521	100843
RailTel	8002	26928	7820
PGCIL	10407	31649	10269
BBNL (diverted from BSNL)	125	61	14
Total	120314	309159	118946

(iii) BharatNet Phase-II

24. The Cabinet approved a modified strategy for BharatNet on 19 July, 2017 based on the implementation experience of Phase-I and aligned it with the vision of Digital India. The modified strategy provided an optimal mix of media (OFC/Radio/satellite) to connect Gram Panchayats (GPs). The scope included provision of up to 1 Gbps bandwidth (on wired media) at each GP, laying of fresh fibre between GPs and Block to be implemented through multiple models, such as State-led Model, Private Sector and CPSU Model etc. Phase-II is under implementation and the details as on 09.01.2022 are as follows:

Implementation Model	GPs planned	OFC laid (km)	Service Ready GPs
State Led model	65559	163361	27545
BSNL	27025	67206	11895
Private Led model	7382	22755	7356
Satellite	5575	-	4289
Newly created GPs in State Led model	2844	-	-
Total	108385	253322	51085

(iv) Utilization of BharatNet Networks

25. Out of 1.20 lakh GPs (approx.) of BharatNet Phase-I, the provisioning of Wi-Fi Services in about 1.10 lakh GPs has been assigned to CSC e-Governance Services India Limited (a Special Purpose Vehicle under Ministry of Electronics & Information Technology), and in about 10, 000 GPs to Government of Rajasthan/Raj COMP Info Services Ltd. (RISL), etc. Out of 1.10 lakh GPs (approx.) assigned to CSC e-Governance Services Limited (CSC-SPV) for providing Wi-Fi services across India, FTTH connections to 5 Government Institutions in 77,000 (approx.) GPs has also been provisioned. The present status of utilization is as follows:

- a. Fund utilized Rs. 30885.31 crore till 31.01.2022
- b. Wi-Fi installed GPs: 1,04,259
- c. FTTH Connections:1,89,050
- d. Dark Fibre leased: 34,514 Km
- e. Leasing of BharatNet Bandwidth: 4,075 Gbps
- f. Data consumption: 5,030 TB data during December, 2021.

26. On being asked about the present status of performance of CSC e-Governance Services Limited (CSC-SPV) for providing Wi-Fi services to 1.10 lakh GPs and RajComp Info Services Ltd. (RISL) to provide Wi-Fi services to 10,000 GPs in Rajasthan, the Department have replied that in total 94,268 Wi-Fi hotspots have been installed in GPs by CSC-SPV and 8034 by RISL. The Wi-Fi hotspots in the remaining GPs of Phase-I are envisaged to be installed after the remaining GPs are made Service Ready.

27. BBNL had been created with a mandate to provide middle-mile connectivity from Block to GP and it was envisaged that Service Provider will take up dark fiber on lease and optical bandwidth from BBNL. However, in July 2017 Union Cabinet approved a sum of Rs. 2016 Crores towards providing last Mile Connectivity through Wi-Fi or any other suitable technology. In 2017, a pilot project was taken up to provide Wi-Fi in 5000 GPs by CSC-SPV. Since then, significant efforts have been made to provide Last Mile Connectivity at GP level. The work for providing Wi-Fi Access Points in Gram Panchayats covered under Phase I is largely being implemented by CSC SPV under Viability Gap Funding from USOF. Besides CSC SPV, the work in 10,000 GPs of Rajasthan are being done by the Rajasthan government. Some State Governments are also providing Wi-Fi in Gram Panchayats through State funding. CSC-SPV has also been provided VGF for provisioning of FTTH connections to 5 Government institutions in 77115 GPs of Phase I. In addition, CSC has also been assigned to provide 1 Wi-Fi and 5 FTTH connections in 2692 GPs and 36744 Villages of Bihar of Phase II. About 94800 Govt. institutions in rural areas viz. Schools, Anganwadis, Rations shops, Heath & Wellness centres, Post offices etc. have already been connected by CSC SPV.

28. The Department have further stated that to ensure the utilization of BharatNet infrastructure under modified strategy in Phase- II, Govt. has decided that implementing agencies shall not only be responsible for implementation but also for operation, maintenance and utilization of the infrastructure created under BharatNet.

The Utilisation in BharatNet Phase II in State Led model is entrusted to the States. The State Governments are being regularly pursued for utilization of the network for SWAN, e-governance and other services. BharatNet is being used by State Governments to extend their SWAN to Gram Panchayats in 16424 GPs of 8 States/UTs. Recently, revenue sharing agreements have also been signed with ISPs for provision of FTTH connections in rural areas. So far, 54 revenue share agreements have been signed with ISPs and it is expected that provision of FTTH connection will increase in near future.

29. Elaborating further on implementation and utilization of BharatNet, the representative of Ministry submitted during evidence as under:

“Sir, as you know, BharatNet is being implemented in two phases. The first phase was to cover around 1.25 lakh gram panchayats which is now completed. The work of phase II is going on. In the first phase, 1.18 lakh GPs have been made service-ready and in phase II, another 50,000 GPs have been made service-ready. This brings the total figure to around 1.70 lakh GPs....xxxx...As far as utilisation is concerned, 1.04 lakh GPs are fitted with Wi-Fi access points and around 5,000 TB worth of data consumption per month is noted in December, 2021, which we expect to increase in the days to come with more and more utilisation models taking shape. Around 34,000 kilometres of dark fibre has been leased and around 4,000 GB of bandwidth provisioning has been done. As I explained, 45 revenue-sharing agreements have been signed and every day, we are signing more agreements with the internet service providers and licencees at the last mile for extending the network to the citizens and households. Various Government institutions are also now being taken up on a mission mode by having a single-window system at BBNL level so that the Central Departments, which have field formations, are sharing with us the data of number of institutions where they would like to get BharatNet connection and through our channel partner, we intend to provide them the connectivity.

(v) Revised implementation strategy of BharatNet to connect 6 lakh villages

30. On 30.06.2021, Union Cabinet accorded approval for revised implementation strategy of BharatNet through Public Private Partnership mode in 16 States of the country by August 2023. BharatNet has now been proposed to be extended to all inhabited villages. The revised strategy includes creation, upgradation, operation, maintenance and utilization of BharatNet network by the concessionaire/private service provider, who will be selected through a global competitive bidding process. The estimated maximum viability gap funding approved for the above PPP model is Rs. 19,041 crores for 16 states. The States covered under the Cabinet approval are Kerala, Karnataka, Rajasthan, Himachal Pradesh, Punjab, Haryana,

Uttar Pradesh, Madhya Pradesh, West Bengal, Assam, Meghalaya, Manipur, Mizoram, Tripura, Nagaland and Arunachal Pradesh. An estimated 3.61 lakh villages including GPs will be covered. For implementation of the PPP model in 16 States, the Request for Proposal (RFP) has been floated.

31. For connecting village in other States/UTs, the following actions have been taken:

i. State-led model

The progress of work under the State led model (8 States) is in different stages of implementation under BharatNet Phase-II. DoT is holding discussions with these States for accelerating the pace of work including connectivity to all inhabited villages and upgradation of Phase I GPs. States have been given the option to either carry out the work through PPP model or EPC model. Necessary approval for reaching up to all inhabited villages and upgradation of Phase I GPs in the said eight States will be sought separately from Union Cabinet.

ii. Goa and Uttarakhand

Goa and Uttarakhand are to be included in the PPP model as per consent received from the respective States. The proposal is being submitted for seeking necessary approvals from Union Cabinet.

iii. GPs/Village connectivity in Bihar

A pilot model for extending broadband connectivity from GPs to all villages in the State, including provision of a Wi-Fi Access Point and 5 FTTH connections to the Public Institutions through CSC-SPV is under implementation.

iv. Village connectivity in UTs: The execution of broadband connectivity from GP up to the Village level UTs of Jammu & Kashmir, Ladakh, Andaman & Nicobar Islands, Lakshadweep Islands, Dadra & Nagar Haveli and Daman & Diu, Puducherry and the State of Sikkim is under consideration

32. Asked about the progress in plan to provide connectivity to 6 lakh villages, Administrator, USOF, submitted during evidence as under:

“Sir, the way forward now is that we are going to use multi-pronged approach for BharatNet. We have three distinct models. Eight States are now being covered with the State-led model where the State Governments through SPVs are actually implementing the projects to cover the gram panchayats. There are 16 States in which we had taken up the public private partnership model to extend the BharatNet network. There are a few States where the Central public sector undertakings will be implementing the project. Sir, O&M is going to be another major thrust area for us because we have already laid around 5.5 lakh kilometres of optical fibre network which would require continuous maintenance and upkeep. Then, regarding utilisation of the existing network, which has been a cause of concern in the past, now the focus has been also brought on that and various revenue-sharing arrangements with last-mile internet service providers have been entered into because now BharatNet being a middle-mile network needs to connect to the last-mile service providers to be able to reach out to the end-consumers in the villages. We are also now using the option of exploring alternative technologies to reach out to remote and inaccessible areas where laying of optical fibre may not be a feasibility, which could include radio, V-SAT as well as other new technologies. Sir, this is a snapshot of overall how more than six lakh villages in the country will now be covered under BharatNet. The Cabinet in its decision in June 2021 has given an in-principle approval to extend it beyond gram panchayats to villages also. As I explained, we will be using multiple models, including PPP, State-led and public sector undertaking-led models, to cover all the villages in the country in phases.”

33. When asked about the response to Request for Proposal (RFP) floated and the timeline for connecting all the 6 lakh villages, the Department have stated that The Request for Proposal (RFP) was opened on 27.01.2022. No response has been received to the bids and a revised model is under preparation as part of BharatNet and the roll-out is likely to happen by 2025.

(vi) Aspirational Districts Scheme

(a) 502 Aspirational District villages (MP, UP, Rajasthan, Bihar)

34. A Scheme for 502 uncovered villages across 112 Aspirational Districts over four States (namely Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan) for provisioning of 4G based Mobile services has been finalized. Agreements have been signed and work has been awarded to M/s Reliance Jio Infocomm Ltd for UP

and MP States, M/s Bharti Hexacom Ltd for Rajasthan and M/s Bharti Airtel Ltd for Bihar after tendering process in March, 2021. The total project cost is Rs. 421.65 Crore targeted to be completed by March 2022. Survey work and installation of tower is under progress. State wise list of uncovered villages is as follows:

S. No.	State Name	No. of Aspirational Districts	No. of villages to be covered
1	Bihar	5	80
2	Madhya Pradesh	8	205
3	Rajasthan	5	195
4	Uttar Pradesh	6	22
	Total	24	502

(b) Remaining 7,287 Aspirational Districts villages (Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha)

35. A scheme for 7,287 uncovered villages was approved by Cabinet on 17.11.2021 for provisioning of 4G based Mobile services in 44 Aspirational Districts of 5 States of Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha at an estimated cost of Rs. 6,466 Crore. Request for Proposal (RFP) has been floated for implementing the project on 07.12.2021. The State-wise list of uncovered villages is as follows:

S No.	State Name	No. of Aspirational districts	No. of villages to be covered
1	Andhra Pradesh	3	1218
2	Chhattisgarh	8	699
3	Jharkhand	19	827
4	Maharashtra	4	610
5	Odisha	10	3933
	Total	44	7287

36. When asked about the efforts being made to identify all the uncovered villages in other Aspirational Districts and the plans of the Department to provide connectivity to all the uncovered villages, the Department have stated that uncovered villages in other Aspirational Districts were covered in separate schemes earlier. Further, a scheme is being prepared for all other uncovered villages in the

country and any pending uncovered villages in Aspirational District in other States will also be covered.

37. The Committee also enquired about the status of the RFP floated and the deadline for completion of this project. To this, the Department have stated that The RFP for uncovered villages in Aspirational Districts was opened on 24.02.2022 & two bids have been received which are under evaluation. The project will be completed in 18 months after signing of agreement likely by April, 2022.

38. Highlighting on the progress made, Administrator, USOF stated as under:

“As far as Aspirational Districts are concerned, the work has been awarded for 502 uncovered villages. The work is in progress. More than 20 towers have started radiating. Rest of the installations are going on. Recently, we have got the approval from the Cabinet for installing towers and we are covering 7,287 villages in the Aspirational Districts in five States. The tendering work is in process. Shortly, we will be able to award the tender and begin the work in these States also.”

(vii) **Scheme for Mobile Communications Services in Left Wing Extremism (LWE) Affected Areas**

(a) **LWE Phase-I**

39. On 20.08.2014, the Cabinet approved the implementation of a project in LWE areas to provide Mobile Services on 2G technology in the 10 affected States of Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Telangana, Uttar Pradesh and West Bengal. The approved cost of the project is Rs. 4214.28 crore. The project has been completed and the State-wise details are as follows:

S. No.	Name of the State	LWE Phase-I	
		Total LWE Districts	Towers functional
1	Andhra Pradesh	8	62
2	Bihar	22	250
3	Chhattisgarh	16	525
4	Jharkhand	21	816

S. No.	Name of the State	LWE Phase-I	
		Total LWE Districts	Towers functional
5	Madhya Pradesh	1	22
6	Maharashtra	4	65
7	Odisha	19	256
8	Telangana	8	173
9	Uttar Pradesh	3	78
10	West Bengal	4	96
	Total	106	2343

The 4G Upgradation and extension of the existing LWE-I sites is under consideration at an estimated cost of Rs. 2,426 Crore.

(b) LWE Phase-II

40. The Cabinet approved on 23.05.2018 a proposal for Phase II of the project in LWE affected areas with a subsidy support of Rs. 7330 Crore for 4072 locations. Due to revision in the requirements, and reduction in location the project has been subsequently approved for 2,542 towers to provide 4G mobile services at an estimated cost of Rs. 2,211.17 Crore. State-wise list of mobile towers in LWE Phase II is as under:

S No.	State	No of Districts	No. of Mobile Towers
1	Andhra Pradesh	9	346
2	Bihar	7	16
3	Chhattisgarh	15	971
4	Jharkhand	21	450
5	Madhya Pradesh	2	23
6	Maharashtra	3	125
7	Odisha	5	483
8	Telangana	12	53
9	Uttar Pradesh	1	42
10	West Bengal	5	33
	Total	80	2542

41. Asked about the status of implementation of the above project, the Department informed that tender was floated and agreements have been signed with Reliance Jio Infocomm Ltd. and Bharti Airtel Ltd in Sept/Oct 2021 at a cost of Rs. 2211.11 Crore. Reliance Jio Infocomm Ltd. is to implement the project in Chhattisgarh, Madhya Pradesh, Maharashtra and Odisha (1602 towers) and Bharti Airtel Ltd in Andhra Pradesh, Bihar, Jharkhand, Telangana, Uttar Pradesh and West Bengal (940 towers). The project is targeted to be completed by March 2023.

42. When asked about the plans of the Department for the completion of the project by March, 2023, the Department have replied that the LWE-II project is under survey stage and implementation work is in progress for the already surveyed sites. Field units of the Department are in place for monitoring the progress of the project with weekly reports along with testing & commissioning. The project is being monitored closely to meet the timelines as per schedule.

43. Administrator, USOF, during evidence further submitted as under:

“Sir, for Left Wing Extremism, there are two phases. The phase one was implemented by BSNL for 2343 sites. That project is completed. That belonged to 2G technology. Now, it is under consideration to upgrade them to 4G. In case of LWE Phase-II, the work has been awarded. The survey and installation of towers is in progress. This covers another 2,500 sites.”

V. Defence Spectrum: OFC based network for Defence Services

44. The Committee have been informed that project Network For Spectrum (NFS) is to provide a dedicated Optical Fibre Cable (OFC) based network for the Defence Services. This project aims to create Dedicated, state of art communication facilities for Defence Services. There has been considerable delay in the completion of the project. In May 2018, CCEA approved the project timelines as May, 2020. But the project got delayed due to various reasons and competent authority has approved the project completion timelines as March, 2022. Air force NFS was completed in 2012 with leased line circuits from BSNL. All greenfield sites of Navy NFS have been commissioned in Feb, 2022. NFS project will provide additional overlay, strengthen communication infrastructure and improve redundancy in the existing network of Army. It will strengthen the mission critical capabilities and national preparedness of Defence Services.

45. Proposed, BE, RE, Actuals 2018-19, 2019-20, 2020-21, 2021-22 proposed and BE for 2022-23 are as under:

Proposed/BE/RE/Actuals	2018-19	2019-20	2020-21	2021-22	2022-23
Proposed	5000	5000	10000	5440.20	1961
BE	4500	4705	5000	5200	1961
RE	2500	4705	4000	5200	-
Actuals	1927	4705	4000	3070 (till Jan 2022)	-
% w.r.t RE	77%	100%	100%	59%	-

Around 97% of OFC has been laid and 884 links (out of total 924 links) are commissioned. Purchase orders for all the components have been issued and Supply, Installation, Testing and Commissioning of all equipment is progressing. In the recent review meeting held on 21.12.2021, BSNL informed that it is targeting to complete all components (except UNMS) by March 2022. UNMS is linked to construction of 13 buildings which are delayed and will be completed by June 2022.

46. Regarding the progress of the scheme, the representative of the Department submitted during evidence as under:

“Let me now come to Network for Spectrum (NFS) for Defence Services. The initial sanctioned cost for the project was Rs. 13,334 crore, which is now revised to Rs. 24,664 crore. It has two major components – Optical Fiber Cable (OFC) and equipment. Under OFC, out of 60,000 kms. in total on pan-India basis, around 58,300 kms. (97 per cent) has been laid. All eight component tenders of equipment have been finalised and purchase orders have been issued. Till date, Rs. 20,545 crore (83 per cent) has been released to BSNL for execution of this project. The project is expected to be rolled out progressively from March, 2022 without UNMS (Unified Network Management System) component which is expected to be completed by June, 2022.”

47. Secretary, DoT, further elaborated as under:

“This is a highly complicated project because it involves laying of optic fiber cables in some of the most difficult terrains, especially in the mountainous regions where the Armed Forces operate. As a result, the window available for work has been very limited. That is one issue. Secondly, in some of the terrains a lot of construction activity is going on, especially on the Char Dham area. The road work is going on. There are many links where the work has not been able to be proceeded with because of the fact that the right of way is not available because some

other work is already in progress. So therefore, there have been setbacks in certain links but I would like to say that a lot of links have been proceeded with, and now we are at a stage when I think the testing can happen. In some of the contracts, the construction of a couple of buildings relating to the data centers, etc., are in the final stages. We have conducted two detailed reviews in the last three months. We expect that the work related to the entire network, excepting those links which we are unable to commission because of lack of availability of work force, we will be able to complete it by June. The rest of the work relating to Unified Network Management System, I think, we should be able to complete by December.”

48. The Department also informed that shortage of semiconductors has been another complicating factor in the last one-and-a-half years has been the. Some of the equipments, like routers, etc., are not available. Even companies like Cisco are delaying it by six to eight months. That has also badly affected it because these are all optical network equipment which require high-end routers.

49. CMD, BSNL & MTNL during the sitting also stated as under:

“Sir, 924 links have to be commissioned, out of which 877 links have already been commissioned. There are 18 links which are not doable because of the various construction work or road related work which is going on. There are only 19 pending links which will be completed by 31st March. Similarly, there are 42 nodes which have to be commissioned for the Navy; 22 nodes have already been commissioned; and rest 20 nodes will be commissioned by the month of April. There are 1,192 DWDM links which have to be commissioned, out of which 1,163 have already been commissioned. As regards GOFNMS, 342 sites have to be commissioned, out of which 339 have already been commissioned. If we look at the work progress, almost 90 per cent work has already been completed. We are doing work in the various Commands in which the handover has to take place. The first target which we keep is the South-Western Region, which is going to be handed over to the Army by 15th of March. The work of South-Western Region is completely done. Only testing is taking place to hand over to the Army. So, SWR is the first part we are doing. The second part is the Western Region, where the work is also almost completed. The testing is going on parallelly. Our intent is that every month we should be able to handover one Command, and because of that we are on course to take up this project in a timely manner to complete it by June. But the constraining factor today is UNMS building, which is the topmost layer of this project, that is, the Unified Network Management System. Each element has network management system. This is the top layer of the Unified Network

Management System. There were some issues in building construction. Now, the things are moving forward. But solution designing and other things are taking place in the data centers so that the deployment can be done in a faster manner. So, I would like to give comfort to the Members and the Chairman of the Committee that things are moving in the right direction and almost 90 per cent work has been completed.”

VI. Mandatory Testing of Telecom Equipment

50. Mandatory Testing and Certification of Telecom Equipment (MTCTE) is applicable to Domestic Original Equipment Manufacturers (OEMs), Foreign OEMs and Authorised Indian Representative (AIR) of Foreign OEMs. No telegraph/telecom equipment, in respect of which mandatory certification is required, is to be used by the Telecom Licensee (whether PSU or Private) in its network, unless it is certified. It is not true that testing is done only for PSU. Both PSUs and private TSPs have to use certified telegraph/telecom equipment in their networks, as and when notified. A reference security test lab has been set up at Bengaluru under National Centre for Communication Security (NCCS), a subordinate office of the Department. This lab is being used for development of Indian Telecom Security Assurance Requirements (ITSARs) and preparation of corresponding Test Schedules and Test Procedures (TSTPs) for telecom equipment. NCCS has been holding deliberations with prospective telecom Security Test Laboratories in public/ private sector for designation/ accreditation in the country. No Security Test Lab has been designated/ accredited in the country so far.

51. The Committee desired to know as to how testing of telecom equipment is being done in the country in the absence of designated/accredited Security Test Lab. To this the Department informed that the Communication Security (ComSec) scheme has been approved and published. NCCS has conducted an open house session with prospective Telecom Security Test Laboratories (TSTLs) to inform them about the scheme. The Telecom Security Roadmap is being prepared and shall be published shortly which will provide timelines for starting Telecom Security testing in a phased manner.

52. Regarding the plans of the Department for setting up of Security Test Lab, the Department stated that one Security Test Lab is planned at Telecom Engineering Wing of the Department. The tender for procuring security tools was opened on 20.12.21 which is under evaluation. For two security tools where there is no eligible bidder in the said tender, the process for their procurement through GeM is initiated. The security test tools are expected to be procured by first quarter of FY 2022-23.

53. The representative of the Department stated during evidence as under:

“From October 2019, TEC started Conformance Testing and Certification against Essential Requirements, under the Mandatory Testing and Certification of Telecom Equipment Scheme. The Indian Telegraph (Amendment) Rules, 2017 provides that every telecom equipment must undergo prior mandatory testing and certification.”

VII. Review of functioning of PSUs:

(i) Performance of BSNL, MTNL & ITI

54. Details of revenue & working expenditure of BSNL is as under:

Year	(Rs. in Crores)				
	2018-19	2019-20	2020-21	2021-22 (Projected)	2022-23 (Projected)
Total Income Target	25000	20000	18000	MOU Target not yet finalized	MOU Target not yet finalized
Total Income	19321	18907	18595	19000	20424
Total Expenditure	34225	34406	26036	27787	26410
Net Profit/Loss	-14904	-15500	-7441	-8787	-5986

55. In spite of the implementation of Revival Plan the projected net loss of BSNL for the year 2022-23 is Rs.5986 crore. The Committee desired to know the projected net loss of MTNL during 2022-23 and the timeline by which both the companies will come to profit mode to which the Department stated that the projected net loss is primarily attributable to the absence of 4G services. The subscribers prefer 4G services due to high data consumption trends, whereas BSNL is unable to provide it to the customers. Landline revenue has also been falling lately. Since proof-of-concept for domestic 4G equipment is under final stages, the expansion of the network and services will happen thereafter. Given these reasons, addition of new subscribers is very challenging; therefore increase in the revenue is not visible in the coming financial year (2022-23). However, it is pertinent to mention that with the help of consistent efforts for reducing expenditure, BSNL has become EBITDA positive in the Quarter ending Sept 2020, has been so for the last 6 quarters since then. BSNL is expected to become PAT positive in the year 2025-26 with the help of revenues from 4G services and income generated from land monetization.

56. The projected net loss of MTNL for the year 2022-23 is Rs.3139.60 Crore. MTNL however, is reporting operational profit. The EBIDTA is positive since the last 7 quarters. Debt remains its only concern and it needs to be addressed for MTNL to report net profit. MTNL is implementing the asset monetization which has been identified as the main source to reduce debt in the Union Cabinet approved revival plan. In addition to this MTNL will need capex funding to sustain & increase revenue. The actual timeline will depend on the happening of these two events.

57. On being asked as to what extent VRS has helped in revenue saving, CMD, BSNL & MTNL submitted during evidence as under:

“The broader aspects of BSNL revival were on three very important aspects. Firstly, the biggest problem that BSNL was facing in 2019 was that it did not even have money to pay the salary. Its revenue was dwindling and staff cost was increasing. No operator today has a staff cost of more than 3-4 per cent, and BSNL happened to have 75-80 per cent of its revenue and the salary bill was Rs. 15,000crore. So, the first problem was needed to be addressed. The technological change has taken place from landline to mobile where the number of people required are less. Hence, in a fair manner, a parting can be given to the employees of BSNL so that the organisation can be made lean. So, the first step that the Government had taken was to bring VRS. It is a very lucrative VRS in which payment of up to 125 per cent of basic pay+IDA has been made, which would otherwise have been payable for the salary that the people would have drawn. So, it was a scheme in which the Government has spent nearly Rs. 16,000 crore to the parting employees. The benefit has been drawn by both BSNL and MTNL. In terms of reduction of manpower, today, my salary bill is Rs. 7,000 crore against Rs. 15,000 crore. So, Rs. 8,000 crore is the saving, which I have done on account of VRS as far as BSNL is concerned. If I had to bear that burden continuously, then I would not have been able to survive today. If you see the historical numbers, when BSNL was incorporated it had 3.6 lakh employees. In VRS, the employees number came down from 1.55 lakh employees. Today, I have 62,000 employees. So, it was a decision in the right direction. Still, if you look at any operator, no operator has more than 20,000 employees. I still have 60,000 plus employees. Kindly look at it in this perspective. Jio has a market share of 37 per cent; Bharti has a market share of 30 per cent; Vodafone has a market share of around 23 per cent; and still they have a manpower of less than 20,000 whereas with a nine per cent market share I have 62,000 employees. So, it was a step in the right direction. Has the management done right kind of planning to take the things forward? We have done a very good planning, and I am saying this very responsibly. The reason is that not for a single day the network was down. The moment the Government took the

decision on 23 October, from November and December we planned for each and every exchange. We have 27,000 exchanges and we did meticulous planning for each and every exchange as to how it is to be manned; how it is to be taken care of; and who should be the reliever of that person. Kindly imagine the situation that in one day from 1,55,000 employees I am left with only 65,000 employees. Managing the organisation with 60 per cent employees gone in a single day is a herculean task.”

58. When the Committee enquired if there is a mismatch between what the company requires and those who have taken VRS, the Department submitted that BSNL still has sufficient manpower. Asked if any skillset identification has been done before grant of VRS, the Department informed that no skill set identification has been done while giving VRS.

59. When the Committee desired to know about the income from other sources, the representative informed during evidence as under:

“I am very happy to report to the hon. Members of the Committee and the Chairperson, that this year we are going to realise more than Rs. 220 crore as a rental income only. Last year, my income was. Rs. 160 crore. So, there is a process which we have laid down for leasing also. Every single unit of the BSNL has to first identify 25 per cent of the built-up area which has to be vacated. Then, we have put it on our website that these are the areas that are available, anybody can take it...xxxx...Our goal is in four years, this figure should be Rs. 1000 crore by then. We are on course that every year, we should add at least Rs. 100 crore of earning in terms of rental income. That is the way we want to move forward. We also have tower assets. We have gone very aggressively on tower. Now, 13,500 towers are on collocations basis with various private operators as well in which I am earning nearly Rs. 1000 crore per annum in terms of both pass-through charges and rental income. So, rental income is around Rs. 450 crore and pass-through charges are around Rs. 550 crore. We have also leased out optical fibre in which I am getting Rs. 400 plus crore – Rs. 360 crore from BBNL and another Rs. 50 crore from the private TSPs. From optical fibre assets which we are leveraging for our business, I am generating a revenue of more than Rs. 3500 crore from optical fibre led business. Sir, it is not all bad. I would like to put my facts also. We have done very well in certain businesses.”

60. He further added during evidence as under:

“So far as BSNL is concerned, fibre-based FTTH connections is a growth story and success story in BSNL. Two years before we had five lakh connections. Last year we closed at 12 lakh connections. This year we have closed in the month of January with 21 lakh connections. We are adding nearly one lakh customers in FTTH when Jio with all the resources is able to add 1.6 lakh. In January we have added 1.14 lakh subscribers. In certain places we have gained the opportunity. This opportunity and success we have not gained only because we have followed the traditional mode of only department officers-led structure. We have engaged micro entrepreneurs at the field level and entered into revenue-sharing arrangements with them where all the technical powers and stores arrangement of backhaul is done by BSNL but customer delivery service and access network creation is done by the private people.”

(ii) Monetization of Assets

61. Regarding monetization of assets, the Department informed that BSNL has a large number of land assets as well as buildings. So, they have two-pronged approach. All the land part which does not require has been identified and they are going for monetisation of that in terms of outright sale wherever it is a freehold property.”

62. Asked as to whether there is laid down procedure, the representative stated during evidence as under:

“A codified procedure is there. There are three ways of delegation of powers and work. Rs. 100 crore and above is with the DIPAM through an alternative mechanism which is approved by the Finance Minister. The assets which are worth between Rs. 10 crore and Rs. 100 crore will be done by the BSNL through the Department of Telecom, and the Group of Ministers will approve it. Less than Rs. 10 crore is with the Board of Directors of BSNL for which, only BSNL is responsible for doing it. In the process, we have identified nearly thirty assets, both in Rs. 10 crore and above category and eighty assets are in less than Rs. 10 crore category. Already, nearly eleven assets are in different phases of going forward. We recently conducted an auction for four assets of BSNL at which one was at Madhyamgram, second was at the Hyderabad, third was in

Rajpura in Punjab and fourth is in Bhavnagar Gujarat. In three cases, the bid was not there. In one case, bid was there. But that bid was technically not qualified. So, the process is well defined and we are going full throttle. We think that sufficient resources will be generated in the years to come because this is a long-drawn process and the covid has impacted those processes very badly because the real estate has really gone down very, very significantly in last one and a half year to two years. First is the monetisation and second is that we have been going very aggressively for leasing out the built-up assets.”

63. Secretary, DoT further submitted as under:

“Sir, we have continued discussions over the last several months with the DDA. In the case of DDA assets, they have very clearly said that we will have to surrender 50 per cent of the proceeds to them. That was the condition. These lands were conditional allotments. Lands with pure title deeds are few in nature. Those lands are clear to go for monetization. But a large number of lands, very expensive lands are where there are two issues. One is where the State has got a leasehold right because they were conditional assignments made a long time ago or acquisition made for a particular purpose. That is one part. The second part is that in some cases like in Mumbai, they have imposed certain reservation conditions. For instance, 75 per cent reserved for metro railway shed. These are all large parcels of land. So, they have imposed certain unworkable reservations. I have also talked to the Chief Secretary there and recently meetings have been held by our Minister of State also with their Urban Development Minister. We are trying to persuade them to actually drop these unsustainable conditions which actually result in the valuation dropping sharply. Suppose we were to auction a property with 75 per cent reservation, then the property value will depreciate. It will be a fraction of what its actual value is and later on there could be problems for us. Therefore, we are trying to persuade them to drop this. We hope to make some progress.”

(iii) **Mahanagar Telephone Nigam Limited**

64. The total outstanding debt of MTNL is as under:

Borrowings at the end of Financial Year				
(In Crores)				
F.Y.	Long Term Loan	Sovereign Guarantee Bond	Overdraft/STL	Total Loan
2017-18	7654.60	2978.11	6382.09	17014.80
2018-19	9133.70	2978.45	7620.35	19732.50
2019-20	10690.34	2978.81	9296.42	22965.57
2020-21	10200.50	9474.18	5673.87	25348.55
2021-22 (As on 31/12/2021)	9764.00	9480.00	7221.00	26465.00

65. The total outstanding of Debt of MTNL as on 28/02/2022 is Rs.26538.00 crore. The Union Cabinet note has envisioned the asset monetization as core plan for repayment of Loan/overdraft/bond. The Status of Asset Monetization as on 28.02.2022 is as under:

- E-Auction for two properties viz. 20 Oshiwara Quarters and Land Parcel at Vasari hill is completed and Inter-Ministerial Group (IMG) decision on the auction is under process.
- Most of the assets of MTNL in Mumbai are having issues of Reservation/Designation i.e. the land has been allotted for a particular purpose/use by allotting agency/State Government which is hampering the monetization of these properties. MTNL is pursuing with UDD, Maharashtra & MCGM for removal of Reservation/Designation. Meetings have been done with UDD, MH and town planning dept. for resolution of the issues. A request has also been submitted from CMD MTNL to Principal Secretary –I, UDD Maharashtra vide letter dated 06.12.2021.
- International property Consultant (IPC) was appointed for 378 quarters and report has been received and under process in DIPAM.
- IPC for Connaught place has been appointed, feasibility study of the property is under process.

- MTNL is conducting valuation of 163 no. of identified properties through Govt approved valuers to assess the value of its real estate assets in current scenario.
- Development/redevelopment of two of the plots Rohini Sector-8 and Pankha Road Plot (I & III) is under consideration.

66. When asked about the assets and debts of MTNL, CMD, BSNL & MTNL during the sitting stated as under:

“Debt of MTNL is Rs.26,000 crore, revenue is Rs.1300 crore, interest payment is Rs.2100 crore. Sir, MTNL is not a sustainable company unless and until a very big intervention is done to address it....xxxx....Sir, quite a good number of assets are there. About Rs.30,000 crore worth assets are there. When I say Rs.30,000 crore, a very large chunk of assets of MTNL are either in Delhi or in Mumbai. Assets in Delhi had been given by DDA. They are a huge chunk. In Mumbai we have significant assets but again the reservation and designation issue is there. They need to be unblocked. Unlocking will not be possible till the policy tweaking is done. So, we want to address these issues and without burning the government exchequer or the public sector banks. Frankly speaking, what we find is that we are in ICU and any day it can be declared dead or I can say catastrophe is waiting to happen in MTNL.”

67. He further stated as under:

“Sir, MTNL is in such a bad condition because of two aspects. First is the debt of MTNL. If you can park Rs.26,000 crore debt outside the MTNL, all issues can be addressed. I am putting the facts before you as they are. With Rs.26,000 crore debt, even if God comes to earth and tries to address its problems, the company cannot be revived. It is a fact of life; we have to accept it. The only option remaining is to close it down. If it has to be closed down, public sector banks will suffer. There is a solution available. We have to look in a more pragmatic manner in this aspect. First, MTNL as on date operationally is profitable because the number of manpower has reduced very drastically and 80 per cent employees have taken VRS. Second, being in Delhi and Mumbai, it is in a creamy layer of situation in its working. The level of competition is very high in Delhi and Mumbai. Success for MTNL in mobile market is not possible because everybody looks for a roaming kind of scenario and if you are on two islands in Delhi and Mumbai, you can never be

successful. Debt should be parted with, some way or the other including taking away the assets from MTNL and putting in like Air India model. You create model like Special Purpose Vehicle (SPV) in which the debt and asset should be carved out and the operation should be merged with the BSNL. BSNL will be gainer because of this. Today, all the enterprise customers for lease line and other services, the single window concept is there in which the BSNL customer also looks for MTNL services in Delhi and Mumbai. In the absence of MTNL, the BSNL's competitiveness will also get compromised. Being the chairman of both the companies, I will look forward to both these companies moving in a direction where synergies can be created. A lot of synergy has been created where the equipments are being shared, the core network is being shared. So, whatever can be done within the rules and regulations is already being done. But unless and until we address the issue of debt, MTNL has no future."

(iv) Revival Plan for BSNL & MTNL

68. Government on 23.10.2019 approved the revival plan of BSNL and MTNL. The revival plan *inter-alia* includes measures like reduction in employee cost through Voluntary Retirement Scheme (VRS), administrative allotment of spectrum for 4G services through capital infusion by the Government into BSNL/MTNL, debt restructuring by raising of sovereign guarantee bonds and monetization of assets of BSNL/MTNL. The status of implementation of revival measures and its impacts are as under:

- (i). VRS has been successfully implemented in BSNL and MTNL. Total 92910 employees opted for VRS. As a result, salary expenditure is reduced by around 50% in BSNL and around 80% in MTNL during FY 2020-21. As a result, both BSNL and MTNL became EBIDTA positive in FY 2020-21.
- (ii). Union Cabinet approved administrative allotment of spectrum for 4G services to MTNL and BSNL. The Government also approved the allocation of spectrum of Delhi and Mumbai (MTNL areas) to BSNL to have pan-India presence in 4G services. Under Atma-nirbhar initiative of the Government of India, BSNL has floated Expression of Interest for registration-cum-participation in upcoming 4G tender for areas including Delhi/Mumbai through Proof of Concept (PoC) route. The bidders, upon successful completion of POC, will become eligible to participate in the upcoming 4G tender of BSNL. Amount of Rs. 23,270 crore (inclusive of GST) is allotted for cost of 4G spectrum in FY 2022-23.
- (iii). For monetization of Land/Building assets, DIPAM approved monetization of 11 assets of BSNL (tentative value Rs. 18,200 crore) and 6 assets of MTNL (tentative value Rs. 5,158 crore) in phase-1, wherein 4 properties (reserved

- price of Rs 670 crore) of BSNL and 2 properties (reserved price of Rs 290 crore) of MTNL have been taken for e-auction. There are challenges in other properties due to various permissions required from State Governments or Local Bodies, which are being pursued by the Department along with BSNL and MTNL. The proceeds of asset monetization will be credited to BSNL/MTNL to service their debt, CAPEX and other requirements.
- (iv). With the help of sovereign guarantee extended by the Government, BSNL has raised Rs. 8500 crore and MTNL has raised Rs. 6500 crore. The amount realized through the bonds has been utilized to restructure existing high cost debt.
 - (v). The Government had also given „in-principle“ approval for merger of BSNL and MTNL. Due to financial reasons including high debt of MTNL, the merger of MTNL with BSNL has been deferred. However, close co-operation and service integration between BSNL and MTNL has been undertaken.
 - (vi). Further, the Government has also issued instructions to all Govt. Departments/ CPSEs/ Central Autonomous Organizations for mandatory utilization of BSNL/MTNL network for internet/broadband, landline and leased line requirements.

(v) Capital Infusion for 4G Spectrum to BSNL

69. BSNL has already missed the bus in launching 4G services and has suffered in terms of capability to provide good wireless broadband service and increase its revenue. Industry is now gearing up for 5G services and TRAI has released Consultation Paper on Issues related to Spectrum for 5G services. BSNL has sought support in one major area. It has requested that in the upcoming 5G auction, spectrum for BSNL should be reserved in all three bands – Mid-band, Sub GHz and mm waves band.

70. To a query of the Committee regarding status of rolling out of 4G spectrum by BSNL, the Department have replied that in line with the „*AtmaNirbhar Bharat*“ initiative of the Government of India, BSNL invited Expression of Interest (EoI) on 1st January, 2021 thereby providing an opportunity to the Indigenous manufacturers to technically prove their product by participation in the PoC (proof of concept). Upon successful completion of PoC, the bidder will become eligible to participate in the upcoming 4G tender of BSNL. LoI issued to five bidders on 01.07.2021 namely M/s HFCL, M/s L&T, M/s Tech Mahindra, M/s TCS and M/s ITI. M/s TCS and M/s ITI have deployed their equipment for testing under PoC as part of EoI. The testing of

the offered equipment is in progress and will be completed shortly. PoC process is closed for M/s HFCL, M/s L&T and M/s Tech Mahindra as they have not deployed any equipment.

71. Secretary, DoT during the evidence stated as under:

“We believe that unless the business-related restructuring and reforms are done through capital investment, obviously it is no brainer that we will not be able to compete going forward. So, this 4G investment is a more critical item. We believe that the investment in 4G and 5G – in 5G also, the Government while approving the package, has also given incentive for 5G related investment. So, that also will be taken up as we go forward because about the 4G equipment that is in the final stages of proof of concept is 5G-enabled. With very minor modifications, they would be able to switch on 5G. Same spectrum can also be given. We also promised the BSNL that we would be allocating spectrum for 5G also. All these are also available for, and can be used for 5G except maybe c-band, millimetre wave, etc. We would definitely support the BSNL on that.”

72. On the timeline for rolling out of 4G, Secretary, DoT, informed the Committee during the sitting that the POC would be completed in March. Thereafter, commercial roll out is expected in about six months to one year.

(vi) Indian Telephone Industries (ITI) Ltd.

73. The details of the income and expenditure are provided as under:

(Rs. in crore)

Year	2018-19	2019-20	2020-21	2021-22 As on 30/09/2021	2022-23
Total Income target	3300	3300	2600	2723	
Total Income	2005	2243	2523	604*	
Total Expenditure	1912	2095	2512	748*	
Net profit/loss	93	147*	11	-144*	

*includes Government grant of Rs.85.40 crore

74. When asked to explain the reasons for the net loss of ITI during 2021-22, the Department have replied that shortage of working capital, Logistic constraints due to Covid-19 pandemic are the main reasons for the net loss of ITI during 2021-22 as on 30.09.2021. However, ITI is hopeful to achieve the revenue targets by end of FY 2021-22 as best efforts are being made to execute the available orders to the maximum extent. Further, in-house manufactured products are being utilized for project requirements giving them additional revenue.

75. During 2021-22, an amount of Rs.80 crore has been allocated at RE under Capital Section, however, the utilization is shown as „Nil“. According to the Department, the amount of Rs. 80 Cr has been allocated in RE 2021-22 out of which Rs. 70 Cr has been approved by the competent authority on 03/03/2022 for release to ITI.

76. As against proposed amount of Rs.400 crore an amount of Rs. 200 crore only has been allocated to ITI during 2022-23. The projects planned by ITI Ltd for Capex amount of 400Cr in 2022-23 is as given below:

Sl. No.	Projects	Unit	BE 2022-23 in Rs Cr
1	Mono Crystalline Solar Cells	NNI	125
2	Digital Mobile Radio – DMR	BGP	15
3	PCB Plant Upgradation	BGP	30
4	Manufacturing Infra & Test setup for 4G RRU at Bangalore, Mankapur Palakkad	BGP/ PKD	58
5	Establishment of MSP/SOC	BGP	20
6	Router Manufacturing	BGP	10
7	Electronic Voting Machines-EVM & Voter Verifiable Paper Audit Trail- VVPAT mfg.	BGP	10
8	OFC manufacturing line at Bangalore plant(Capacity of 30,000 per annum)	BGP	76
9	4G BBU manufacturing	BGP	56
	Total		400.00

77. Out of above projects, the following projects with reduced capex amount are planned under Rs 200 Cr allocated in BE 2022-23.

Sl. No.	Projects	Unit	BE 2022-23 in Rs Cr
1	Mono Crystalline Solar Cells	NNI	100
2	Digital Mobile Radio – DMR	BGP	15
4	Manufacturing Infra & Test setup for 4G RRU at Bangalore, Mankapur Palakkad	BGP/ PKD	58
7	Electronic Voting Machines-EVM & Voter Verifiable Paper Audit Trail- VVPAT mfg.	BGP	10
9	4G BBU manufacturing	BGP	17
	Total		200.00

78. The Committee have been informed that some of the projects for which Capex has been reduced will be affected as per table above. However, the requirement of Capex funds will be reviewed at RE stage on the basis of utilization of BE funds of Rs 200 crs which has been sanctioned at present to ITI Ltd.

(vii) ITI Srinagar Unit

79. The activities planned to be carried out at Srinagar Unit in order to revive the unit are Setting up of PLB HDPE Duct Manufacturing Plant to supply for BharatNet projects of J&K; Installation of Solar Power Plant of 60 KW for Captive use which will reduce the expenditure electricity bills; Setting up of OFC laying Training centre which can be used to train youths of J&K state; and Establishment of Marketing wing: ITI has planned to set up a marketing wing for marketing of ITI Products in J&K. The establishment work is in progress.

80. When asked about the status of setting up of PLB HDPE manufacturing plant, the Department have stated that the J&K Pollution Control Board has visited the site of Srinagar Plant and approval from J&K Government for setting up of PLB HDPE manufacturing plant is awaited. Setting up of PLB HDPE manufacturing plant will help ITI in supplying HDPE Ducts for the requirement of local projects including Digital Village Project of BharatNet, thereby enhancing the revenue of Srinagar plant. However, it is to note that the Telecom Commission (Now DCC) in its 51st Meeting held on 31/08/2018 had directed for closure of the Srinagar Unit of the ITI Ltd. Since ITI has expressed interest in continuing with Srinagar Unit, it has been asked to submit a detailed proposal in this regard for consideration and approval of DCC.

Part-II

OBSERVATIONS/RECOMMENDATIONS

DoT Budget

1. The Committee note that the Department of Telecommunications have laid the Detailed Demands for Grants (2022-23) of the Department on 9th February, 2022 for a total amount of Rs.95547.80 crore, consisting of Rs.32436.38 crore under Revenue Section and Rs.63111.42 crore under Capital Section. The amount is Rs.22,610.8 crore more than the allocation made at BE for the year 2021-22. The Committee note that there is a decrease of Rs.9367.06 crore under Revenue Section, whereas under Capital Section there is an increase of Rs.31,977.86 crore when compared with the previous year. The increase under Capital Section has been mainly under the Head 'Capital Infusion in BSNL'. So far as utilization is concerned, the Committee note that an amount of Rs.41803.44 crore had been allocated at BE 2021-22 under Revenue Section which was reduced to Rs.38,380.04 crore at RE stage and actual expenditure till 28.02.2022 has been Rs.31,547.03 crore only. The reduction in allocation of funds at RE under Revenue Section has been mainly under USOF and Grant of GST in 4G spectrum. In fact, under Grant of GST in 4G spectrum, funds have been reduced to 'Nil' at RE from Rs.3674 crore at BE.

Under Capital Section, an amount of Rs.31133.56 crore had been allocated at BE during 2021-22 which was reduced to Rs.10670.17 crore at RE and actual utilization as on 28th February, 2022 has been only Rs.6312.63 which is 59.16 per cent of the allocation made at RE. Downsizing and 'Nil' utilization of funds have been noted in respect of some important schemes like Capital Infusion for BSNL/MTNL from Rs.20410 crore at BE to 'Nil' at RE, Equity Infusion for ITI Revival, Wireless sets and Equipment (TEC), Telecom Testing and Security Certification Centre (TTSCC), etc.

The Committee note that utilization of funds as on 28th February, 2022 under Revenue and Capital during 2021-22 with reference to RE has been 82.20 per cent and 59.16 per cent respectively. It is particularly worrying to note that under Revenue Section as against RE allocation of Rs.8300 crore an amount of Rs.3472.55 crore only has been spent under USOF as on 21st February, 2022. It is very unlikely that the amount allocated at RE will be fully utilized by the end of the financial year 2021-22. The Committee are also disturbed to note that there has been underutilization of funds under Capital Section under schemes like OFC Network for Defence Services, TEC projects. What is all the more shocking is Nil utilization of funds under some important schemes such as Capital Infusion to BSNL/MTNL, Equity Infusion for ITI Revival, Telecom Testing and Security Certification under Capital Section during 2021-22 which calls for serious introspection and review of the above schemes by the Department as to what has gone wrong in these schemes. The Committee note that BharatNet project has been shifted from Revenue to Capital from 2022-23 and an amount of Rs.7000 crore has been allocated at BE 2022-23. A new scheme Digital Intelligence Unit has also been introduced for which an amount of Rs.10 crore has been allocated. Out of the total of Rs.63111.42 crore allocated at BE 2022-23 under Capital Section, an amount of Rs.44720 crore has been allocated for Capital Infusion in BSNL. However, inability to spend the allocation under the above Head remains a cause of concern, considering the fact that the Department have failed to spend even a single penny of Rs.20410 crore allocated at BE 2021-22. The Committee while taking strong objection to under-spending under important schemes like BharatNet, OFC Network for Defence Services, Equity Infusion for ITI Revival, Capital Infusion for BSNL, TEC Projects, Telecom Testing and Security Certification, etc. hope that utilization will improve during 2022-23 and the trend of 'Nil' utilization under some of the above schemes is not repeated during the next fiscal. The Committee also desire that suitable measures are taken well in advance by the Department for adequate allocation of funds

under the above schemes so that implementation does not suffer due to lack of sufficient budgetary support.

Universal Service Obligation Fund (USOF)

2. The Committee note that in accordance with the Indian Telegraph Act, 1885, Licence Fee which includes Universal Access Levy (UAL) is charged at 5 per cent of the Adjusted Gross Revenue (AGR) of the telecom licensees. Since its inception, i.e. 2002-2003, UAL amounting to Rs.1,21,827.84 crore has been collected and an amount of Rs.62564.16 crore has been utilized. As on 31.12.2021, the balance of UAL amount available as potential fund under USO is Rs.59,263.68 crore. The Committee have also been informed that the fund collected under UAL goes to the Consolidated Fund of India and it is non-lapsable in nature. The Committee are, however, constrained to note that even though substantial amount is in the reserve under USOF, the Department have not been able to do much in terms of spending so as to make themselves worthy of the resources available under USOF. During the year 2021-22, as against the proposed amount of Rs.13250 crore, an amount of Rs.9000 crore had been allocated at BE 2021-22 which was downsized to Rs.8300 crore at RE and actual utilization till 21.02.2022 has been Rs.3472.55 crore only. This reflects poor status of utilization of funds and it goes without saying that the Department need to work on their strategies to improve utilization. For the year 2022-23, the Department have proposed an amount of Rs.9000 crore and the same amount has been allocated at BE 2022-23. They have several prioritized ongoing schemes lined up which include BharatNet for provision of broadband connectivity to all 6 lakh villages across India, Comprehensive Telecom Development Plan for North Eastern Region, Comprehensive Telecom Development Plan for Islands including laying of submarine cable from Kochi to Lakshadweep and Mobile connectivity in Andaman and Nicobar Islands, scheme for Mobile Services in 354 uncovered villages of border areas, scheme for Mobile services in Aspirational Districts and scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas, etc. Needless to say that these are highly capital intensive infrastructure projects,

speedier and timely implementation of which will greatly help in improving the telecom connectivity in these pockets and bringing more and more uncovered and inaccessible areas under the fold of telecom revolution. The Committee emphasize that availability of fund should not be a constraint for implementation of various schemes under USOF, considering that huge balance is already available as potential fund under USOF, the trend of reduction of fund from BE to RE should be strictly avoided. The Department need to get necessary approval of various schemes well in advance, stretch their expenditure threshold and focus on timely execution of projects. The Committee recommend that Department should make sincere efforts for optimum utilization of Rs.9000 crore allocated at BE for implementation of various schemes under USOF during 2022-23.

Progress of Implementation of BharatNet

3. The Committee note that BharatNet is one of the biggest rural telecom projects of the world and is being implemented in a phased manner to provide broadband connectivity to all Gram Panchayats (GPs) (approx 2.6 lakh) in the country. Phase-I was completed in December, 2017 with the implementation of over 1 lakh GPs. Phase-II is under implementation. From the information provided by the Department, the Committee note that as on 31st January, 2022, an amount of Rs.30885.31 crore has been utilized, 5,61,357 km. of OFC has been laid, 1,70,031 GPs have been made service ready, Wi-Fi hotspots have been provided in 1,04,259 GPs, 1,89,050 FTTH connections have been provided, 34,514 km. of dark fibre has been leased, etc. The Committee have also been informed that 5030 TB of data consumption has also been recorded and is expected to increase in the coming days. With regard to revenue sharing, so far 54 revenue sharing agreements have been signed with TSPs and it is expected that provision of FTTH connection will increase in near future. The Committee note that Wi-Fi hotspots are yet to be provided at 65,772 GPs which are service ready. The Committee also note that the provisioning of Wi-Fi services in about 1.10 lakh GPs under Phase-I has been assigned to CSC e-Governance Service India Limited and in about 10,000 GPs

to Government of Rajasthan. CSC-SPV has also been provided VGF for provisioning of FTTH connections to 5 Government institutes in 77,115 GPs of Phase-I. In addition, CSC has also been assigned to provide one Wi-Fi and 5 FTTH connections in 2,692 GPs and 36,744 villages of Bihar in Phase-II. About 94,800 Government institutes in rural areas viz. School, Anganwadi, Ration shops, Health and Wellness Centres, Post Offices, etc. have already been connected by CSC-SPV. Under Phase-II, utilization of BharatNet in State-led model is entrusted to the States. BharatNet is being used by the State Governments to extend their SWAN to Gram Panchayats in 16424 GPs of 8 States/UTs.

From the above observations, the Committee note that CSC-SPV has been entrusted with enormous task to provide Wi-Fi access points in Gram Panchayats and FTTH connections to Government institutions in GPs. The Committee are of the view that there is a need to properly monitor the performance of CSC-SPV so that it will be able to properly achieve provisioning of Wi-Fi services and FTTH connections to all the GPs assigned to them. The Committee have already emphasized the need for effective utilization of funds under USOF of which the BharatNet project constitutes the core schemes for which significant amount of budget is earmarked. The Committee, therefore, recommend that special efforts must be made by the Department to increase utilization of funds under the schemes as well as optimum utilization of network created under Phase-II. The Committee also recommend the Department/BBNL to make sincere efforts to provide Wi-Fi hotspots to all the service ready GPs. The detailed status of progress under the project may be furnished to the Committee.

Revised Implementation Strategy of BharatNet to connect 6 lakh villages

4. The Committee note that on 30th June, 2021, Union Cabinet had accorded approval for revised implementation strategy of BharatNet through Public Private Partnership mode in 16 States of the country by August, 2023. BharatNet has now been proposed to be extended to all inhabited villages.

These 16 States are Kerala, Karnataka, Rajasthan, Himachal Pradesh, Punjab, Haryana, Uttar Pradesh, Madhya Pradesh, West Bengal, Assam, Meghalaya, Manipur, Mizoram, Tripura, Nagaland, and Arunachal Pradesh. The Request for Proposal (RFP) was opened on 27.01.2022, however, no response has been received to the bids. A revised model is under preparation as part of BharatNet by 2025. The Committee are given to understand that multiple modes, such as PPP, State-led and Public Sector led will be adopted to reach all the villages in the country in phases. The Committee are, however, concerned to note that the pace of implementation of BharatNet Phase-II has been slow due to reasons such as work being largely dependent on 8 States (around 65,000 GPs under State-led Model) and BSNL (23000 GPs in CPSU-led Model) where progress has been tardy. Covid restrictions, delay in receiving relevant clearances and approvals in time, poor execution of projects by States and capacity constraints of BSNL due to its internal issues and financial conditions have also affected the progress under Phase-II. The Committee feel that there is an urgent need to speed up the pace of implementation of the project since the target has now been extended to all inhabited villages, i.e., 6 lakh villages for last mile connectivity. Maintenance of the network created and increased utilization of the network also need to be given focussed attention. The Committee desire that revised model which is under preparation for BharatNet through PPP in 16 States shall be finalized at the earliest so that project implementation may take off without any further delay. The Committee also recommend that various projects which are under consideration for providing broadband to all the inhabited villages may be finalized and approval of the Union Cabinet be taken at the earliest. The detailed progress during 2022-23 may be apprised to the Committee.

Aspirational District Scheme

5. The Committee note that a scheme for 502 uncovered villages over four States namely Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan is targeted to be completed by March, 2022. The Committee hope that the

project will be completed by the stipulated time. The Committee also note that a scheme for 7,287 uncovered villages was approved by Cabinet on 17 November, 2021 for provisioning of 4G based mobile services in 44 Aspirational Districts of five States of Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha at an estimated cost of Rs.6,466 crore. The Committee have been informed that the Request for Proposal (RFP) was opened on 24.02.2022 and two bids have been received and are under evaluation. The project is targeted to be completed in 18 months after signing of agreement likely by April, 2022. The Committee also note that a scheme is being prepared for all uncovered villages in the country and any pending uncovered villages in Aspirational Districts in other States will also be covered.

The Committee are of the view that the Department have still a huge ground/distance to cover with regard to providing mobile services to all the uncovered villages of all Aspirational Districts in the country. It is important that the Department work with a sense of urgency and complete the work in specific timeline. The Committee, therefore, strongly recommend that efforts should be made for early finalization of the agreement and the work for covering 7,287 uncovered villages be completed within 18 months as per schedule *i.e.* by November, 2023. The Committee also desire that the scheme which is being prepared for all uncovered villages including any pending uncovered villages in Aspirational Districts in other States, including Wayanad in Kerala, may also be finalized at the earliest and all necessary approvals may be taken so that all uncovered villages in the country may be provided with much needed telecom connectivity in a time bound manner.

Scheme for Mobile Communications Services in Left Wing Extremism (LWE)

Affected Areas

6. The Committee note that LWE Phase-I had been implemented by BSNL by setting up of 2343 2G towers in 106 districts. The 4G upgradation and extension of the existing LWE Phase-I sites is under consideration at an

estimated cost of Rs.2,426 crore. The Committee also note that the Cabinet had approved LWE Phase-II project on 23.05.2018. Under LWE Phase-II, 2,542 4G towers will be set up for which agreements have been signed with Reliance Jio Infocomm Ltd. and Bharti Airtel Ltd. at an estimated cost of Rs.2211.11 crore. The project is targeted to be completed by March, 2023. The Committee have been informed that the project is being monitored to meet the timelines as per schedule. With regard to financial allocation, the Committee note that an amount of Rs.300 crore has been proposed for financial year 2022-23.

The Committee are of the view that the LWE Phase-II project which had been approved by the Cabinet as early as 23.05.2018 has been delayed considerably due to on and of revision in the requirements and reduction in the allocation of the project, etc. The Committee feel that provision of telecom services including 4G services in these areas will greatly help in bringing about various services to the doorsteps of the people and any further delay in execution of the project will only add to the connectivity woes of people in these areas. The Committee recommend that sincere efforts be made by the Department to ensure that the LWE Phase-II project is completed by March, 2023 as scheduled. The Committee also feel that since the estimated cost of project is 2211.11 crore, allocating a meagre amount of Rs.300 crore during 2022-23 will be far too inadequate. The Committee, therefore, recommend that adequate allocation of fund is assured under the scheme. The Committee also recommend that plan for upgradation of 2343 2G towers to 4G under LWE Phase-I which is under consideration may also be finalized at the earliest. The Committee may be informed of the progress and targets achieved under the scheme not only in the LWE affected areas but throughout the country.

Defence Spectrum: OFC based Network for Defence Services

7. The Committee note that OFC network for Defence Services is one of the most important schemes being implemented by the Department. The

initial sanctioned cost of the project was Rs.13,334 crore, which is now revised to Rs.24,664 crore. The Committee note that the project has two components – Optical Fibre Cable (OFC) and equipment. Under OFC, out of 60,000 km., around 58,300 km. i.e. 97 per cent of OFC has been laid. With regard to equipment, tenders for all eight components have been finalized and purchase orders have been issued. The Committee have also been informed that till date, an amount of Rs.20,545 crore, i.e. 83 per cent has been released to BSNL for execution of this project. The project is expected to be rolled out progressively from March, 2022 without UNMS (Unified Network Management System) which is expected to be completed by June, 2022. The Department have informed the Committee that it is a highly complicated project and it involves laying of optical fibre cable in some of the most difficult terrains. There are many links where the work has not been able to proceed due to absence of Right of Way and other work which is already in progress. Now the Department expect that the work relating to the entire network, except those links which cannot be commissioned because of lack of availability of the work force will be completed by June, 2022. The Department have also informed the Committee that the project is also suffering due to global chip shortage. The rest of the work relating to UNMS should be able to complete by December. With regard to command wise progress of work, the Committee have been informed that the work of South-Western Region is completely done and it will be handed over to Army by 15th of March, 2022. The work in Western Region is also almost completed and the plan is to hand over one command every month.

The Committee note that the project Network For Spectrum (NFS) aims at providing dedicated Optical Fibre Cable (OFC) based network for the Defence Services which is being implemented by BSNL in lieu of release of spectrum. However, the project has not met its target due to reasons, such as delay in receiving RoW permissions, limited working season in hilly areas, restrictions in movement because of Covid-19 lockdown, etc. The Committee also note that the project is suffering due to global chip shortage. While the

reasons cited by the Department for the delay of the project seem to be logical and genuine, the urgency in commissioning of the project and dedicating the same to the Defence Services to meet their OFC requirement can hardly be minimized or ignored. Considering the importance of the project and numerous delays being witnessed, the Committee feel that the Department need to address the above issues with strategic intervention and ensure that the project meets its deadline. The Committee, therefore, strongly recommend that all necessary measures must be taken by the Department/BSNL to ensure that the project is completed in a time bound manner without any further delay.

Mandatory Testing of Telecom Equipment

8. The Committee note that Mandatory Testing and Certification of Telecom Equipment (MTCTE) is applicable to Domestic Original Equipment Manufacturers (OEMs), foreign OEMs and Authorized Indian Representative (AIR) of foreign OEM. No telegraph/telecom equipment, in respect of which mandatory certification is required, is to be used by the Telecom License, whether PSU or Private, in its network, unless it is certified. However, with regard to security lab for testing of telecom equipment, the Committee have been informed that no security test lab has been designated/accredited in the country so far. On being asked the reasons, the Department have simply replied that National Centre for Communication Security has been holding deliberations with prospective Telecom Security Test Laboratories (TSTL) in Public/Private sector in the country. Some of the TSTLs are likely to be designated during the second quarter of 2022-23. The Department have further informed the Committee that the Communication Security (ComSec) scheme for security testing of telecom equipment is yet to be launched. The Committee have also been informed that one security test lab is planned at Telecom Engineering Wing of the Department and the tender for procuring security tools was opened on 20.12.2021 which is under evaluation.

The Committee are surprised to learn that in the burgeoning telecom market with easy availability of telecom equipment security threats are looming large, yet no serious attempt has been made by the Department for establishment of a robust mechanism for mandatory testing of telecom equipment especially relating to security testing and certification. The Committee are equally concerned to note that in spite of their insistence on this issue in previous Reports no security test lab has been designated/accredited in the country so far. Telecom equipment and network used for provisioning of telecom services are prone to spyware/malware and security issues cannot be taken too lightly. In such a situation, the Committee would like to know how security testing/certification of telecom equipment is being done in the country. The Department may also inform the Committee since when the proposal for setting up of security test lab at Telecom Engineering Wing of the Department has been pending and the reasons for not setting up the security lab till now. The Committee recommend that the initial roadmap for setting up of Security Test Lab is drawn up at the earliest. The Committee also desire that efforts be made by the Department for setting up of state of the art telecom testing facilities including security test labs in the country. The Committee desire that details of Communication Security (ComSec) scheme being prepared may be furnished to the Committee. Till such time institutional arrangements are put in place, the Committee recommend the Department to ensure that safety standards in telecom equipment are strictly adhered to and all telecom operators both public and private strictly deploy only those equipment which have undergone mandatory testing and certification.

Review of functioning of PSUs

Bharat Sanchar Nigam Limited

9. The Committee note that the projected net loss of BSNL during 2022-23 is Rs.5986 crore. This is in spite of the Revival Plan of BSNL being

implemented by the Department. The Committee have been informed that after the implementation of the Revival Plan, VRS has been successfully implemented in BSNL and MTNL. As a result, salary expenditure has reduced by around 50 per cent in BSNL and around 90 per cent in MTNL. The Department have, however, informed the Committee that the projected net loss of BSNL is primarily attributable to the absence of 4G services. Landline revenue has also been falling lately. The Committee have also been informed that non-availability of funds for Capex has affected the expansion of network and services. Given the fact that BSNL's financial position has been severely hampered due to above factors which are likely to continue in the year 2022-23 also quantum increase in revenue by BSNL in the year 2022-23 seems far cry. BSNL is expected to become PAT positive only by the year 2025-26 with the help of revenues from 4G services and income generated from land monetization. While 4G for BSNL is yet to be rolled out, the Committee note that the company is trying hard to earn revenue from other sources. The projected revenue earning from rental income during 2021-22 is Rs.220 crore from Rs.160 crore in 2019-20. BSNL plans to add more revenue from rental income. 13,500 towers of BSNL have also been put on sharing basis and BSNL is earning nearly Rs.1000 crore per annum. BSNL has also leased out optical fibre for which the company is getting more than Rs.400 crore. The Committee have also been informed that fibre based FTTH connections is a growth and success story of BSNL. As on January, 2021, BSNL has 21 lakh FTTH connections.

The Committee note the implementation of VRS has led to massive decrease in the salary expenditure of the BSNL. However, more efforts still need to be made to decrease the projected loss of BSNL in the coming years. The Committee are given to understand that VRS has been implemented across the board without any critical assessment to identify the skill requirement in the organization. The Committee fear that VRS could have actually led to shortage of skilled human resource in critical areas necessary for revenue earning of the company. The Committee are happy to note that all

hope is not lost yet in BSNL, as there are still some areas from where the company are trying to earn revenue. The Committee while appreciating the above measures recommend that the Department/BSNL will continue with their sustained effort to fully explore the revenue earning potential and keep on increasing their revenue earnings from all available savings *i.e.* rental income, sharing of tower assets, leasing of fibre, FTTH connections, etc. The Committee may be kept apprised of the achievement made in this regard including the income from auction of assets, which may take place.

Monetization of assets of BSNL and MTNL

10. The Committee have been informed that BSNL has a large number of land assets as well as buildings. MTNL has an asset worth about Rs.30,000 crore. The Union Cabinet Note has envisioned asset monetization as core plan for repayment of loan/overdraft/bond. With regard to codified procedure, the Committee note that for asset worth Rs.100 crore and above, the approval is with DIPAM, Ministry of Finance. The assets which are worth between Rs.10-100 crore will be done by the BSNL through the Department of Telecommunications and will be approved by Group of Ministers. For assets, less than Rs.10 crore, the competent authority is with the Board of Directors of BSNL. The Department have informed the Committee that for monetization of land/building, DIPAM had approved monetization of assets of BSNL (tentative value Rs.18,200 crore) and 6 assets of MTNL (tentative value Rs.5158 crore) in Phase-I, wherein 4 properties (reserved price of Rs.670 crore) of BSNL and 2 properties (reserved price of Rs.290 crore) of MTNL have been taken for e-auction. The Committee have further been informed that there are challenges/hurdles in other properties due to conditional assignments made long time ago and permissions required from State Governments or local bodies, which are being pursued by the Department along with BSNL and MTNL. With regard to MTNL, the Committee note that most of the assets in Mumbai are having issues of Reservation/Designation and this is hampering the monetization prospect of these properties. MTNL is pursuing with the

Maharashtra Government for removal of reservation/designation. The Committee have also been informed in unambiguous terms during the sitting that significant assets in Mumbai are having reservation and designation issues resulting in dropping of valuation of the property due to unsustainable conditions and this will not be possible without tweaking the policy.

The Committee are of the view that huge properties are lying with BSNL and MTNL and gainful utilization of these assets and income generated from monetization of assets can in fact be used to service their debt, capex and other requirements. The Committee feel that successful monetization of assets will also help the cause of revival process of the two companies without burning the Government exchequer or the public sector banks. The Committee note that the Department/BSNL have taken up the issue of reservation and designation with the concerned State Governments and local bodies for amicable resolution and successful monetization of the assets. However, no positive results have been achieved so far. The Committee are of the considered view that useful utilization of these assets which otherwise are lying unutilized will be in the larger interest of both BSNL/MTNL and the concerned State Governments/local bodies and hence matter may be taken up at the highest level of Government for policy intervention instead of leaving it to the Department/BSNL alone.

Mahanagar Telephone Nigam Limited

11. The Committee note that the projected net loss of MTNL for the year 2022-23 is Rs.3139.60 crore. The Committee also note that as on 28th February, 2022, the outstanding debt of MTNL is Rs.26,538 crore. During the sitting, CMD, BSNL & MTNL, categorically informed the Committee that MTNL is not a sustainable company unless and until a very big intervention is brought in to address it. He has expressed the view that if the outstanding debt of MTNL can be parked outside, all issues can be addressed. MTNL in its present state is not sustainable at all, however closing down of MTNL will

have huge impact on public sector banks. He has suggested that one possible way out and the pragmatic course of action can be that the debt and asset should be carved out by creating a Special Purpose Vehicle (SPV) and the operation should be merged with the BSNL. He also informed that BSNL will also gain because of this. The Committee have also been informed that efforts should be in the direction of building synergies between BSNL and MTNL and a lot of synergy has already been created between the two entities where equipment, codes etc. are being shared.

The Committee are fully aware of the difficult situation MTNL is in. The Committee are of the strong view that there has always been a drifting on the issue as far as MTNL is concerned and there is a need to take urgent decision on future of MTNL. The Committee feel that the continuance of MTNL in the present condition with business as usual will be only at the cost of tax payers' money and this should be stopped at the earliest. The Committee recommend that the Department should consider various options including carving out the debt and assets like in Air India and merging operations with BSNL as suggested by CMD, BSNL & MTNL and come out with some viable proposal regarding future of MTNL. The Committee are also conscious of the fact that any decision on closing MTNL would have a negative impact on the public sector banks.

Capital Infusion for BSNL

12. The Committee note that an amount of Rs.44720 crore has been allocated at BE 2022-23 for implementation of various revival measures during 2022-23. The Committee have been informed that an amount of Rs.23,270 crore (inclusive of GST) is allotted for cost of 4G spectrum in the financial year 2022-23. The Department have informed the Committee that in line with the 'AtmaNirbhar Bharat' initiatives of the Government of India, BSNL had invited Expression of Interest (Eoi) on 1st January, 2021. Eoi has been issued to five bidders namely M/s HFCL, M/s L&T, M/s Tech Mahindra, M/s TCS and M/s ITI. Only M/s TCS and M/s ITI have deployed their equipment for testing under

Proof of Concept (PoC) as part of EoI. The Committee have been informed that the testing of the offered equipment is in progress and PoC would be completed by March. Thereafter, the commercial roll out is expected in about six months to one year. The Committee have also been informed that the Government while approving the revival package has also given incentive for 5G related investment and 4G equipment which is in the final proof of concept is also 5G enabled.

The Committee are of the view that rolling out of 4G services by BSNL will greatly help the BSNL not only in strengthening its foothold in the telecom sector in the country but also in increasing its revenue earning. It is unfortunate to note that BSNL has already missed the bus in launching 4G services and has suffered in terms of capability to provide good wireless broadband services and increase its revenue. The Committee are also constrained to observe that BSNL is not permitted to get equipment from private or foreign companies whereas private telecom service providers have been permitted to do so. Thus BSNL has been denied a level-playing field when compared with the private operators. The Committee strongly recommend that Proof of Concept should be completed as per schedule *i.e.* by March, 2022 and all necessary measures are taken by the Department for successful roll out of 4G services by BSNL in about sixth month to one year as informed to the Committee. Any delay in this will only damage the prospects of the company further in its struggle for survival and thriving in the industry. The Committee also recommend that BSNL should also be allocated 5G spectrum in all the bands so that BSNL can roll out 5G services along with private telecom service providers. It is essential that BSNL is provided with a level playing field in rolling out of 5G services and purchase of equipment like private telecom service providers. The Committee desire that earnest efforts will be made in this regard and hope that the Department will fulfill the assurance given to the Committee during the evidence in letter and spirit.

Indian Telephone Industries (ITI) Limited

13. The Committee note that the total income of ITI during 2019-20 was Rs.2243 crore and the net profit was Rs.147 crore which include Government grant of Rs.85.40 crore. During 2020-21, the total income was Rs.2523 crore and the net profit was Rs.11 crore. During 2021-22 as on 30th September, 2021, the total net loss was Rs.144 crore. The Department have cited shortage of working capital, logistic constraints due to Covid-19 pandemic, etc. as the main reasons for the net loss of ITI during 2021-22. ITI is, however, hopeful to achieve the revenue targets by the end of financial year 2021-22 and best efforts are being made to execute the available orders to maximum extent. Further, in-house manufactured products are being utilized for project requirements giving them additional revenue. The Committee have also been informed that ITI undertook two projects; MahaNet and GujNet. While GujNet has been completed contributing to profit of ITI, MahaNet profit margin has been less and not booked. However, company is still under profit mode. With regard to capital expenditure, the Committee note that an amount of Rs.80 crore has been allocated at BE 2021-22, which was reduced to 'Nil' at RE. The Department have now informed the Committee that Rs. 70 crore has been approved by the competent authority on 3rd March, 2022 for release to ITI. For the year 2022-23, against the proposed amount of Rs.400 crore an amount of Rs.200 crore only has been allocated at BE 2022-23.

The Committee are of the view that a telecom PSU like ITI Ltd. can play a pivotal role in the promotion of domestic telecom equipment manufacturing of the country. Considering that of late the Government is giving lot of importance and thrust to indigenous manufacturing of hardware and electronics products including telecom equipment, the Department need to sustain the momentum in turnaround of the company and ITI need to be given all out support so that they can play a crucial role in domestic manufacturing of telecom equipment in the country. The Committee recommend ITI should be provided with adequate capital allocation so that it can not only increase its

manufacturing capabilities but will also be able to equip itself with latest state of the art technologies and manufacture latest products including 5G equipment. The Committee find it unfortunate that the approval for capital expenditure of Rs.70 crore during 2021-22 was accorded by the competent authority only on 3rd March, 2022. During 2022-23 also, an amount of Rs.200 crore only has been allocated at BE 2022-23 against the proposed amount of Rs.400 crore. This will certainly affect the project execution capacity of the company, unless it is possible to monetize some of the assets of the company to augment its resources. The Committee hope that the Department will extend all possible help and ITI will be able to achieve optimum utilization of funds allocated. Consistent efforts should continue to be made to help the company achieve complete turnaround and increase the revenue earnings in the coming years, with due regard to market viability in a complex telecom environment.

ITI Srinagar Unit

14. The Committee have been informed that numerous activities are planned for ITI Unit of Srinagar which include setting up of PLB HDPE duct manufacturing plant to supply for BharatNet project of J&K, etc. The Committee have been informed that this will help in enhancing the revenue of Srinagar Unit. The Committee note that the J&K Pollution Control Board has visited the site of Srinagar Plant and approval from J&K Government for setting up of PLB HDPE manufacturing plant is awaited. The Department have also informed the Committee that the Telecom Commission (now (DCC) in its meeting held on 31st August, 2018 had directed for closure of ITI Srinagar Unit. But since ITI has expressed interest in continuing the Srinagar Unit, ITI has been asked to submit a detailed proposal for consideration and approval of DCC. The Committee desire that the Department may take up the matter with J&K Government with utmost sincerity and they may be requested to give their approval for setting up of PLB HDPE manufacturing plant. The Committee further recommend that detailed proposal for ITI Srinagar Unit may

be prepared by ITI and submitted to DCC for consideration and approval by suitably projecting their future roadmap for the Unit.

New Delhi;
16 March, 2022
25 Phalgun, 1943 (Saka)

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

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

MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 24th February, 2022 from 1130 hours to 1330 hours in Committee Room No. 2, Extension to Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor - Chairperson

MEMBERS

Lok Sabha

2. Smt. Raksha Nikhil Khadse
3. Shri P.R. Natarajan
4. Col. Rajyavardhan Singh Rathore
5. Shri Sanjay Seth

Rajya Sabha

6. Dr. Anil Agrawal
7. Shri John Brittas
8. Shri Syed Nasir Hussain
9. Shri Syed Zafar Islam
10. Shri Jawhar Sircar

Secretariat

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

List of Witnesses

Ministry of Communications (Department of Telecommunications)

Sl. No.	Name of the Officer	Designation
1.	Shri K. Rajaraman	Secretary (T) & Chairman DCC
2.	Shri Dilip Padhye	Member (F) DCC
3.	Shri A.K. Tiwari	Member (T) DCC
4.	Shri Gin Khan Chin	Advisor (F), DoT
5.	Shri V.L. Kantha Rao	Addl. Secretary (T), DoT
6.	Shri Hari Ranjan Rao	Administrator, USOF
7.	Shri P. K. Purwar	CMD, BSNL & MTNL
8.	Shri Sarvesh Singh	CMD, BBNL
9.	Dr. Raj Kumar Upadhaya	Executive Director, C-DOT
10.	Shri Mahendra Srivastava	Pr. Advisor (QoS), TRAI

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to take evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on Demands for Grants (2022-23) of the Department of Telecommunications.

(The representatives of DoT were then called in)

3. After the welcome address by the Chairperson, the representatives of the Ministry of Communications (Department of Telecommunications) made a power-point presentation covering aspects such as functions and responsibilities of the Department, market share of telecom service providers, DoT Budget at a glance covering Revenue and Capital expenditure during 2020-21, 2021-22 and BE 2022-23, collection of non-tax revenue during 2020-21 and 2021-22 and targets for 2022-23, etc. The presentation also included the performance of flagship schemes

of the Department *viz.* major schemes under USOF such as BharatNet, Comprehensive Telecom Development Plan for NER Islands, LWE and other uncovered villages schemes, mobile services in 7287 villages in Aspirational Districts, Submarine Cable connectivity in Islands. The Committee were informed that next phase of BharatNet plans to provide connectivity to over 6 lakh villages through various models. The Department also highlighted the present status of implementation of important schemes like Network for Spectrum for Defence Services, PLI scheme for telecom and networking products, revival measures for BSNL and MTNL, BharatNet Broadband Network Limited (BBNL), ITI Limited, Telecommunications Consultants India Ltd., performance of Telecommunications Engineering Centre, Centre for Development of Telematics, National Institute of Communications Finance, etc.

4. Thereafter, Members sought clarifications on issues such as the present status of implementation of Revival Plan of BSNL and MTNL including status of roll out of 4G spectrum by BSNL, implementation of VRS scheme, declining market share of BSNL/MTNL, vacancy of posts in BSNL, level playing field for BSNL vis-à-vis private players in procurement of equipment, financial position of BSNL and MTNL, monetization of assets of two companies, etc. The Committee also discussed the performance of ITI Ltd., measures required to salvage MTNL, progress of implementation of BharatNet, etc. The representatives of the Department replied to the queries raised by the Members.

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

[The witnesses then withdrew]

Verbatim proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

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

MINUTES OF THE FIFTEENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 16th March, 2022 from 0930 hours to 1050 hours in Committee Room B, Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor -Chairperson

MEMBERS

Lok Sabha

2. Shri Santosh Pandey
3. Ms. Mahua Moitra
4. Shri P. R. Natarajan
5. Col . Rajyavardhan Singh Rathore
6. Ms. Locket Chatterjee
7. Shri Karti P. Chidambaram
8. Smt. Sunita Duggal
9. Dr. Sukanta Majumdar
10. Shri Parvesh Sahib Singh

Rajya Sabha

11. Shri Y. S. Chowdary
12. Shri Syed Nasir Hussain
13. Shri Syed Zafar Islam
14. Dr. Anil Aggarwal
15. Shri John Brittas
16. Shri Suresh Gopi

Secretariat

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

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt Draft Reports on Demands for Grants (2022-23) relating to the Ministries/Departments under their jurisdiction.

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

(i) Draft Report on Demands for Grants (2022-23) of the Ministry of Communications (Department of Telecommunications);

(ii) ...xxx...xxx... xxx... xxx... xxx... xxx... xxx... xxx... xxx... xxx... xxx...;

(iii) ...xxx...xxx... xxx... xxx... xxx... xxx... xxx... xxx... xxx... xxx... xxx...; and

(iv) ...xxx...xxx... xxx... xxx... xxx... xxx... xxx... xxx... xxx... xxx... xxx...

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

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

The Committee, then, adjourned.

...xxx...Matters not related to the Report.