

44

**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2006-2007)**

FOURTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS AND
INFORMATION TECHNOLOGY
(DEPARTMENT OF TELECOMMUNICATIONS)**

**DEMANDS FOR GRANTS
(2007-2008)**

FORTY-FOURTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2007/Vaisakha, 1929 (Saka)

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(DEPARTMENT OF TELECOMMUNICATIONS)

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Presented to Lok Sabha on 27.4.2007

Laid in Rajya Sabha on 27.4.2007



LOK SABHA SECRETARIAT
NEW DELHI

April, 2007/Vaisakha, 1929 (Saka)

C.I.T. No. 166

Price : Rs. 98.00

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eleventh Edition) and printed by Jainco Art India, New Delhi-110 005.

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COMPOSITION OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2006-2007)

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Smt. Jayaprada
6. Shri Bhubaneshwar Prasad Mehta
7. Shri Harish Nagpal
8. Shri G. Nizamuddin
9. Shri Sohan Potai
10. Shri Lalmani Prasad
11. Kunwar Jitin Prasad
12. Shri Vishnu Deo Sai
13. Shri Tufani Saroj
14. Shri Tathagat Satpathy
15. Shri K.V. Thangkabalu
16. Shri P.C. Thomas
17. Shri Kinjarapu Yerrannaidu
- *18. Smt. Rubab Sayeda
- **19. Shri Narahari Mahato
- #20. Shri Badiga Ramakrishna
21. Vacant

* Nominated *w.e.f.* 25th September, 2006 in place of Shri Rajnarayna Budholiya, MP (L.S.)

** Nominated *w.e.f.* 28th November, 2006.

Nominated *w.e.f.* 23rd February, 2007.

Rajya Sabha

- ##22. Vacant
23. Shri Praveen Rashtrapal
24. Shri Ravi Shankar Prasad
25. Shri Dara Singh
26. Shri A. Vijayaraghavan
27. Shri N.R. Govindraj
28. Shri Motiur Rahman
29. Shri Eknath K. Thakur
30. Shri Shyam Benegal
31. Shri Rajeev Chandrasekhar

SECRETARIAT

1. Shri Rajagopalan M. Nair — *Additional Secretary*
2. Shri P. Sreedharan — *Joint Secretary*
3. Shri Cyril John — *Deputy Secretary*
4. Shri D.R. Mohanty — *Executive Officer*

##Vacated dated 15th December, 2006.

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2006-07) having been authorised by the Committee to submit the Report on their behalf, present this Forty Fourth Report on Demands for Grants (2007-2008) relating to the Ministry of communications and Information Technology (Department of Telecommunications).

2. The Standing Committee on Information Technology (2006-2007) was reconstituted on 5 August, 2006. One of the functions of the Standing Committee, as laid down in Rule 331 E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider Demands for Grants of the concerned Ministry/Department and make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Telecommunications) for the current year *i.e.*, 2007-2008, which were laid on the Table of the House on 19th March, 2007. The Committee took evidence of the representatives of the Ministry of Communications and Information Technology (Department of Telecommunications) on 2nd April, 2007.

4. The Report was considered and adopted by the Committee at their sitting held on 20th April, 2007.

5. The Committee wish to express their thanks to the Officers of the Department of Telecommunications for appearing before the Committee and for furnishing the information, that the Committee desired in connection with the examination of the Subject.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Part-II of the Report.

NEW DELHI;
25 April, 2007

5 Vaisakha, 1929 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

(v)

REPORT

I. Introductory

The Department of Telecommunications (DoT), which form a part of the Ministry of Communications and information Technology, remain responsible for policy formulation, licensing, wireless spectrum management, universal service obligation and the administration of various Acts pertaining to telecommunication. The plan of telecom expansion by the Department is mainly carried out through its Public Sector Undertakings (PSUs) i.e. Bharat Sanchar Nigam Limited (BSNL), Mahanagar Telephone Nigam Limited (MTNL), Indian Telephone Industries (ITI) Limited and Telecommunication Consultant India Limited (TCIL). The Internal and Extra Budgetary Resources (IEBR) of the PSUs fund the development and expansion of telecommunication activities.

2. The gross budgetary support in the Budget Estimate 2007-2008 of the Department is towards the outlays of Wireless Planning and Coordination (WPC), Wireless Monitoring Organisation (WMO), Telecom Engineering Centre (TEC), Telecom Regulatory Authority of India (TRAI), Telecom Dispute Settlement and appellate Tribunal (TDSAT), Centre for Development of Telematics (C-DOT), Indian Telephone Industries (ITI) Limited and the four departmental projects i.e. Setting up of Telecom testing and Security Certification Centre (TETC), Technical Assistance, Undersea Cabling between Mainland and Andaman & Nicobar (UM & AN) and OFC based network for Defence Services which were initiated during the year 2006-2007 pension and other retirement benefits and the Secretariat expenses. Besides, budgetary support is also provided for executing the Universal Service Support Policy (USSP) of the Department through the Universal Service Obligation Fund (USOF).

3. In this Report, the Committee have made an effort to assess the financial and physical performance of the various units of DoT i.e. TEC, WPC, WMO, TRAI, TDSAT, C-DOT, BSNL, MTNL and ITI during the financial year 2006-2007 as well as the entire Tenth Plan period. The Committee have also tried to gauge the preparedness of all these units of DOT to take up the challenges of the Eleventh Plan period. A special effort has been made to review the expansion of telecom services including Boradband in the rural and remote areas, especially

the North-Eastern Region and Tribal Sub-Plan (TSP) areas, and the support from USOF towards that end. Besides, the Committee have broached upon certain other important issues like release of spectrum from Defence, Access Deficit Charges (ADC), Consumer protection measures, quality of services, Ombudsman for telecom subscribers etc.

II. Implementation status of the Observations/Recommendations of the Committee contained in their Thirtieth Report (Fourteenth Lok Sabha) on Demands for Grants (2006-2007) of the Department of Telecommunications.

4. The Committee presented their Thirtieth Report (Fourteenth Lok Sabha) on Demands for Grants (2006-2007) of the DoT on 2nd August, 2006. The Report contained observations/recommendations. Out of that 23 Observations/Recommendations (Paragraph Nos. 1-4, 6-8, 10-15, 17, 19-20, 22-25, 27, 29 & 30) were accepted by the Government. The Committee did not desire to pursue one recommendation (Paragraph No. 9) as the reply given by the Government was satisfactory. The replies of the Government in respect of 5 recommendations (Paragraph Nos. 5, 16, 18, 21 & 26) were not accepted by the Committee and they reiterated these recommendations in their Fortieth Report (Fourteenth Lok Sabha). The Committee had also given their comments on 1 recommendation (Paragraph No. 30). Replies of the Government to 5 recommendations (Paragraph Nos. 28 & 31-34) were of interim nature.

III. DoT Budget

5. The Plan and Non-Plan provision made in the Revenue and the Capital Section of the DoT Budget for the year 2007-2008 is as under:—

Demand No. 14			
(Rs. in crores)			
	Plan	Non-Plan	Total
Revenue Section			
Voted	145.00	5300.00	5445.00
Charged	—	—	—
Capital Section			
Voted	195.00	—	195.00
Charged	—	—	—
Grand Total (Revenue + Capital)	340.00	5300.00	5640.00

The detailed Revenue and Capital Budget showing Plan and Non-Plan Budgetary Support for 2007-2008 (BE) *vis-à-vis* that of 2006-2007 (RE) is as under:—

Revenue Section		(Rs. in crores)					
MH	Particulars	RE 2006-2007			BE 2007-2008		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total
1	2	3	4	5	6	7	8
3451	Secretariat	0.00	5.62	5.62	0.00	6.10	6.10
	Directorate	0.00	64.97	64.97	0.00	78.34	78.34
	Telecom Engineering Centre	0.00	8.55	8.55	0.00	8.80	8.80
	Petty Works-TEC	1.00	0.00	1.00	0.25	0.00	0.25
	C-DOT	68.00	0.00	68.00	116.10	0.00	116.10
	Maintenance	0.00	0.35	0.35	0.00	0.32	0.32
	Amenities to Staff	0.00	0.63	0.63	0.00	0.68	0.68
	Stationary & Printing	0.00	0.30	0.30	0.00	0.31	0.31
	Audit Charges	0.00	0.43	0.43	0.00	0.43	0.43
	Administrator, USO Fund	0.00	1.74	1.74	0.00	1.87	1.87
	Telecom Testing & Securities Certifn	5.00	0.00	5.00	6.00	0.00	6.00
	Vigilance Telecom Monitoring	0.00	0.00	0.00	0.00	7.59	7.59
	Total-3451	74.00	82.59	156.59	122.35	104.44	226.79
2071	Pension and other Retirement Benefits	0.00	1395.00	1395.00	0.00	1540.00	1540.00
2852	Interest Subsidy to ITI	0.00	0.00	0.00	0.00	0.00	0.00
	Write off of loans to ITI Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
	Waiver of penal interest-ITI Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
	Total-2852	0.00	0.00	0.00	0.00	0.00	0.00
3275	Wireless Planning Co-ordination	6.00	1.83	7.83	0.40	2.18	2.58
	Wireless Monitoring Organisation	0.00	11.39	11.39	2.75	12.58	15.33
	ITU, Geneva	0.00	6.00	6.00	0.00	6.00	6.00
	APT, Bangkok	0.00	1.63	1.63	0.00	1.70	1.70
	CTO, London	0.00	0.48	0.48	0.00	0.48	0.48
	Compensation to ITI	0.00	7.61	7.61	0.00	6.08	6.08
	TRAI	2.00	17.11	19.11	3.00	21.69	24.69
	TDSAT	1.00	4.15	5.15	1.25	4.85	6.10

1	2	3	4	5	6	7	8
	Re-imbursement to BSNL	0.00	0.00	0.00	0.00	0.00	0.00
	Transfer to USO Fund	0.00	1500.00	1500.00	0.00	1800.00	1800.00
	Compensation to Service providers	0.00	1500.00	1500.00	0.00	1800.00	1800.00
	Technical Assistance	1.00	0.00	1.00	0.00	0.00	2.00
	Total-3275	10.00	3050.20	3060.20	9.40	3655.56	3664.96
2552	North-East Region	14.30	0.00	14.30	13.25	0.00	13.25
	Total-Revenue Section	98.30	4527.79	4626.09	145.00	5300.00	5445.00
	Capital section						
4552	North-East Region	0.60	0.00	0.60	20.75	0.00	20.75
4859	Investment in ITI Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
6859	Loans to ITI Ltd.	0.00	25.00	25.00	1.00	0.00	1.00
5275	Telecom Engineering Centre	0.00	0.00	0.00	18.00	0.00	18.00
	Wireless Planning Co-ordination	0.00	0.00	0.00	10.00	0.00	10.00
	Wireless Monitoring Services	0.00	0.00	0.00	10.25	0.00	10.25
	Network for Defence Services	50.00	0.00	50.00	134.00	0.00	134.00
	Undersea Cabling	1.00	0.00	1.00	1.00	0.00	1.00
	Total-Capital Section	51.60	25.00	76.60	195.00	0.00	195.00
	Total-Telecom Services	149.90	4552.79	4702.69	340.00	5300.00	5640.00

Note: Provision under "Directorate" in RE 2006-2007 includes Rs. 0.04 crore of charged expenditure.

6. The approval Plan Outlay of the Telecom Sector including its PSUs was Rs. 19509.31 crore in 2006-2007 with budgetary support of Rs. 218.61 crore (including Rs. 5 crore to be operated in the Demands of the Ministry of urban Development). In 2006-2007 Revised Estimates, the Plan Outlay was reduced to Rs. 17468.22 crore (including budgetary support of Rs. 149.90 crore and Rs. 4.62 crore for civil works of WMO).

7. The approved Plan Outlay of the Telecom Sector for the year 2007-2008 is Rs. 25561.97 crore including budgetary support of Rs. 340.00 crore (including Rs. 34 crore earmarked for North-East Region).

8. The statement of Plan Outlay of the Telecom Sector for the year 2007-2008 (BE) is as under:—

Sl.No.	Scheme/ Programme	Annual Plan 2006-2007 (BE)		Outlay earmarked for North East Region 2006-07 (BE)	Annual Plan 2006-2007 (RE)		Outlay earmarked for North East Region 2006-07 (RE)	Annual Plan 2007-2008 (BE)		Outlay earmarked for North East Region 2007-08 (BE)			
		GBS	IEBR		GBS	IEBR		GBS	IEBR				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
				Total (3+4)	Total (7+8)	Total (11+12)							
1.	BSNL	0.00	16931.00	16931.00	0.00	15349.00	15349.00	0.00	22881.00	22881.00			
2.	MTNL	0.00	2298.00	2298.00	0.00	1903.00	1903.00	0.00	2309.00	2309.00			
3.	ITI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00		
4.	WMO	9.00	0.00	9.00	1.00	0.00	0.00	0.00	15.00	0.00	15.00	2.00	
5.	WPC	15.61	0.00	15.61	2.00	6.30	6.30	0.30	11.40	0.00	11.40	1.00	
6.	TRAI	3.25	0.00	3.25		2.00	2.00		3.00	0.00	3.00		
7.	TDSAT	0.75	0.00	0.75		1.00	1.00		1.25	0.00	1.25		

1	2	3	4	5	6	7	8	9	10	11	12	13	14
8.	TEC	1.00	0.00	1.00	1.00	1.00	0.00	1.00	20.25	0.00	20.25	2.00	
9.	C-DOT	82.00	61.70	143.70	16.00	82.00	61.70	43.70	14.00	129.10	31.97	161.07	13.00
10.	UMA&N	1.00	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	1.00	
11.	TETC	5.00	0.00	5.00	5.00	5.00	0.00	5.00	6.00	6.00	0.00	6.00	
12.	TAT	1.00	0.00	1.00	1.00	1.00	0.00	1.00	2.00	2.00	0.00	2.00	
13.	DS	100.00	0.00	100.00	2.86	50.60	0.00	50.60	0.60	150	0.00	150	16.00
	Total	218.61	19290.70	19509.31	21.86	149.90*	17313.7	17463.60	14.90	340.00	25221.97	25561.97	34.00

*Excluding budgetary support for civil work of WMO operated in the Grants of Ministry of Urban Development.
Rs. 150 crore for establishing OFC based Network for Defence Services for release of 45 MHz spectrum. This amount may be expanded based on actual expenditure which will be assessed against RE stage.

9. Making a comparison of the 2006-2007 BE outlay with that of the RE provision, the Committee desired to be apprised of the reasons for the reduction of the Plan Outlay by more than Rs. 2000 crore at the 2006-2007 RE stage and the Projects/Schemes that suffered as a result of such reduction. In reply, it was stated that reduction in the Plan Outlay was primarily on account of the revision of plan size by BSNL and MTNL. After the mid plan review for the year 2006-2007, BSNL revised its physical target of DELs from 100 lakh to 80 lakh depending upon the market conditions. Similarly, MTNL reduced its plan outlay for switching and access lines. However, there has been no revision of physical targets by MTNL. It was further stated that no Projects/Schemes suffered as a result of such reduction.

10. Asked to state the reasons for enhancement of the 2007-2008 Plan Outlay by Rs. 8093.75 crore *vis-à-vis* the 2006-2007 RE Plan Outlay, it was replied that the reason for enhancement of the Plan Outlay for 2007-2008 was mainly due to increase in the physical targets of BSNL & MTNL.

11. In response to another query in this regard, it was stated that the budgetary support of Rs. 340 crore as projected in BE 2007-2008 would be sufficient for carrying out *inter-alia* activities like setting up of Telecom Testing and Security Certification Centre (TETC), Telecom Assistance, Undersea cabling and OFC based network for Defence services. It was further stated that any enhancement if required would be projected at the RE stage.

12. As regards other important activities that are projected to be covered under the 2007-2008 budgetary support, the Committee were informed that setting up of a 'Centre for communication security Research and Monitoring' and a 'Next Generation Network (NGN) Test Lab' were two other important activities, besides the four schemes mentioned above, to be accomplished during 2007-2008.

IV. Thrust Areas

The thrust areas identified by the Department were stated to be as follows.

Network Expansion

- Provision of 250 million connections by 2007 and 500 million connection by 2010 (575 million by 2012).
- Provision of mobile coverage of 85% geographical area by 2007.

- 45 MHz of additional spectrum from Defence to be made available for the growth of mobile services.

Rural Telephony

- One telephone per three households by 2007 (about 50 million rural connections) and one phone per two rural household by 2010 (about 80 million rural connections).
- Mobile access to all villages with population of more than 1000 by 2007.

Broadband

- Broadband coverage for all Secondary And Higher Secondary Schools by 2007.
- Broadband coverage for all Public Health Care Centres by 2007.
- Broadband coverage for all Gram Panchayats by 2010.

Manufacturing & R&D

- Making India a hub for telecom manufacturing by facilitating more and more telecom Specific SEZs.
- Providing platform for export promotion of telephone equipment and services by setting up Export Promotion Council.

(i) Rural Telephony & Teledensity

13. The Committee were informed that during the first nine months of the 2006-2007 fiscal i.e. April to December, 2006, the telecom sector exhibited a much higher growth as compared to the corresponding period of the proceeding year. The net addition in phones was reported to be 478.29 lakh during April-December, 2006 as against 274.16 lakh in the corresponding nine months of 2005-2006. The total number of phones, as on 31st December, 2006, stood at 1899.21 lakh. The teledensity increased from 11.32 per 100 population as on December, 2005 to 16.83 as on December, 2006.

14. In this context, the Committee desired to be apprised of the circle-wise detailed break-up of the urban-rural teledensity, as on

31st December, 2006. The following statement was furnished to the Committee to that effect:—

**Telephone per 100 Population-Urban/Rural Teledensity
as on 31st March & 31st December, 2006.**

Sl.No.	Circles/States	Tele-Density					
		Overall		Urban		Rural	
		March 2006	Dec., 2006	March 2006	Dec., 2006	March 2006	Dec., 2006
1	2	3	4	5	6	7	8
1.	Andman & Nicobar	17.97	16.50	34.20	34.10	8.80	6.39
2.	Andhra Pradesh	13.45	18.38	43.22	61.64	2.34	2.24
3.	Assam	5.67	7.83	37.03	51.84	0.73	0.81
4.	Bihar	5.34	6.62	45.15	57.64	0.66	0.62
5.	Chhattisgarh	2.09	2.85	7.84	11.11	0.51	0.55
6.	Gujarat	16.98	22.78	39.51	54.44	2.69	2.52
7.	Haryana	14.47	20.60	39.33	58.44	3.10	2.99
8.	Himachal Pradesh	18.78	25.03	118.14	177.86	7.25	7.12
9.	Jammu & Kashmir	12.18	13.42	44.49	48.58	0.85	0.98
10.	Jharkhand	2.99	3.19	11.18	12.03	0.58	0.57
11.	Karnataka	17.06	23.28	43.17	60.47	2.63	2.52
12.	Kerala	25.54	31.73	68.40	91.69	10.65	10.95
13.	Madhya Pradesh	7.12	11.34	23.90	38.92	0.79	0.88
14.	Maharashtra	13.10	17.41	34.45	47.42	2.80	2.78
15.	North East-I	8.11	13.20	30.45	51.72	1.29	1.34
16.	North-East-II	5.21	6.49	19.80	25.49	1.26	1.33
17.	Orissa	7.57	8.59	41.65	47.66	1.16	1.16
18.	Punjab	27.61	34.93	63.57	82.54	5.29	4.92
19.	Rajasthan	9.65	13.51	35.43	51.74	1.67	1.64
20.	Tamil Nadu	14.70	20.34	29.99	41.83	2.99	3.35

1	2	3	4	5	6	7	8
21.	Uttaranchal	7.46	8.54	22.72	26.42	1.84	1.89
22.	Uttar Pradesh-(E&W)	6.87	9.83	30.09	43.80	0.55	0.55
23.	West Bengal	5.53	7.71	33.04	48.87	1.13	1.15
24.	Kolkata	33.70	42.72	33.70	42.72	0.00	0.00
25.	Chennai	61.08	77.73	60.08	76.69	0.00	0.00
26.	Delhi	65.40	82.63	65.40	82.63	0.00	0.00
27.	Mumbai	56.73	63.91	56.73	63.91	0.00	0.00
	All-India	12.74	16.83	39.45	53.34	1.86	1.86

*Including Public DELs, Pvt. Dels, CMPs and WLL (Fixed & Mobile).

15. A perusal of the above statement revealed that as on 31st December, 2006, the overall teledensity, including Public and Private Direct Exchange Lines (DELs), Cellular Mobile Phones (CMPs) and Wireless in Local Loop (WLL) , of the country stood at 16.83 per 100 population, the urban-rural break-up being 53.34 and 1.86 respectively.

16. In the above context, the Committee asked about the specific reasons for rural telephony falling way behind the impressive growth in the urban connectivity. In reply, it was stated that the contributing factors for rural telephony falling way behind the growth in the urban connectivity were as under:—

- (i) Higher economic and literacy status as well as easier availability of supporting infrastructure in the urban areas as compared to rural areas.
- (ii) The private sector telecom service providers are generally focusing more on urban areas because of higher revenue per line in urban areas as compared to that in rural areas.
(As per license conditions of private telephone service providers, there are no condition of making investment in providing telephone connection in the villages.)

17. Asked to indicate the plans chalked out by the Department to ensure noticeable penetration of telecommunication services in the rural and remote areas, thereby bridging the urban rural divide, it was

replied that the following plans were being chalked out in that direction:—

- (i) As of now, more than 90% of villages in the country have been provided telephone facilities. Universal Service Obligation Fund (USOF) entered into an agreement with Bharat Sanchar Nigam Limited (BSNL) in November, 2004 for provision of Village Public Telephones (VPTs) in remaining 66,822 unconnected villages in the country by November, 2007. This excludes villages having population less than 100, lying in thick forest areas/naxalite infested areas etc.
- (ii) Provision of Rural Community Phones (RCPs) in villages with population more than 2000 and where there are no Public Call Offices (PCOs)
- (iii) Replacement of 1,86,872 Multi Access Radio Relay (MARR) VPTs.
- (iv) Provision of Rural Individual Phone Connections (RDELs) on demand in 1,685 commercially unviable Short Distance Charging Areas (SDCAs).
- (v) Government is in the process of taking necessary action to provide support for provision of infrastructure for mobile services including Wireless Access Services like Wireless in Local Loop (WLL) using Fixed/Mobile Terminals in rural and remote areas of the country. The infrastructure shall be created in those specified areas where there is no existing fixed wireless or mobile coverage. A total of 7,871 towers will be set up in rural and remote areas of the country in 500 districts spread over 27 States. The Notice for inviting tenders (NIT) for this scheme has been issued on 18th January 2007 and has been placed on DoT website for inviting bids from the stakeholders. The bids have been received and evaluated.

(ii) Bharat Nirman Programme

18. The Committee were informed that initially the emphasis was on provision of access to public telephones through installation of Village Public Telephones (VPTs), Rural Community Phones (RCPs) and replacement of MARR telephones. The VPT component is covered under the flagship 'Bharat Nirman Programme' of the Government of India. Nearly 5.42 lakh VPTs have already been receiving support

towards operation and maintenance covering more than 90 percent of the villages with VPTs. For the remaining uncovered eligible 66822 villages, agreements have been signed with BSNL to provide VPTs in a phased manner by November, 2007. As on 31st January, 2007, BSNL has been able to provide 39,741 VPTs.

19. In this context, the Committee asked whether BSNL would be able to provide the remaining 27,801 VPTs by November, 2007 and the preparedness of the Company in this regard. In reply, it was stated that a close watch was being kept on the timely implementation of provision of VPTs in remaining 27081 villages as on 31st January 2007 under the Bharat Nirman Programme. Some of the VPTs, which were initially proposed to be provided on Digital Satellite Phone Terminals (DSPTs), are also being provided through the Wireless coverage now available in these villages on account of network expansion being carried out by BSNL. Regular meetings are also being held at the level of Secretary DoT with CMD BSNL and CMD ITI to review the implementation of Bharat Nirman Programme and to identify & resolve the issues involved. BSNL is being persuaded to accelerate the pace of provisioning of VPTs so as to complete the same by November 2007. As on February 2007, 41706 VPTs have been provided and the remaining 25116 VPTs are likely to be provided by, November, 2007.

20. It was further stated that the VPTs in remotely located uncovered villages in Orissa, NE-I, NE-II, Uttarakhand, J&K and Jharkhand were to be provided on digital Satellite Phone Terminals (DSPTs) using satellite technology. BSNL has already completed the process of procurement of the HUB equipments including antenna, switch etc. except the individual satellite terminals for the DSPT and the same are under installation at Sikandrabad Earth Station.

21. It was further stated that transponder allocation was initially given from INSAT 4C. However, because of its failure, the new allocation is yet to be received from ISRO. The present equipment including VSATs are being tested with limited bandwidth provided from INSAT 3B for testing purpose. Orders have also been placed by BSNL with ITI for procurement of additional BTS equipment to cater to the requirement of remaining areas.

(iii) Provision of RCPs

22. As regards provision of RCPs, the Committee were informed that agreements have been signed with BSNL and Reliance Infocom Limited on 30th September, 2004 for installation of 46,253 Rural Community Phones (RCPs) by 2007 in a phased manner in villages

with a population more than 2000. As on 31st December, 2006, 35,221 RCPs have been provided by both the companies, the break-up being 20602 by BSNL and 14620 by RIL.

23. In the above context, the Committee desired to be apprised of the likely date of provision of the remaining RCPs. The Committee also asked whether the private service provider had honoured its contractual obligations in the provision of RCPs. In reply, it was stated that the remaining RCPs were likely to be provided by September, 2007. It was further stated that agreements were signed with M/s RIL in September 2004 to provide 21459 Rural Community Phones (RCPs) in the country in villages with population exceeding 2,000 and without a public phone. The number of RCPs to be provided was subsequently revised to 21431. Out of these, 15690 RCPs have been provided by RIL as on 28th February 2007.

(iv) Replacement of MARR VPTs

24. As regards replacement of Multi Access Radio Relay (MARR) technology based VPTs, the Committee were informed that 1,86,872 MARR based VPTs were to be replaced by the end of 2007. Out of that 1,68,559 MARR VPTs have been replaced till 31st January, 2007. In this regard, the Committee asked about the replacement of the remaining MARR based VPTs and the Circles where such VPTs have been completely replaced. In reply, it was stated that agreements were signed with BSNL in September 2003 and March, 2004 to replaced 186872 number of VPTs which were earlier working on Multi Access Radio Relay (MARR) technology and installed before 01.04.2002 as most of these were non-functional. As on February 2007, 170332 MARR VPTs have been replaced by BSNL.

25. It was further stated that the remaining MARR VPTs were likely to be replaced by December, 2007. MARR based VPTs were stated to have completely been replaced in Andaman & Nicobar, Haryana, Kerala, Punjab, Tamil Nadu and Uttar Pradesh (West) Telecom Circles.

(v) Universal Service Obligation Fund (USOF)

26. The Committee were informed that the entire budgetary provision of Rs. 3581.44 crore towards USO activities allocated in the years 2002-2003 to 2005-2006 was utilized. A sum of Rs. 1500 crore was allocated for the 2006-2007 fiscal out of which Rs. 737.98 crore has been disbursed till December, 2006. Further, a provision of Rs. 1800 crore has been made in the budget proposals for 2007-2008 against an estimated requirement of Rs. 300 crore.

27. Asked to state the projections for the year 2006-2007 against which an amount of Rs. 1500 crore was allocated to the USOF, it was replied that the initial projections of funds during Budget Estimates for the financial year 2006-07 was Rs. 3500 crore taking into consideration an estimated expenditure of Rs. 1600 crore towards the shared infrastructure project for providing mobile services. It was later on revised to Rs. 1700 crore at the time of Revised Estimate 2006-2007. It was further stated that the full amount of Rs. 1500 crore was likely to be disbursed by the end of the 2006-2007 fiscal.

28. The Committee then asked about the reasons advanced by the Ministry of Finance for reducing the estimated requirement by Rs. 1200 crore during the 2007-2008 fiscal. In reply, it was stated that the Ministry of Finance agreed to provide additional amount as and when required.

29. As regards the year-wise contribution from service providers as US levy towards USOF since its inception i.e. April, 2002, the Committee were informed that Rs. 1653.61 crore in 2002-2003, Rs. 2143.22 crore in 2003-2004, Rs. 3457.73 crore in 2004-2005 and Rs. 3533.29 crore in 2005-2006 were collected as US levy from the service providers. such inflow into the USOF for the financial year 2006-2007 was anticipated at Rs. 3488 crore.

30. The Committee asked whether the funds available as US levy in the Consolidated fund of India has been timely released during each of the aforesaid years to enable the Department for carrying out the USO activities. In reply, it was stated that the funds as indicated hereunder have been timely released during each of the years to enable the Department for carrying out the USO activities:—

2002-03	—	300 crore
2003-04	—	200 crore
2004-05	—	1314.58 crore
2005-06	—	1766.85 crore
2006-07	—	1500 crore

31. The Committee then enquired whether the budgetary support of Rs. 1800 crore during 2007-2008 and the anticipated US levy collection of Rs. 3488 crore during 2006-2007 would be sufficient to enable the USOF to cover additional activities like provision of mobile services and rural broadband connectivity that have to commence during 2007-2008 pursuant to the amendment of the Indian Telegraph

rules, 1885 whereby subsidy support for provision of such services in rural areas has been proposed. In reply, it was stated that at the moment the budgetary support of Rs. 1800 crore allocated for the year 2007-2008 appeared to be sufficient and if found necessary Ministry of Finance would be approached to release additional amount.

32. In evidence, replying to a specific query in this regard, the Secretary, DoT submitted that informally the DoT had been assured by the Ministry of Finance that in case they required more than Rs. 1800 crore, that should be forthcoming.

33. The Committee asked whether the Department had already chalked out plans, implementation of which would require more than Rs. 1800 crore. In response, the Administrator, USOF replied that taking into consideration the activities in hand and those to be undertaken, the proposed Rs. 1800 crore might be utilized by the end of December, 2007.

34. The Secretary, DoT supplemented his colleague by stating as under:—

“As the work progress, we will assess the position and according to the existing position at that time we will make the request (for release of additional fund) if necessary”.

35. The Committee desired to be apprised of the exact progress made towards utilization of the earmarked amount for provision of mobile and broadband services in the rural and remote areas. In reply, the Administrator, USO Fund submitted that 81 clusters comprising 7871 locations had been identified where towers had to be installed. He further stated that bidding was already over in 80 out of the identified 81 clusters for setting up the infrastructure.

36. Asked to state whether any time schedule was prescribed to accomplish the job, the Administer, USO Fund submitted that the process involved setting up of BTS and antenna before which land and electric connection had to be obtained. He further stated that some of the identified locations were very difficult areas where signals were obstructed, making the task much more difficult. He summed up:—

“..... we have given eight months for completing 50 per cent of the work relating to equipment and four months for the remaining 50 per cent work”.

37. The Committee then enquired about the technology that the service providers would adopt for providing mobile services in the rural and remote areas. The Administrator, USO Fund replied that some of the services would be provided on Code Division Multiple Access (CDMA) technology and some on Global System for Mobile (GSM). In response to a related query in this regard, the Administrator, USO fund submitted that the difference in technology would not affect the quality of service provided.

38. The Committee then desired to know whether it was a conscious decision to install towers for provision of mobile telephones in rural and remote areas instead of establishing exchanges to provide landline services in such areas. The CMD, BSNL replied that earlier landline telephones were the means of providing telephone connections. But, that has changed and the existing phenomenon was that wireless system could be installed at less cost and time and it could cover a vast area even if there was a scattered domain. Moreover, installing the telephone exchanges physically proved to be very costly.

39. The Committee then enquired whether it would not be a better option to establish one Exchange which could cover many thickly populated villages instead of putting one tower for six to seven villages. The CMD, BSNL replied that they had not stopped establishing Telephone Exchanges. He added that a policy decision was taken to the effect that if 150 or 200 applications were submitted within a radius of five kilometers, then the concerned CGM could decide to open a new Telephone Exchange. The Secretary, DoT supplemented as follows:—

“If there is any such demand, we will be happy to provide with Telephone Exchanges”.

40. Asked to specifically indicate the plans of BSNL to cover all the villages, the CMD, BSNL replied that by December, 2008 all the villages with one thousand population would be covered. He, however, admitted that the bottlenecks, especially the tendering and procurement procedure, needed to be addressed timely.

(vi) Performance of the Private Service Providers in the provision of Rural Telephony

41. The Committee were informed that the share of private sector in the total telephones increased from 57 per cent as on 31st March, 2006 to 65 per cent as on 31st December, 2006. Of the 478.29 lakh telephones provided during the year 2006-2007, about 89 per cent *i.e.* 424.38 lakh telephones were provided by the private sector.

42. In the above context, the Committee desired to be apprised of the number of telephones provided by the Private service providers in the rural areas out of the 424.38 lakh telephones provided by them in 2006-2007. In reply, it was stated that urban and rural segregation of telephone subscribers was not being maintained by the private sector operators. It was however, further stated that in a recent meeting with the Department, the private sector operators agreed to provide the segregated figures *w.e.f.* March, 2007.

43. Asked to state categorically whether the Department was satisfied with the performance of the private service providers in the provision of rural telephony, it was replied that in the absence of segregated data on urban and rural telephone subscribers, it might not be feasible for the Department to make any comments on the performance of the private sector operators in the rural areas.

44. In response to another query regarding the measures taken by the Department to ensure private sectors' performance in the rural and remote areas, it was stated that the Government would examine the issue immediately on receipt of segregated data on urban and rural telephone subscribers.

(vii) Broadband

45. The year 2007 has been declared by the Government as the 'Year of the Broadband' and one of the thrust areas of the Department has been stated to be broadband coverage for all Secondary and Higher Secondary Schools by 2007 and Public Health Care Centres by 2010.

46. In the above context, the Committee desired to know the concrete action plan of the Department to realize the aforesaid ambitious targets. In reply it was stated that availability of broadband connectivity can contribute to development and growth in rural areas and improvement in the lives of the common man. In this background, the Broadband Policy was announced in October 2004. The policy prescribed a minimum speed of 256 kbps for broadband connections. The broadband connectivity was launched in January 2005. Presently about 2 million broadband connections are there in the country.

47. It was further stated that there was a need to provide extensive coverage rather than intensive coverage with comprehensive coverage at low cost in different terrain with combination of different technologies.

48. The Committee were then apprised that BSNL had already brought about 600 towns under broadband coverage and it was

planning to add another 900 towns by the end of year 2007. In respect of rural areas, connectivity of 512 kbps with ADSL 2 plus technology (on wire) will be provided from about 20,000 existing exchanges in rural areas having optical fibre connectivity. Community Service Centres (CSCs), secondary schools, banks, health centres, Panchayats and police station etc. can be provided with this connectivity in the vicinity of above mentioned 20,000 exchanges in rural areas. DoT will be subsidizing the infrastructure cost of broadband network through support from USO Fund to ensure that broadband services are available to users at affordable tariffs. DIT has also promised support of Rs. 170 crore for provision of ADSL2+connectivity from 20,000 rural exchanges for its CSC programme. Roll out of Broadband services in the remaining areas of the country will be done on wireless media with a minimum speed of 512 kbps. This coverage is proposed to be extended before the end of year 2007.

49. An Inter Ministerial Group (IMG) has been formed to work out the requirements of various user Departments/Ministries for planning the roll out of Broadband infrastructure in rural areas with support from Universal Service Obligation Fund (USOF). IMG has representation from Ministry of Health, Home, HRD, Panchayati Raj and of course Department of IT to indicate their scope of demand for their services. They are expected to indicate the same within a month's time. It is envisaged that USOF will float a tender for Broadband connectivity shortly. It was expected that 90% of the roll out of wireless broadband would be completed by end of 2007 and the complete roll out by March, 2008.

50. In evidence, the committee desired to be apprised of the exact number of broadband connections that were to be provided by BSNL, MTNL and the private sector. In reply, the representative of DoT stated that a target of 6.5 million broadband connections has been set by December, 2007 in addition to the existing 2.5 million connections in the country. Out of the intended 6.5 million connections, 4.5 million connections would be provided by BSNL, one million by MTNL and the remaining one million by all private operators.

51. Asked to state the exact geographical spread of the broadband connections by the end of 2007, the representative, DoT replied that 1800 towns were being planned to be covered by the end of 2007, out of which 800 towns had already been covered. Thus, 1000 additional towns were to be covered by December, 2007. In response to another specific query in this regard, the representative of DoT submitted:—

“By ‘town’ we mean the bigger towns having a population of about 50,000 or so”.

52. Expressing their concern, the Committee asked about the provision of broadband connectivity in rural and remote areas. In reply, the Secretary, DoT stated that the Department of Information Technology had decided to set up one lakh Community Service Centres (CSCs) where various Government programmes and schemes would be available as part of the e-governance programme. All these CSCs would be provided with broadband connectivity through 20,000 Rural Exchanges with Optical fibre lines. Giving the break-up, a representative of the DoT stated that out of the one lakh CSCs, about 20,000 CSCs would be covered under wireline and another 40,000 under wireless medium by December, 2007. He further stated that in addition to these CSCs, 1000 Block headquarters would be taken care of by BSNL straightway due to absence of any other operator there. Another 5000 Blocks in two phases would be taken care of by the Administrator, USOF.

53. Asked to state categorically whether the ambitious target of broadband connectivity would be achieved in the remaining eight/nine months of the 2007 calendar year 2007, the representative of the Department replied that with the plans as envisaged by BSNL, MTNL and other service providers, it seemed possible to reach the target.

V. Telecom Engineering Centre (TEC)

54. The Telecom Engineering Centre (TEC) is responsible for the standardization and development of generic requirement, interface requirements for Telecom Equipment services and products. It is also responsible for new telecom technology study, trials, evolution and induction in the network.

55. The Committee were informed that the plan allocation for TEC for the BE & RE 2006-2007 was Rs. 1 crore whereas the actual expenditure upto 31st December, 2006 was Rs. 5 lakh only. The Plan BE 2007-2008 provides for an amount of Rs. 20.25 crore which includes Rs. 2 crore earmarked for the North-East Region.

56. It was also observed from a statement furnished to the Committee that for the scheme 'Upgradation of TEC Intranet' an outlay of Rs. 7 lakh was provided in 2006-2007. But the outcome till 31st December, 2006 is nil. Similarly for procurement of PCs, Laptops etc. an amount of Rs. 17 lakh and for VOIP Test Bid an amount of Rs. 5 lakh were provided. But in both the cases, the outcome is also nil. For procurement of testing tools and accessories for CDMA, a provision of Rs. 71 lakh was made in the 2006-2007 Plan Budget. But till December, 2006, Rs. 2 lakh only has been utilised.

57. In the above context, the Committee desired to know the anticipated expenditure by TEC by the end of the 2006-2007 fiscal and the extent of shortfall, if any, in the utilization of the earmarked fund. In reply, it was stated that an amount of around Rs. 12.13 lakh was expected to be spent by the end of the fiscal 2006-2007, in addition to the already spent amount of Rs. 4.56 lakh.

58. The Committee then asked about the reasons for the dismal performance on the part of TEC in achieving the physical targets and thereby utilizing the earmarked amount. In reply, it was stated that the main reasons for the delay in execution of the projects were non-receipt of responsive offers against tender enquiries, delay in supplies of equipment against the purchase orders, delay in receipt of bills against the equipment supplied, delay in installation of the equipment, etc. However, all the project activities were stated to be in advance stages.

59. Detailed project-wise reasons for the delays were stated to be as under:—

- (i) Up gradation of TEC Intranet—Considering that no bid was received from the twelve purchasers of the document, the specifications were revised to elicit better response to smaller jobs rather than on a single turnkey project. Vendors were also involved in the discussions to segregate executable projects. Hardware worth Rs. 12.22 lakh has been received, but the bills from DGS&D are still awaited. Similarly, supply of hardware worth Rs. 5.29 lakh, ordered through DGS&D is awaited. Tenders for firewall and intrusion detection system amounting to Rs. 13 lakh are under final stage of acceptance. For the remaining hardware for mail server, and installation and wiring, no bid has been received yet again. Case is under consideration either for issue of fresh tenders or for outsourcing.
- (ii) VOIP Test Bed—No response was received against tender enquires called earlier. The single responsive offer received against the fresh tender enquiry is for around Rs. 64 lakh, and is under final stage of acceptance. The delay has also been caused, as the equipment supporting the test protocols is not readily available.
- (iii) CDMA Tester—Due to non-receipt of offers against previous tender, fresh tenders were invited for all the components of the project. However, the fresh offers received, were non-

responsive, and the tenders had to be cancelled yet again. The total project was then divided into various components. Equipment worth Rs. 1.77 lakh has been procured and payment has been released. Additional equipment worth Rs. 3.89 lakh has also been procured through DGS&D, but the bills are still awaited. The bids received for the test tool were non-responsive and had to be cancelled. The project is being short-closed.

- (iv) WiFi Hotspot—Equipment worth Rs. 2.79 lakh was received and had been installed. The connectivity has now been provided and the performance of the network was kept under observation. Now, the case is being processed to release the balance amount of Rs. 1.12 lakh.
- (v) Procurement of PCs and Laptop Computers—Hardware worth Rs. 16.12 lakh has been received and installed. However, the bill for Rs. 11.01 lakh only has been received from DGS&D after lot of persuasion and the payment will be released shortly. Bill for Rs. 5.11 lakh from DGS&D is still awaited.

60. On being asked to state the reasons for more than twenty time increase in the 2007-2008 Plan Budget for TEC *vis-à-vis* the 2006-2007 plan allocation and the preparedness of the Centre to optimally utilize 2007-2008 budgetary allocation, it was replied that additional projects for installation of five labs, *viz.*, CPE Lab, Transport Lab, Access Lab, Control Lab, and Services Lab, for testing and certification of products for NGN networks, have been proposed during the fiscal year 2007-08 for which much higher amount of funds would be required.

61. It was further stated that necessary steps were being taken to initiate the execution of the plan for installation of the labs. The responses to invitation for EoI have already been opened and were under evaluation. The bidders would be asked to formulate the RFPs for calling financial bids. It was expected that the orders for the necessary test equipment would be placed and the equipment would be installed by the end of the fiscal year 2007-08.

62. The Committee then desired to be apprised of the specific activities proposed to be taken up by the Engineering Centre in the North-East Region during the year 2007-2008. In reply, it was stated that the detailed roadmap for setting up the Labs was being drawn up and it was envisaged that some testing and certification activities would be carried out in the North-East Region as well. The earmarked

amount of Rs. 2 crore was reported to be sufficient for the TEC to carry out the intended activities in the North-East Region.

VI. Wireless Planning & Coordination (WPC)

63. The project for National Radio Spectrum Management Monitoring System (NRSMMMS), undertaken by the Wireless Planning and Coordination (WPC), is for automation of process for Radio Frequency (RF) Spectrum Management including frequency assignments, wireless licensing etc. and upgradation of the radio monitoring facilities in the Wireless Monitoring Organisation (WMO), the field organization of the WPC wing.

64. The Committee were apprised that the NRSMMMS Project when completed would improve the utilization of Radio Frequency Spectrum, a scarce national resource which is essential for modern telecommunication services. Asked to state the status of such an important project, it was replied that the status of the Project was as under:

- (i) Fixed Sites: Acceptance Testing etc. have been completed at most of the fixed sites without antenna tower and it is being carried out at fixed sites with antenna tower sites. Work completion certificate for Sanchar Bhawan, Pushp Bhawan, WMS, Hyderabad, Jammu, Bangalore, Jalandhar, Goa and Dibrugarh have already been issued.
- (ii) V/UHF Mobile Monitoring Systems (MMS): Out of 21 vehicles, 9 V/UHF Mobile Monitoring Vehicles so far have been delivered to their respective sites. Rest is expected to be delivered by May/June 2007.
- (iii) SHF MMS & Fixed sites: This part of the project has been proposed for cancellation.

After cancelling SHF part of the project, the remaining portion namely Fixed sites & V/UHF MMS will be completed within 2007-08.

65. The BE for WPC during 2006-07 was stated to be Rs. 15.61 crore which was reduced to Rs. 6.30 crore at the RE stage. The actual expenditure for the year (upto 14th February, 2007) was Rs. 3 crore. The BE 2007-08 provides for an amount of Rs. 11.40 crore.

66. In this regard, the Committee desired to know the reasons for reduction of the 2006-07 BE amount of Rs. 15.61 crore to Rs. 6.30 crore at the RE stage and for incurrence of less than fifty per cent expenditure

of the RE provision by 14th February, 2007. In reply, it was stated that at the BE stage, it was assumed that project would be completed during 2006-07 barring few activities like Operational Acceptance, Defect liability period etc. But the Contractors could not complete the job as anticipated on time and hence, the related payment could not be made. Due to this reason, the allocation was reduced at the RE stage assuming that WPC would be able to make the payment only for those activities which would be completed by the Contractors before March 15, 2007.

67. Up to February 2007, the payment has been made for those activities which have been completed by the Contractors before January 2007. Funds to the tune of Rs. 4.2 crore have since been utilized.

68. It was further stated that efforts were being made to utilize the RE 2006-2007 before 31st March, 2007. The contractors have completed many activities in months of February & March 2007. At present, the case for payment of Rs. 60-65 lakh for the activities completed up to March 10, 2007 is under examination. The payment for the remaining activities will be made in the 2007-2008.

69. The Committee then asked about the reasons for increase of the 2007-2008 BE to Rs. 11.40 crore from the 2006-2007 RE of Rs. 6.30 crore and the planning of WPC to optimally utilise the 2007-2008 earmarked provision. In reply, it was stated that adequate funds were required for making the payment for those works which have been completed but payment could not be made so far and also for remaining activities to be completed now onwards. It was anticipated that the project would be completed by March 2007-08. The final 10% payment of the Contract value was also to be made during 2007-2008.

VII. Wireless Monitoring Organisation (WMO)

70. The Committee were informed that for WMO the BE 2006-2007 provided an amount of Rs. 9 crore which included Rs. 5 crore in the Grants of the Ministry of Urban Development. The RE 2006-2007 was reduced to Rs. 4.62 crore, all in the Grants of Ministry of Urban Development, thus leaving no amount for WMO. The BE 2007-2008 for MWO prescribes an amount of Rs. 15 crore, the break-up being Rs. 3 crore for the continuing schemes and Rs. 12 crore for civil works.

71. In the above context, the Committee desired to be apprised of the reasons for no provision to WMO in the 2006-2007 RE. In reply, it was stated that the amount of Rs. 4 crore provided under DoT's Demands for Grants was reduced to "Nil" as WMO wanted to chalk

out its schemes afresh in the next Five year Plan due to the on-going modernization project of WPC & WMO.

72. In response to another query, it was stated that the amount of Rs. 4.62 crore as included in the Grants of the Ministry of Urban Development was not utilized fully because an expenditure of Rs. 1,49,75,900 could be issued up to 31st December, 2006 pending processing of other civil work cases for financial concurrence, whereas expenditure sanction of only Rs. 88,23,300 could be issued in the last quarter of the financial year 2006-07, due to the restriction of 33% of allocation to be spent in the last quarter. Hence a total of Rs. 2,37,98,200 expenditure sanction could be issued in the 2006-2007 fiscal.

73. The Committee then asked about the reasons for non-prescription of any amount in the 2007-2008 BE for the scheme 'Strengthening of VHF/UHF Spectrum Analysis Capabilities'. In reply, it was stated that a provision of Rs. 4 crore out of total proposed allocation of Rs. 4.55 crore for B.E. 2007-08, has been kept for the scheme "Expansion of Monitoring Facilities of WMO" which would take care of "Strengthening of VHF/UHF Spectrum Analysis Capabilities" also.

74. Asked to state the specific activities proposed to be undertaken by WMO under the scheme 'Development of North-East Region', it was replied that Wireless Monitoring work of WMO was of technical nature and all schemes including those for N.E. Region under "Expansion of Monitoring Facilities of WMO" would be implemented there also.

75. As regards the functional performance data of WMO for the year 2006-2007 (as on 31.12.2006) and the anticipated performance by the year end, the following statement was furnished to the Committee:—

Sl.No.	Particulars	Actual Performance during 01.04.2006 to 31.12.2006	Proposed Anticipated Performance during 01.01.2007 to 31.03.2007
1	2	3	4
1.	Monitoring Assignments Handled	11749	3900
2.	No. of Wireless transmission monitored	118791	31200

1	2	3	4
3.	Technical Assistance to users to maintain their operation within specified standards.	1049	400
4.	Infringements communicated to various wireless users for remedial action.	9022	1100
5.	Channel days utilized for Radio Monitoring	7279	2400
6.	No. of Wireless Station inspected	19108	6700
7.	No. of Radio Noise measurements	203522	133000
8.	No. of Officials Trained	55	20
9.	No. of training courses conducted	07	02

76. Scrutinising the above statement, the Committee asked the targets fixed during 2006-2007 for each of the above mentioned activities and whether any shortfall was anticipated in achievement of targets in any of the above cited functions by the year end. In reply, the following information was furnished to the Committee:—

Sl.No.	Particulars	Target for the year 2006-2007
1.	Monitoring Assignments Handled	15840
2.	No. of Wireless transmission monitored	177900
3.	Technical Assistance to users to maintain their operation within specified standards	1740
4.	Infringements communicated to various wireless users for remedial action	4980
5.	Channel days utilized for Radio Monitoring	9700
6.	No. of Wireless Station inspected	12000
7.	No. of Radio Noise measurements	310000
8.	No. of officials Trained	72
9.	No. of Training courses conducted	9

77. It was stated that no shortfall was anticipated in the achievement of targets by the end of the 2006-2007 fiscal.

78. Asked to state the targets fixed for 2007-2008 and the preparedness of WMO to achieve the same, the following information was furnished to the Committee:—

Sl.No.	Particulars	Target for the year 2007-2008
1.	Monitoring Assignments to be Handled	15840
2.	No. of Wireless transmission to be monitored	160000
3.	Technical Assistance to users to maintain their operations within specified standards	1550
4.	Infringements likely to be communicated to various wireless users for remedial action	4500
5.	Channel days to be utilized for Radio Monitoring	7850
6.	No. of Wireless Station to be inspected	12000
7.	No. of Radio Noise measurements	300000
8.	No. of officials Trained	120
9.	No. of Training courses conducted	12

It was stated that the above targets for the year 2007-2008 were planned to be achieved by optimal utilization of all available resources.

VIII. Telecom Regulatory Authority of India (TRAI)

79. The Committee were informed that during the year 2005-2006 the plan approved Budget for TRAI was Rs. 3 crore but the Actual Expenditure during the year was Rs. 1.45 crore. Similarly, during 2006-2007 the approved Plan BE was Rs. 3.25 crore which was reduced to Rs. 2 crore at the RE stage. The actual expenditure during the year (upto 15th February, 2007) was Rs. 20 lakh only. The 2007-2008 BE provides for an amount of Rs. 3 crore.

80. In the above context, the Committee asked about the reasons for reduction of the 2006-2007 Plan BE of Rs. 3.25 crore to Rs. 2 crore at the RE stage. In reply, it was stated that the request for reduced Plan Budget at RE stage was mainly on account of the fact that the Authority after review of the ongoing consultancies, decided to conduct

one consultancy in-house which was earlier estimated to cost Rs. 20 lakh and also decided not to procure the test drive equipment having estimated cost of Rs. 75 lakh, during the financial year 2006-2007. Further, very few officials of TRAI could be deputed for international training during the period 2006-07.

81. Observing the expenditure incurred *i.e.* Rs. 20 lakh upto 15th February, 2007, the Committee asked whether it would not have been more justified to reduce the amount further. It was replied that the actual expenditure under the Plan Budget for the year 2006-07 (till 15th February 2007) was Rs. 98.62 lakhs. The earlier reported expenditure of Rs. 20.00 Lakhs (till 15.2.2007) was due to inadvertent booking of Plan expenditure under Non-Plan.

82. In response to a related query, it was replied that the total anticipated expenditure under the Plan Budget of TRAI for the year 2006-2007 was likely to be Rs. 1.50 crore by the end of March, 2007. It was also stated that there might be shortfall in the completion of some of the consultancy studies both in terms of physical and financial targets. Some Consultancy Studies of the current financial year 2006-2007 may spill over to first quarter at the next financial year 2007-2008.

83. The Committee were apprised that one reason for shortfall in timely completion of the consultancy was on account of dislocation of work due to shifting of office. Further very few officials of TRAI could be deputed for international training during the period 2006-07 as not many international training schedule meeting the requirement of TRAI were available during this period.

84. From the documents furnished to the Committee, it was observed that the 2006-2007 Non-Plan approved Budget for TRAI was Rs. 17.11 crore whereas the actual expenditure during the year (upto 31st January, 2007) was Rs. 10.20 crore only. During the year 2007-2008 the Non-Plan approved Budget is Rs. 21.69 crore.

85. In this regard, when asked to attribute reasons for only 50 percent utilization (upto 31st January, 2007) of the approved Non-Plan Budget for the year 2006-2007, it was stated that the additional funds under the Non-Plan head was projected in view of likely expenditure on proposed shifting of the TRAI office. This include increase in lease rent for MTNL Building, Purchase of fixed assets, setting up of Conference room for 100 person in 1785 Sq ft area, civil and electrical works in the new premises, printing of new office stationery etc.

86. However due to reduced availability of office space by MTNL for TRAI, as against the initial proposal, there has been substantial decrease in the expenditure. For lack of space, TRAI has to shelve the initial proposal of setting up of conference room with seating capacity of 100 persons, setting up of canteens, ladies rooms etc. Further the expenditure on infrastructure facilities, which was originally proposed to be met from the TRAI Fund, have been incurred by MTNL. The reduced office also resulted in substantial saving in the lease rent.

87. It was also stated that the anticipated expenditure under the Non-plan head by 31st March, 2007 was likely to be Rs. 16.53 crore.

88. The Committee were then informed that the quantifiable deliverables/physical outputs related to TRAI are related to the various proposed studies consultancies to be undertaken by TRAI and on the training of TRAI officials on technical and regulatory issues.

89. In the above context, the Committee were apprised that out of the total nine (09) consultancies/studies/procurement proposed during the Financial year 2006-2007, one work relating to the upgradation and expansion of system software for TRAI has been completed. One work relating to the procurement of Test Drive Equipment has been dropped and one study relating to Legal aspects of growing telecom technology in a regulatory regime is proposed to be undertaken in-house.

90. Asked to state the status of the remaining six consultancy studies as proposed to be completed during the 2006-2007 fiscal, the following information was furnished to the Committee:—

Sl.No.	Subject	Current status
1	2	3
1.	Studies on emerging Technologies— Issues related to awareness building, migration, interconnection and QoS pertaining to NGN (NGN-eCO)	NGH-eCO (a cross Industry body) was formed and had its first meeting on 11.10.2006. Three core groups have been formed. Core groups are having their meetings and likely to submit their recommendation by the end of March, 2007. The next meeting of NGN-eCO will be conducted in April 2007.

1	2	3
2.	Studies on Media research && consumer Surveys	As per the contract, draft report by the consultant is due by 31.03.2007. Survey has been completed by the consultant.
3.	Study on Quality of Service & Customer Satisfaction	This is an ongoing study. Report for the previous three quarters of 2006-2007 have been received and payment made. For the quarter ending March, 2007, the report will be received in the next quarter.
4.	Study on Interconnection in the Converged Multi-operator Multi service scenario-NGN Scenario	<p>The TEC after evaluation of Technical proposals as per the procedure prescribed in the Guidelines for engagement of consultants in TRAI, recommended only one bidder as qualified out of three valid Technical proposals received.</p> <p>TEC recommended for the approval of the Authority for waiving off the condition stipulated in Para (iii) of the Guidelines which stipulates that the number of short listed consultants should not be less than three.</p> <p>The Authority did not agree with the recommendation of the TEC and advised for retendering. Accordingly Expression of Interest was again uploaded on TRAI's website on 14.02.2007 with last date for receipt of Technical and Financial proposals by 07.03.2007. The EOI has also been issued for publication in one leading English Newspaper as per the norms laid down in insufficient response has been received from the consultancies firms. Since both the times, the short listed consultants are less than three, it will not be possible for TRAI to complete the project within the Financial year 2006-2007.</p> <p>However, a proposals is being submitted to the Authority to waive the conditions of the guidelines.</p>
5.	Hardware procurement for Digital Signature	The agreement with CDAC has been signed on 26.02.2007 and as per agreement, the project is to be completed by CDAC on or before 25.05.2007.
6.	Consultancy for estimation of B for telecom sector	The possibility of executing this consultancy through in house expertise is being explored.

91. As regards the Consultancy Studies/trainings proposed to be undertaken during the year 2007-2008 Eleventh Plan period and the fund requirements for the purpose, it was replied that the following consultancy studies have been tentatively conceptualised and are proposed to be undertaken during the Financial Year 2007-08:—

- (i) Regulatory and licensing requirement for Spectrum Trading in India
- (ii) Spectrum and Licensing related issues for new technologies-IMT 2000 and beyond-WIMAX/SDR
- (iii) Satellite Communications related issues
- (iv) Studies on Digitalisation
- (v) Studies on impact of CAS
- (vi) Consultancy project on usage of Forward *looking* Long Run Incremental Cost (FLRIC) Model for calculation of IUC
- (vii) Capacity Building/training with respect to Migration/implementation process of NGN in developed countries
- (viii) Workshop/seminar on regulatory & Technical issues relating to the NGN.

92. Further TRAI proposes to undertake Objective Assessment of QoS and Customer Satisfaction Survey every year through an independent agency. The Authority also proposes to hire Drive Test Equipment and personnel to carry out selected drive tests in the networks of various service providers so as to assess the Quality of Service in their network.

93. As the telecom Sector is fact changing sector, the need for consultancy studies in the context of discharging regulatory functions arises depending upon the prevailing market scenario. Therefore for the entire Eleventh Plan period (2007-12) the details of consultancy studies can not be firmed up at this stage. However going by the past experience, TRAI has worked out fund requirement amounting to Rs. 15 crore during the 11th Plan Period subject to adjustments in the annual proposal.

IX. Telecom Disputes Settlement and Appellate Tribunal (TDSAT)

94. From the documents furnished to the Committee it was observed that during the years 2003-2004 and 2004-2005 TDSAT has been unable to optimally utilize the budgetary allocations of Rs. 87 lakh and Rs. 70 lakh respectively. However, during the year 2005-2006 the Tribunal has been able to fully utilise Rs. 70 lakh. In

2006-2007 the BE amount of Rs. 75 lakh was enhanced to Rs. 1 crore at the RE stage whereas the actual expenditure (upto 31st January, 2007) has been Rs. 55 lakh only. The 2007-2008 BE provides for an amount of Rs. 1.25 crore.

95. In this regard, the Committee asked whether the Tribunal would be able to utilize the remaining Rs. 45 lakh by the end of the 2006-2007 fiscal. In reply, it was stated that out of total allocated funds of Rs. 1.00 crore during 2006-2007, Rs. 12 lakh has already been surrendered and the balance available funds of Rs. 88.00 lakh shall be utilized fully.

96. It was also stated that the main reason for not utilizing the total allocated funds was that it was initially proposed to organize 4-5 Seminars at different places of the country. Instead, two seminars were held in 2006-2007. The Seminars are organized in consultation with the sitting judges of Supreme Court as well as the High Court of the State where the seminar is proposed to be organized. More seminars could not be organized, due to unforeseen circumstances and administrative difficulties. Consequently Rs. 12 Lakh had to be surrendered.

97. It was further stated that the plan scheme of TDSAT was funded by the World Bank till December 2004 only and thereafter from 2005-2006 onwards it has been funded through Gross Budgetary Support. Every effort was reported to be made by TDSAT for optimal utilization of the Budgetary Allocations for the maintenance of reference library, study tours of Hon'ble Chairperson and Members and training of officers of TDSAT as well as for holding of Seminars.

98. Asked to state the planning of TDSAT to utilize the 2007-2008 budgetary allocations of Rs. 1.25 crore, it was stated that the Tribunal proposed to continue its activities during 2007-08 and it was expected to utilize the proposed budgetary allocations of Rs. 1.25 crore for the following activities so that there would be no shortfall:—

Sl.No.	Particulars	Amount
(i)	Holding of Seminars	Rs. 40 Lakh
(ii)	Study Tour of the Hon'ble Chairperson and Members of the Tribunal as well as training of officers for familiarization with latest telecom regulatory environment of telecom and broadcasting sector.	Rs. 75 Lakh
(iii)	Maintenance/Upgradation of TDSAT Library and website	Rs. 10 Lakh
Total		Rs. 1.25 Crore

99. The Committee desired to have a consolidated statement showing the number of disputed cases in the telecom sector including broadcasting and cable services referred to the Tribunal during the year 2006-2007, the nature of such cases, the period of their pendency in the Tribunal, the verdict given, the number of parties moving the Supreme Court against the Tribunal's judgement, decision given by the Apex Court and the number of cases still pending in both TDSAT and the Supreme Court.

100. In reply, the following statement containing the institution, disposal and pendency of cases in the telecom sector including broadcasting and cable services referred to TDSAT during the year 2006-2007 was furnished to the Committee:—

No. of Cases filed (Petitions and Appeals)	Nature of Cases	Decided =	Dismissed +	Allowed	—Pending
314	<ul style="list-style-type: none"> (i) Appeals against directions/decisions/orders of TRAI on tariff interconnection access charges etc. (ii) Disputes involving broadcasters, multi service operators, cable operators and group of consumers on issues relating to interconnection, subscriber base, payments due etc. (iii) Licensing issues including encashment of bank guarantee etc. (iv) Issues relating to interconnection (v) Violation of various regulations framed by TRAI 	104	48	56	210

Note: As per records available in TDSAT, out of cases decided by TDSAT during the year 2006-07, three cases have gone to Supreme Court in Appeal. One appeal has been dismissed by Supreme Court while the other two appeals are pending.

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

101. Centre for Development of Telematics (C-DOT) is the Telecom Research and Development Centre of the Government of India. It is an autonomous scientific society which develops total telecom solution technologies and applications for the fixed line, mobile and packet based converged network and services. C-DOT's current focus is on the development and deployment of next generation networks and cost effective rural wireless solutions.

102. It was observed from a statement furnished to the Committee that during the years 2004-2005 and 2005-2006, out of the Plan Outlay of Rs. 145.61 crore and Rs. 131.40 crore respectively, the actual expenditure by C-DOT in the corresponding years was Rs. 96.21 crore and Rs. 103.69 crore. During the year 2006-2007 the proposed outlay has been stated to be Rs. 143.70 crore with a budgetary allocation of Rs. 82 crore. The BE 2007-2008 has provided an amount of Rs. 161.07 crore out of which Rs. 129.10 crore has been provided as budgetary support and Rs. 31.97 crore from internal resources of C-DOT.

103. In the above context, the Committee desired to know the actual expenditure as on 28th February, 2007 and the plan of action by C-DOT to fully utilize the 2006-2007 budgetary allocation in view of the shortfalls in the preceeding years. In reply, it was stated that the actual expenditure by C-DOT as on 28th February, 2007 was Rs. 106.24 crore (provisional). It was further stated that the budgetary support provided by the Government for the years 2004-05 and 2005-06 was Rs. 68.36 crore and Rs. 75.12 crore respectively. The actual expenditure incurred in these years has been Rs. 96.21 crore and Rs. 103.69 crore respectively. The estimated overall budget outlay was Rs. 145.61 crore and Rs. 131.40 crore in these years.

104. The Committee were informed that some of the study projects which were to be started by C-DOT have not been initiated due to the uncertainty in technology and some of the expenditure as anticipated for support infrastructure could not be done. Therefore, it was expected that up to 85% expenditure of the overall Plan outlay of Rs. 143.70 crore would be possible. It was further stated that there was an overall increase in the expenditure pattern during the three years.

105. As regards the preparedness of the Research Centre to optimally utilize the 2007-2008 BE, it was stated that C-DOT has re-looked into its technology priorities and methodologies to keep in pace with technology trends. The new strategy includes total solution provisioning and commercial proposals to the operators, strategic tie ups with technology and market leaders for pooling mutual strengths and joint working.

106. For some of the activities started during later phase of the 10th plan, new features in the pilots are getting introduced in early 2007-08. Apart from some of the additional deliverables on the continued schemes, new technology schemes have been proposed including development and setting up of a Communication Security Research and Monitoring Centre and other projects mentioned later in this questionnaire.

107. Asked to state the amount raised by C-DOT as internal resources in each year of the Tenth Plan period, the target set in this regard and the planning to generate internal resources of Rs. 31.97 crore during the first year of the Eleventh Plan period, the following information was furnished to the Committee:—

(Rs. in crore)

Sl.No.	Year	Target set at the beginning of the year	Actual amount raised
1.	2002-03	21.27	16.90
2.	2003-04	14.00	17.87
3.	2004-05	35.00	32.08
4.	2005-06	21.20	8.96
5.	2006-07	61.70	19.62 (provisional)

108. Major portion of the shortfall in the internal revenue generation was stated to be mainly due to overdue payments to be received on account of field support, turnkey and other telecom solution provisioning, customisation efforts and outstanding DoT/Royalties in these years. The Committee were apprised that continued efforts were on to realize the dues.

109. On being asked to state the target of internal generation of resources during the Eleventh Plan period, it was replied that the target planned for the internal revenue generation for the Eleventh Plan period (2007-2012) amounted to Rs. 337.47 crore.

110. It was observed from the information furnished to the Committee that in C-DOTs scheme 'Advanced Intelligent NW Services' the physical achievement was approximately 90 to 95 per cent of the Tenth Plan target. Similarly in some other Schemes/Programmes like 'High Bit Rate network Backbone on fibre and Satellite', 'Cell and

Packet Technologies for Voice and Data convergence', the physical achievement varied between 80 to 85 percent. However, the most glaring under performance has been noticed in the project 'Second and Third Generation Personal Communication Systems' where the overall achievement has been about 20 per cent of the planned target for the Tenth Plan period.

111. In the above context, the Committee asked about the reasons for under-achievement of targets in some of the Projects/Schemes, especially in 'Second and Third Generation Personal Communication Systems' during the Tenth Plan period. In reply, it was stated that each of C-DOT research schemes have multiple deliverables and varying parameters in line with changes in technology. The lower percentages do not mean that whole scheme was held up.

112. 'Second and Third Generation Systems' in which the achievement reported was about 20% w.r.t. planned target, refers to a scheme to develop a full fledged solution for WCDMA based 3G (Third Generation) wireless system. The activity started almost in time when standards were evolving. But, at a later stage during 2003-04, viewing the sluggish 3G deployment world-wide, and second thoughts being given to even skipping third generation technologies in the network, C-DOT reviewed its complete 3G program. A small base module and part of Radio Access had been structured/developed by that time in the research lab. The world was grappling over the following:—

- (i) 3G licensing issues
- (ii) Constraints and merits of 3G deployments *visa-vis* advantages of emerging 4G
- (iii) Spectrum availability for 3G services in light of utilization of the same for 2G and 2.5G networks.

113. On account of the above mentioned issues and other uncertainties it was felt that further heavy investments on the same might not be fruitful. Therefore, with the approval of the competent authority, it was decided to foreclose the scheme and instead use the resources on Software Based Radios and other broadband wireless systems. Incidentally, the alternative wireless projects undertaken have reached the field for pilot trial. It may be therefore, appropriate to view this discontinuation as shifting the technology development emphasis towards changed priority like rural wireless and broadband.

114. Asked to indicate the preparedness of C-DOT to optimally achieve the physical targets during the Eleventh Plan period, it was

replied that C-DOT proposed an effective technology management in the forthcoming 11th five year plan period (2007-2012) with a focus on following areas:—

- Greater emphasis on planning, monitoring and quality processes for better delivery and outcomes commensurate with inputs.
- C-DOT to strive for centre for excellence to attract industries, academia, and other research institutions for joint development programs with the flexible model for public/private participation as well as revenue generation in terms of direct and indirect benefits. Key being strategic alliances to pool resources for shortening time to market and facing competition in the fast changing telecom scenario. C-DOT has taken some time to change its focus from digital switching systems for which it was initially created. It has been gearing up for new technologies for last 2-3 years.
- Set-up pilot projects to enable concept proving, planning, feasibility for operators, service-providers and industries to contribute to the growth to telecom sector. Some of the pilots may help policy making by the Government. Basic and futuristic research is also planned as a new scheme.

115. As regards the new Schemes/Projects/Programmes intended to be taken up during the Eleventh Plan period, the objectives and fund requirements for the same, the committee were furnished the following data:—

Project/Scheme Name	Objectives	Financial Outlay (Rs. in crores) (prov.)	
		11th plan	2007-08@
1	2	3	4
Research and development for Communication Security Research and Monitoring Centre This research is part of proposal for setting up a National Centralized Monitoring Centre during the 11th Plan.	With the massive anticipated increase in subscriber base from the existing over 200 millions to 500 millions over the next three years there is a need for development of computational approaches using artificial intelligence techniques, biometric devices, voice recognition technologies, mining data bases etc. for keeping a check on the network being used by antisocial elements. To provide inputs to the national law enforcement and security agencies.	94.00	15.40#

1	2	3	4
Rural Technologies	Provisioning of broadband and end-to-end VoIP services in rural areas	80.00	2.50
Broadband Technologies	Development of metro aggregation platform for transport of multiple types interfaces & broadband delivery on cables	73.50	1.70
Strategic & Enterprise Solutions	NMS for transmission, deployment of C-DOT ATM based system for multiple defence appln. & provisioning of innovative computer based voice appln./soln.	87.00	2.30
Enhancement/New Features/Upgradation/Adaptation/Development for migration to next generation technologies	To add/enhance features/facilities to the developed technologies	160.00	2.20
Basic Research on Telecom Network & Enabling Technologies/Study/Pilot Projects	Basic Research on areas like Spectrum management, Quality of service, Network and service optimisation, new enabling technologies and techniques, feasibility studies and pilot trials through partnerships to gain appreciation of technical/logistic issues	70.00	1.00
North East Region Project	IP Based, Access, backbone	45	13

XI. Bharat Sanchar Nigam Limited (BSNL)

(i) Financial Performance

116. From various documents furnished to the Committee, it was observed that during the year 2004-2005 the financial outlay for BSNL was Rs. 11,650 crore whereas the achievement was Rs. 7578 crore only. Similarly, during the year 2005-2006 the target was Rs. 15,463 crore and the achievement was Rs. 6,838 crore only. For the financial year 2006-2007 the target was Rs. 15,349 crore whereas the achievement (upto 28th February, 2007) has been Rs. 5,185 crore only. It has also been observed that during the Tenth Plan period the financial outlay for BSNL was Rs. 64,889 crore whereas the achievement has been

Rs. 38,195 crore only, thus implying an expenditure of 58.86 per cent only. The total outlay proposed for the company is Rs. 80,612 crore during the Eleventh Plan period. For the first year *i.e.* 2007-2008 of the Eleventh Plan period the outlay proposed is Rs. 22,881 crore.

117. In the above context, the Committee desired to be apprised of the specific reasons for continuous shortfalls on the part of BSNL in achieving the financial targets during each year of the Tenth Plan. In reply it was stated that while there was a shortfall in achieving financial targets during the 10th Plan period, BSNL has surpassed the target for mobile connection during this period. The reasons for shortfall in achieving the financial targets during Tenth Plan were stated to be as below:—

- (i) Budgeting:—The development plans were prepared keeping in mind the target set by Hon. MOC & IT of 250 million lines by 2007 and fast expansion taking place in telecom field. So, the plans were ambitious & optimistic. The provision in the BE/RE is made as per rates obtained in previous year tender.
- (ii) Procurement of Equipment and Material:—Bidders approached court in case of tender for procurement of FWT and U/G cable during 2005-06 thereby delaying the procurement process resulting in less expenditure.
- (iii) Reduction in prices:—There is downward trend in prices of telecom equipment which has substantial electronic component in it. The prices of mobile exchange equipment, WLL exchange equipment, FWT and Broadband equipment have reduced by around 25% resulting in reduction in expenditure by same amount.
- (iv) Current year 2006-07:—In the current year, one of the bidder in tender for procurement of mobile exchange equipment has approached court. The Purchase Order which expected to be issued in November 2006, could not be issued till now as the matter is *sub-judice* and is under hearing. Therefore shortfall in the expenditure is inevitable during this year as well.

118. Asked to state the extent of anticipated shortfall during 2006-2007, it was replied that out of the 2006-2007 financial target of Rs. 15,349 crore, the Company would be able to utilize around Rs. 8000 crore only by 31st March, 2007 due to non-finalisation of tender for the GSM equipment.

119. The Committee then asked about the specific planning of the part of BSNL to utilize the projected Outlay of Rs. 80,612 crore in the Eleventh Plan period in view of the poor utilization of funds during the entire Tenth Plan period. In reply, it was stated the BSNL has drawn the following plans to utilize the funds during the 11th plan period:

- (i) Roll out of GSM for which a tender for 63.5 million lines has already been invited involving expenditure of Rs. 28,000 crore over the next two years.
- (ii) Tender for 6 million broadband lines has been finalized. Order for 3 million lines has been placed and additional order for 2 million lines will be placed shortly.
- (iii) Tender for 6 million lines IP TAX is being invited.
- (iv) Tender for procurement for 65,000 STM-1 & 14,000 STM-16 Transmission equipment is in process.
- (v) Procurement of five crore CLI Telephone instrument out of which 1 crore instrument are planned to be procured during 2007-08.
- (vi) Laying of 200000 RKMs of OF Cable out of which 24,000 KM of OFC cable will be laid during 2007-08.
- (vii) Procurement of 3 million line equipment of WLL.
- (viii) Procurement of wi-max equipment.
- (ix) Procurement of equipment for upgradation to NGN.
- (x) Procurement of UG Cable.

120. It was stated that the plan for the subsequent years would be drawn based upon the requirement and market condition at that time.

(ii) Physical Targets and Achievement

121. As regards the physical target and achievement of BSNL, it was observed from a statement furnished to the Committee that the Tenth Plan targets set for BSNL for Fixed phones and WLL phones were 80.9 lakh lines and 62.93 lakh lines respectively whereas the corresponding achievement upto 31st December, 2006 was 3.74 lakh lines and 27.85 lakh ones. similarly, in the schemes Optical Fibre Cable (OFC) and Microwave the targets for the Plan period were 250000 RKMs and 15000 RKMSs respectively whereas the corresponding achievements by the end of December, 2006 were 171790 RKMs and

14111 RKMs respectively. In TAX and Broadband also the plan target has not been achieved by BSNL.

122. For the Eleventh Plan period, the targets in Fixed, Mobile and WLL phones have been set at 15 lakh, 1025 lakh and 110 lakh lines respectively out of which 5 lakh Fixed phones, 85 lakh Mobile phones and 10 lakh WLL phones are targeted during the year 2007-2008. Similarly 2 lakh RKMs of OFC and 100 lakh Broadband lines are targeted for the Eleventh Plan period out of which 25000 RKMs of OFC and 10 lakh of Broadband lines in addition to 20,000 VPTs are to be provided during the year 2007-2008.

123. Asked to explain such poor achievement of targets by BSNL in Fixed and WLL phones and shortfalls in other schemes like OFC, Microwave, TAX and broadband during the Tenth Plan period, it was replied that the lower achievement in fixed and WLL connections is because of shift in demand/requirement of customers who preferred mobile over fixed lines. BSNL has fully met its targets for mobile telephone connections and has even surpassed it.

The shortfall in OFC was because of:—

- (i) Reduced requirement due to laying of high capacity of cable which has eliminated the need for second cable on same route thereby reducing the total route km. requirement.
- (ii) Delay in obtaining permission from various agencies.

124. Expressing their concern, the Committee desired to know the planning of BSNL to remain in the race in the prevailing competitive scenario, especially when the achievement of annual/Five Year Plan targets by the Company was below expectation. In reply it was stated that action would be taken in the coming years to draw the plans in advance for next year(s) based on market forces and competition. It was further stated that the Company had aggressive plans for roll out of mobile and broadband service in large numbers besides upgrading its network to state of the art Next Generation Network.

(iii) North-East Region & Tribal Sub-Plan Areas

125. Annual Plan of BSNL pays special emphasis on accelerated growth and early implementation of telecommunication facilities under Special Component Plan in (i) North-East Region, (ii) Tribal Sub-Plan (TSP) areas and (iii) National Capital Region (NCR). North-East Region comprises of eight States *i.e.* Assam, Sikkim, Meghalaya, Mizoram,

Tripura, Arunachal Pradesh, Manipur and Nagaland. These states are covered by BSNL in four Telecom Circles as given below:-

Sl.No.	Name of Circle	Name of State
1.	Assam	Assam
2.	NE-1	Meghalaya, Mizoram, Tripura
3.	NE-2	Nagaland, Manipur, Arunachal Pradesh
4.	West Bengal	Sikkim

126. Similarly, the Tribal sub-Plan (TSP) is a part of the 10th Five Year Plan for providing telecom facilities in the tribal areas. For a balanced and faster development of telecom facilities in tribal areas, these areas are treated as special focus areas. The main objectives of the Tribal sub plan areas are (i) to provide the telephone facility on demand in tribal areas (ii) to provide NSD facility to all exchanges in tribal areas and (iii) to provide public telephone in all tribal villages.

127. Tribal areas fall in the states of Andaman and Nicobar, Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Madhya Pradesh, NE-I, NE-II, Orissa, Rajasthan, Tamil Nadu, Uttaranchal, U.P. (East) and U.P. (West).

128. As regards the target and achievement of BSNL in the North-East Region and Tribal Sub-Plan (TSP) areas during the year 2006-2007, the following two statements were furnished to the Committee.

North East Region

Item	2006-2007	
	Target	Achievement upto December 31, 2006
Net Switching Capacity (Lines) (Fixed + WLL + CMTS)	5,09,750	2,45,184
DELS (Nos.) (Fixed + WLL + CMTs)	1,58,700	2,61,926
VPTs (Nos.)	3,725	2,918
UHF/Microwave (Rkms)	—	8.49
OFC (Rkms)	1,250	299.46

Tribal Sub-Plan (TSP) areas

Sl.No.	Items	Target for 2006-2007	Achievement upto December 31, 2006
1.	Telephone Exchanges (Nos.)	16	-10
2.	Switching Capacity (Lines)	18,04,948	8,18,617
3.	DELS (Nos.)	14,48,696	5,67,629
4.	VPTs (Nos.)	9,423	-20,232
5.	OFC (RKMs)	3,149	-640
6.	Satellite Stations (Nos.)	44	-59

129. It was observed from the above two statements that there have been shortfalls in achievement of targets in Net Switching Capacity, VPTs and OFC in North-East Region. Similar shortfalls have also been observed in Tribal Sub-Plan (TSP) areas in schemes like Telephone Exchanges, Switching Capacity, DELs, VPTs, OFC and Satellite stations. In this regard, when the Committee desired to be apprised of the anticipated achievement of targets in both the areas by the end of the 2006-2007 fiscal, it was stated that by 31st March, 2007, shortfalls were anticipated in North-East Region in achievement of targets in VPTs and OFC due to the hilly terrain and insurgency. Similar shortfalls were anticipated in the TSP areas in Telephone Exchanges, VPTs and OFC.

130. Asked to state the targets fixed for the North-East region and TSP areas for the Eleventh Plan period and special measures taken to facilitate telecommunication services in both the areas, it was replied that the targets for the North-East Region and TSP areas for the Eleventh Plan were under finalization. However, the annual targets for the first year i.e. 2007-2008 of the Eleventh Plan period was stated to be as under:-

Sl.No.	Parameters	Unit	NE Region	TSP
1.	Switching Capacity	Lakh lines	3.5	3.0
2.	DELS	Lakh lines	2.0	3.0
3.	OFC	RKMs	1000	800
4.	TAX	Kckt	40	50

131. It was further stated that in order to make the year 2007 truly the “Year of Development of telecom facilities in North East Region”, comprehensive plan has been drawn up to improve the reliability of transmission media. The emphasis is on providing a robust transmission network which will pave the way for rolling out various state-of-the-art services successfully in the region. The summary of steps being taken is given below:

Reliability of Transmission Media:

- (i) All State Headquarters (SHQs), District Headquarters (DHQs), Sub-divisional Headquarters (SDHQs) and SDCCs are planned to be covered by OF rings in a phased manner, subject to feasibility due to terrain conditions. By Dec. 2007, all SHQs shall be brought under OF ring.
- (ii) Capacity of transmission media shall be augmented manifold by introducing DWDM network over optical fibre media. Presently, these are only available in Assam. By March, 2007, Shillong also will be covered by DWDM. All SHQs will be covered by DWDM network by 2008-09.
- (iii) Wherever OF ring is not feasible, media redundancy will be provided on Digital Radio Relay Systems (Microwave) or Intermediate Data Rate (IDR) Systems (Satellite). 10 No. of Digital Radio Relay Systems have been planned during 2007-08. Reliability of connectivity of SHQs will be improved substantially by these microwave links.
- (iv) The media capacity for remote exchanges covered through satellite shall be augmented by replacing existing Multi-Channel per Carrier (MCPC) system with Intermediate Data Rate (IDR) system. Digital Circuit Multiplication (DCME) equipment will also be deployed to enhance capacity of satellite media further. During 2007-08, 31 IDR links have been planned in NE Region.
- (v) As a short-term measure, BSNL has started hiring Bandwidth from Power Grid Corporation of India Limited (PGCIL) for providing alternate OF connectivity to Guwahati, Shillong, Agartala, Nagaon, Tezpur, Bongaigaon, Silchar, Dimapur, Kohima and Imphal (PGCIL does not have presence at Itanagar and Aizawl).

GSM Roll Out:

- To provide GSM coverage in all villages having population of 1000 or more.
- To provide maximum coverage along National Highways, State Highways and Railway lines.
- To provide Mobile Switching Centre (MSC) at every SHQs for making services more efficient.
- 3 G services to be provided in all SHQs and most of the DHQs during the year 2007-08.
- No of new BTSs Planned: 1005
- Capacity planned: 1.1 Million

Basic Telephone Services (WLL):

To provide 90% umbrella coverage to all villages on fixed wireless services (WLL).

No. of new BTSs Planned	:	230
Additional Capacity Planned	:	1,72,500

Broadband Services:

All District Headquarters and other important towns will be provided Broadband during 2007-08. Total planned capacity is 1,18,750 ports.

Cities to be covered	:	60
Capacity Planed	:	37,500

(iv) Outstanding Arrears

132. As regards BSNL's circle wise outstanding arrears of telephone bills including those of cellular phones, the following information was furnished to the Committee:—

Basic Phones—Outstanding as on 31.01.07

Name of Unit	Over 3 months old outstanding as on 31.01.2007 (Rs. in 000's)
1	2
Andaman & Nicobar	105871
Andhra Pradesh	3450749

1	2
Assam	1079894
Bihar	2301040
Jharkhand	1202323
Gujarat	1496457
Haryana	1129146
Himachal Pradesh	118941
Jammu & Kashmir	469287
Karnataka	1568495
Kerala	221164
Madhya Pradesh	1795929
Chhattisgarh	557438
Maharashtra	2969017
N.E.-I	625665
N.E.-II	2645026
Orissa	891457
Punjab	1422983
Rajasthan	508363
Tamil Nadu	1114830
Uttar Pradesh (East)	4207388
Uttar Pradesh (West)	1560344
Uttaranchal	188759
West Bengal	981682
Kolkata	2723390
Chennai	1185343
Total	36520981

CMTS

More than 3 months old o/s as on 31.01.2007

Sl.No.	Circle	Amount ('000 Rs.)
1.	Andaman & Nicobar	18514
2.	Assam	374180
3.	Bihar	256221
4.	Jharkhand	148231
5.	Kolkata	68896
6.	North East-I and II	534513
7.	Orissa	195825
8.	West Bengal	128883
9.	Chhattisgarh	25944
10.	Gujarat	359998
11.	Madhya Pradesh +	81882
12.	Maharashtra	634678
13.	Haryana	61322
14.	Himachal Pradesh	34872
15.	Jammu & Kashmir	172607
16.	Punjab	246096
17.	Rajasthan	161382
18.	Uttar Pradesh (East)	424269
19.	Uttar Pradesh (West) ++	228066
20.	Andhra Pradesh	423343
21.	Karnataka	428375
22.	Chennai	34507
23.	Kerala	120315
24.	Tamil Nadu	146626
	Total	5309545

133. Asked to state the measures taken by BSNL to recover the above cited outstanding dues, it was replied that the figure of outstanding revenue was not for a particular year but was on account of outstanding revenue that has accumulated over a number of previous years. However, the %age of cumulative net outstanding is less than 2% of cumulative Amount Billed For (ABF) during the period, which in itself explains the determined pursuit of BSNL for realisation of the amount billed. At the same time the Company was stated to be not lagging in their effort to reduce the outstanding further, as may be visualized from the following steps taken in this direction:—

- (a) Instruction to Circles to ensure timely issue of telephone bills and to effect disconnection of telephones for non-payment promptly have been issued and are being reiterated periodically. 35 days' time limit for disconnection due to non-payment has been fixed.
- (b) Every year targets for liquidation of outstanding dues for different billing periods for each Circle/Metro District are fixed and performance thereof is reviewed regularly.
- (c) The progress in regard to liquidation of outstanding dues is closely monitored and brought to the notice of Director (F) and CMD.
- (d) Instructions have been issued to Circles for separate monitoring of Billing & Collections of High Callers who contribute a major share of revenue for the Company.
- (e) As per instruction of this office, the Telephones disconnected due to non-payment are permanently closed after 3 months from the date of disconnection. If outstanding can be adjusted against Deposits available, if any, it is adjusted & the balance deposit is refunded to the customer. If outstanding is more than the deposit; the balance amount after adjusting deposit is transferred to pursuit cell for recovery. Legal notice is given to the defaulters and Outstanding Pursuit Cell pursues the defaulter cases.
- (f) Instructions have been issued to the circles to hold meeting of Liquidation Boards and High Power Committees on time and at regular intervals for review of defaulter cases to recommend legal action for recovery of dues or for write off of such dues, which seem to be irrecoverable.
- (g) Civil suits are also being filed against defaulters, if outstanding amount is more than Rs. 25,000.
- (h) The State governments have been requested to amend their respective land revenue acts so that the defaulted Telephone dues of BSNL can be recovered as land revenue arrears.

- (i) Heads of Circles have been authorised to Appoint Private Recoery Agents on Commission basis to assist BSNL in recovery of outstanding revenue. Circles have also been asked to utilise the services of State Government Departments in recovery of outstanding dues.
- (j) 10% Discount scheme for defaulters has also been introduced to lure them to clear the dues outstanding against them.

134. The Committee desired to know the arrears written off, the amount involved therein and the reasons therefor. In reply, the following information was furnished to the Committee:—

Basic Phones—Amount Written off From April-06 to Jan.-07

	No of Cases Amount (in '000s)	
	1	2
Andaman & Nicobar	0	0
Andhra Pradesh	92064	66428
Assam	2869	1917
Bihar	0	0
Jharkhand	0	0
Gujarat	23708	13607
Haryana	5588	17887
Himachal Pradesh	2466	2375
Jammu & Kashmir	21998	26610
Karnataka	20479	23107
Kerala	4536	8627
Madhya Pradesh	9143	8804
Chhattisgarh	201	43
Maharashtra	95616	67214
N.E.-I	53	333
N.E.-II	0	0
Orissa	2181	7572
Punjab	38842	41417

	1	2
Rajasthan	10283	14804
Tamil Nadu	17019	23073
Uttar Pradesh (East)	911	847
Uttar Pradesh (West)	7685	4065
Uttaranchal	951	1819
West Bengal	4423	12076
Kolkata	52	52
Chennai	9026	20680
Total	370094	363357

CMTS

Write off during 2006-07 as on 28.03.07

Circle	Month	Amount ('000 Rs.)
Kerala	Oct-06	212
Kerala	Mar-07	131
Total		343

135. It was further stated that there has been a well defined procedure for writing off Bad Debts as laid down in P&T Manual Vol. XIV. Outstandings are written off generally in cases where (i) whereabouts of customers are not known, (ii) death of customers, (iii) inability of customers to pay on account of penury, (iv) bankruptcy of business concerns, etc.

136. Conveying the feelings expressed in some quarters that in the wake of the formation of the Credit Information Bureau, a system should be put in place to automatically transfer the outstanding amount from the bank accounts of the major defaulters to BSNL/MTN's account, the Committee desired to hear the views of the Department in this regard. In reply, it was stated that BSNL would welcome any scheme to ensure recoveries from major defaulters such as automatic transfer of outstanding amount to BSNL Bank Account. However, this is a policy decision impacting customer relations and would have to be taken in consultation with DoT.

(v) Surrender of BSNL Telephones

137. The following information showing the circle-wise disconnection including surrender of BSNL phones (Net as well as Gross) during the year 2005-2006 and 2006-2007 (upto 28th February, 2007) was furnished to the Committee:-

Circle wise disconnection of Land lines telephones

Sl.No.	Name of Circle	2005-06		2006-07 (upto 28.2.2007)	
		Gross Disconnec- tion	Net Disconnec- tion	Gross Disconnec- tion	Net Disconnec- tion
1	2	3	4	5	6
1.	Andaman & Nicobar	1,597	-362	15,129	11,659
2.	Andhra Pradesh	567,875	145,268	547,277	249,261
3.	Assam	37,725	-8,516	40,637	20,432
4.	Bihar	18,215	-85,396	121,033	72,321
5.	Chhattisgarh	25,775	-419	28,256	13,570
6.	Gujarat	275,045	109,981	364,972	228,658
7.	Haryana	80,992	-6,777	140,424	95,086
8.	Himachal Pradesh	59,173	1,865	36,341	23,837
9.	Jammu & Kashmir	16,754	-2,366	19,742	8,503
10.	Jharkhand	20,522	-14,864	44,400	24,759
11.	Karnataka	313,955	66,352	370,274	195,177
12.	Kerala	176,044	-143,800	141,938	-40,702
13.	Madhya Pradesh	129,352	-2,183	130,044	43,130
14.	Maharashtra	385,857	-12,908	437,503	198,184
15.	North East-I	8,678	-3,050	24,241	8,007
16.	North-East-II	20,622	793	9,200	1,793
17.	Orissa	47,539	-18,844	56,048	25,246
18.	Punjab	249,833	131,731	305,473	216,583

1	2	3	4	5	6
19.	Rajasthan	226,257	28,938	145,852	75,754
20.	Tamil Nadu	289,924	-6,501	387,758	201,591
21.	Uttaranchal	26,026	-1,038	34,139	21,335
22.	Uttar Pradesh East	164,339	61,548	167,574	91,623
23.	Uttar Pradesh West	188,066	101,035	169,611	118,647
24.	West Bengal	71,187	-8,539	85,294	36,955
25.	Kolkata	216,363	-339	90,880	-16,390
26.	Chennai	197,762	104,974	118,829	19,002
	Total	3,815,417	436,593	4,032,869	1,944,021

Note: Negative disconnection implies addition in number of lines.

138. The Committee desired to know whether any study was carried out by BSNL to find out the reasons for surrender of telephones and any corrective measures taken thereafter. In reply, it was stated that a study was conducted by BSNL in 45 cities of different States to ascertain the reasons of surrender of phones through an outside agency M/s IDC in the year 2003-04. The main findings from the surveyed sample were:—

- (i) Out of total No. of surveyed sample ex-subscribers, 20% were defaulters on BSNL dues.
- (ii) Majority of Ex-subscribers was long standing customers availing BSNL service for over 5 years.
- (iii) 25% of the surveyed customers perceived that the monthly rent is high.
- (iv) 21% respondents cited dissatisfaction with BSNL services like fault repair etc.
- (v) 55% of the surveyed ex-subscribers do not own any telephone as on date.
- (vi) 18% of the surveyed ex-subscribers still have the BSNL connection (had more than one connection before surrender) and only 9% have availed private operator service after surrender/disconnection of BSNL Fixed Phone.
- (vii) 18% of the surveyed ex-subscribers switched over to GSM Mobile Service.

- (viii) Out of the total surveyed ex-subscribers, only 20% were business users who surrendered only 1-2 landlines out of many they own today.

To sum up, following are the reasons for the surrender of phones:—

- (i) Subscriber moving to some other city/Mobile Licensed Service Area.
- (ii) Being an additional phone, not required,
- (iii) Finance constraints of the Subscriber,
- (iv) Closure of Business of the Subscriber,
- (v) Subscribers taking a Mobile connection from BSNL in place of Landline,
- (vi) Subscribers taking Mobile/Fixed Telephone from other company/operator.

139. The Committee were informed that the corrective measures taken by BSNL to reduce surrenders of phones included improving the quality of services.

(vi) Quality of Service

140. Asked to indicate the exact measures taken by the Company in providing quality service in all the segments, it was replied that in order to provide quality service in fixed and WLL phones, the following measures were being taken by BSNL:—

- (i) Connecting all exchanges on reliable digital media.
- (ii) Replacement of under ground paper core cables in phased manner.
- (iii) Creation of pole less network to reduce fault rate.
- (iv) Introduction and addition of Wireless in Local Loop system to cover larger rural areas.
- (v) Centralized computerized fault booking system with Interactive Voice Response System (IVRS) at SDCC (Short Distance Charging Centre).
- (vi) Conversion of SBM (Single Base Module) into RSUs (Remote Switching Units).

- (vii) Conversion of C.DOT 256 Port exchanges into AN-RAXs (Access Network-Rural Automatic Exchanges).
- (viii) Provision of maintenance free battery sets and Engine Alternators for back-up power supplies in exchanges.
- (ix) Annual Maintenance Contract (AMC) entered with suppliers for WLL equipment and FWTs to ensure its proper and timely maintenance.
- (x) Provision of high capacity external maintenance free battery with FWT for providing larger talk time and standby time.
- (xi) Battery charger of FWT to operate in the voltage range of 90~300V.
- (xii) More Base Transceivers Station (BTS) are planned to enhance the coverage of WLL System.
- (xiii) Do's and Don'ts have been issued to customers to increase their awareness on proper use of FWTs so as to minimize FWT related faults.

141. Similarly, following measures were stated to have been initiated to improve performance of QoS parameters for Cellular Mobile Services:—

- (i) Expansion of Network: BSNL is expanding its GSM network to overcome the network congestion caused due to ever growing demand and traffic.
- (ii) Drive test: The exercise of Drive test with network optimisation has been intensified. This would improve the QoS.
- (iii) Load Balancing: Re-parenting of BSCs/BTSs is being reviewed and implemented.
- (iv) Congestion relief mechanism: Network optimisation by using congestion relief mechanism in the BTSs having un-equal traffic among three sectors is being carried out.
- (v) Monitoring of the network: It has been strengthened at all levels. Review of network congestion and corrective & possible preventive measures have been intensified.

(vii) Waiting List

142. The circle-wise waiting list for BSNL telephones, including GSM phones, as on 28th February, 2007 was stated to be as under:—

**Circle-wise waiting list of the Land lines &
GSM telephones as on 28.02.2007**

Sl.No.	Name of Circle	Waiting list as on 28.02.2007	
		Land line	CMTS
1	2	3	4
1.	Andaman & Nicobar	685	0
2.	Andhra Pradesh	20,034	0
3.	Assam	11,846	0
4.	Bihar	73,389	0
5.	Chhattisgarh	417	2,835
6.	Gujarat	24,409	0
7.	Haryana	17,134	0
8.	Himachal Pradesh	27,939	0
9.	Jammu & Kashmir	42,504	0
10.	Jharkhand	4,903	0
11.	Karnataka	58,415	0
12.	Kerala	188,662	0
13.	Madhya Pradesh	17,588	0
14.	Maharashtra	70,155	580
15.	North East-1	2,029	7,902
16.	North East-2	2,543	12,315
17.	Orissa	15,282	0
18.	Punjab	4,534	0
19.	Rajasthan	71,184	0
20.	Tamil Nadu	9,473	0

1	2	3	4
21.	Uttaranchal	172	0
22.	Uttar Pradesh East	45,250	0
23.	Uttar Pradesh West	16,833	0
24.	West Bengal	97,394	0
25.	Kolkata	922	0
26.	Chennai	4,546	0
Total		828,242	23,632

143. Asked to state the measures taken by BSNL to provide telephone on demand, it was replied that the following measures were being taken by the company towards that end:—

- i. BSNL has restored laying of U/G cable upto 5 Km. of telephone exchanges against the norm of 2.5 Kms for providing telephone on landline.
- ii. BSNL is deploying WLL network in rural area to meet the demand of telephone connections beyond 5 Kms of exchange *i.e.* scattered and far flung rural areas and where telephone connection is not possible on landline.
- iii. There are also plan to install 3 WLL BTS per SDCA to provide umbrella coverage, so that the telephone connection is available on demand in most of the places.

XII. Mahanagar Telephone Nigam Limited (MTNL)

144. The total Plan Outlay for and actual utilization by MTNL during the Tenth Plan period (2002-2007) was state to be as under:—

Plan Outlay

(Rs. in crores)

2002-03 Proposed	2003-04 Proposed	2004-05 Proposed	2005-06 Proposed	2006-07 Proposed	Total Exp 10th Plan
3994.06	2862.40	1523.80	1619.80	1955.40	11955.46

Actual Expenditure

2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 (upto Feb. 07) Actual	Plan Total
1053.91	965.91	1038.48	685.47	551.25	4302.27

145. Asked to state the reasons for such dismal utilization of the Tenth Plan Outlay by MTNL, it was replied that the Tenth five year Plan which had been projected by MTNL was an ambitious plan and perspective in nature. Due to fierce competition in the telecom sector with a number of players in both the cities, the Tenth plan projections were changed. MTNL would require additional avenues in view of erosion in its resources to maintain overall growth of the company.

146. The other reasons for reducing the BE in the RE and reduced actual expenditure as compared to the projections were stated to be as under:—

- (i) Falling price of equipment.
- (ii) Limited opportunities available for the expansion in service areas abroad.
- (iii) Limited opportunities available for the expansion in service for National acquisition.

147. The Committee were then informed that the total outlay for MTNL for the Eleventh plan period was Rs. 8576.31 crore for Switching, IT related services and expansion in New Service Areas abroad and national acquisitions. In view of the meagre utilization of Tenth Plan Outlay, the Committee desired to know the plan of action on the part of MTNL to optimally utilize the Eleventh Plan Outlay. In reply, it was stated that the vision of MTNL to fully utilize the eleventh Plan Outlay was as under:—

To achieve the targets in the future years, it would be critical to have timely introduction of emerging technologies in the network. A plan for introduction of various technologies like MPLS for Transmission, NGN, BBLDC and Metro Ethernet for Fixed Line Switching, 3G & 4G for Mobile Services IP based network components etc. have already been introduced/proposed.

One common thread of various developing technologies is the application of IP based architecture. In future, it is anticipated that all the network components would be IP based due to efficiency.

(b) Services Prospective: In the competitive scenario, it would be necessary to look beyond the traditional services of voice telephony. MTNL has an edge over its competitors in terms of range of service licenses and a dominant position in the fixed line segment. As the technology moves towards an all IP based structure, MTNL can exploit this advantage by providing cross platform services.

(c) Marketing Prospective:

“Catch Them Young”: The future demand of connections and service is likely to come mainly from:—

- (i) Youth population of 12-18 years;
- (ii) New migrations in the cities;
- (iii) Churn from other operators; and
- (iv) Provide wireless broadband connectivity in all universities/ colleges.

The advertisement themes would focus on above segment of market.

(d) Manpower Perspective: MTNL has been devoting substantial resources in building a skilled workforce that has an innate capability to counter threats posed by ever changing business environment and to take advantages of the opportunities presented to serve ever increasing customer base. Considering the need of hour, the Company has taken steps to rightsize the organization so as to have a lean organization.

148. It was observed from a statement furnished to the Committee that the achievement of annual physical targets set for MTNL during the year 2006-2007 has been quite dismal. For example, out of the target of 10 lakh new connections, the achievement as on 31st December, 2006 has been 3,73,358 connections only. Similar shortfalls have also been observed in Switching Capacity, TAX Tandem Capacity, OFC etc. some projects/schemes like buildings, Rehabilitation of existing Land Line Copper network, International Long Distance Operations were yet to take off.

149. In the above context, the Committee desired to be apprised of the reasons for such dismal performance on the part of MTNL as on 31st December, 2006 in the achievements of Annual Physical Targets of 2006-2007. The Committee also wanted to know the reasons for some projects/schemes being non-starters as on 31st December, 2006. In reply it was stated that the achievement of targets in 2006-07 upto Feb. 2007 was as under:

Sl.No.	Parameter	Plan Target (2006-07)	Achievement (Feb. 07)
1	2	3	4
1.	Net switching capacity including WLL and Cellular	2000K	676K

1	2	3	4
2.	New connection (including WLL, Cellular and Broadband)	1000K	750.515K
3.	DLC (Deployment of DLC/DSLAM)	500K Port	79K
4.	TAX/Tandem Capacity	64K	0
5.	OFC (Fibre Kms)	18000 Fibre Kms	52013.41 Fibre Kms

150. Regarding reasons for shortfalls the Committee were informed that the orders for 1500 K lines of GSM mobile have been placed and the equipment was under installation. However, ITI who was awarded 7,50,000 GSM lines in Mumbai has delayed the supplies and installation.

151. Secondly, tender for procurement and installation of 24K NGN equipment for each city of Delhi and Mumbai was under finalization and a purchase order was likely to be placed shortly. However, this being a new technology being introduced for the first time, it has taken more time than expected and to meet the urgent requirement of the units it has been decided to procure TDM based Tandem switches.

152. Thirdly, orders were placed on ITI in June, 2006 for 300K ports of Broadband equipment. However, due to non-supply of the equipment by ITI, target for deployment of DSLAM could not be met.

153. On being asked to indicate the anticipated achievement of targets by 31st March, 2007 and the preparedness of the Company to optimally achieve the 2007-2008 targets, it was replied that efforts were being made to meet the target of new connections by 31st March, 2007. In view of orders already placed for GSM and Broadband equipment, the company has made arrangements to meet the targets envisaged in 2007-2008.

154. In view of the stiff competitive scenario, the Committee enquired about the special measures taken by the Company to provide value added services to its customers. In reply, it was stated that the number of Value added services being provided by MTNL on its GSM mobile network in Delhi and Mumbai was 35 and 51 respectively. MTNL was planning to provide its customers new value added services on mobile like GRX & international MMS connectivity, CRBT, Interactive TV through SMS. IVRS, color SMS, mobile games Live astrology, missed call alert, voice sms etc.

155. With increasing GDP and per capita spending capacity it was expected that the revenue from value added service would rise to a substantial 12% from the existing 1% of GSM service revenue by 2012. The VAS is expected to include broadcast TV, video on demand and real time video gaming besides MMS etc. after the introduction of the 3G mobile technology.

156. As regards the outstanding arrears of telephone bills, including that of mobile phones, in Delhi & Mumbai as on 28th February, 2007, the following information was furnished to the Committee:—

Amount outstanding as on 28 Feb 2007

(Amt. in crore)			
Service	Delhi	Mumbai	Total
Basic	653.99	361.68	1015.67
CDMA	67.36	22.95	90.30
Mobile	82.29	76.49	158.77
Total	803.63	461.12	1264.74

Old Outstanding of Basic Service for the period upto 31.03.05, realized upto 28.02.2007

(Amount in crores)		
Period	Amount Outstanding	Amount of Reduction
Old Outstanding as on 31.03.05	1114.12	—
Old Outstanding as on 31.03.06	903.74	210.38
Old Outstanding as on 28.02.07	815.19	88.55

Basic service total outstanding

(Amount in crores)		
Period	Amount Outstanding	Amount of Reduction
As on 01.04.06	1053.25	—
As on 28.02.07	1015.67	37.58

157. In response to another query regarding outstanding amount written off by MTNL, it was stated that a total amount of Rs. 14,95,79000/-was written off between April, 2006 and February, 2007 the break-up being Rs. 6,84,88000/-Delhi and Rs. 8,10,91000 in Mumbai. The reasons for such write off of outstanding dues were stated to be as under:—

- (i) In most of the cases outstanding written off pertains to more than 10 years.
- (ii) Whereabouts of the subscriber are not available despite efforts.
- (iii) Cost of recovery in these cases is more than the amount involved.

158. Asked indicate the innovative measures adopted by MTNL to recover the outstanding dues, it was replied that various efforts were made towards reduction in outstanding dues. These included automated telephonic reminders to subscribers who defaulted in making payments of their bills. Further action of disconnection of the telephone including disconnection of other working connection of the subscribers was also initiated in case payment was not received. Legal notices were therefore served to those subscribers who despite the reminders failed to make the payments of the telephone bills. In the events of the above efforts not yielding results, recovery suits were filed in the court of law wherever possible. In respect of old outstanding dues private recovery agents were also being employed for making recoveries. A revenue Assurance programme has also been implemented in MTNL wherein efforts were being made to further reduce the outstanding dues.

159. On the recovery issued the CMD, MTNL submitted in evidence as under:—

“..... With the latest convergent billing system which is going to be commissioned very soon, we will be having real time monitoring of the outstanding dues of each customer across the board whether he has fixed line or mobile or broadband etc. Then we will set a credit limit through which we can reduced this outstanding further in future”.

XIII. ITI Limited

160. It was observed from a statement furnished to the Committee that the Eleventh Plan (2007-2012) proposed outlay for ITI is Rs. 350 crore out of which Rs. 135 crore has been earmarked for the first year

i.e. 2007-2008 of the Plan period with the full amount requested as budgetary grant.

161. It has also been observed that the Company's Annual Plan outlay of Rs. 500 crore for the year 2006-2007 with budgetary support of Rs. 100 crore has not been agreed to by the Government and as such the RE 2006-2007 has been reduced to Rs. 5 crore.

162. In this regard, the Committee desired to be apprised of the total approved Plan outlay for ITI during the Tenth Plan period, the budgetary support there on and the actual achievement thereof. In reply, the following statement was furnished to the Committee:—

Year	Outlay as per 10th Plan	Outlay BE	Outlay RE	Actual Expenditure	% of achievement
2002-03	73.00	73.00	71.73	31.72	43.45
2003-04	202.00	202.00	70.00	10.86	15.51
2004-05	190.00	120.00	120.00	61.93	51.60
2005-06	170.00	0.00	0.00	95.00	
2006-07	155.00	0.00	0.00	1.13	
Total	790.00	395.00	261.73		

163. It was also stated that the following budgetary support was provided to ITI during the Tent Plan period:—

- (i) Rs. 200 crore under Plan during 2004-05 as equity investment.
- (ii) Rs. 601.10 crore under Non-Plan as revival package to the company.
- (iii) Rs. 100 crore provided as interest free loan under non-plan for the capital expenditure during 2005-2006.

164. The Committee were further informed that the Company has drawn a detailed plan of new technologies such as GSM, CDMA, NGN, IFWT, G-PON, ADSL, WiMAX and new generation STMs and either have acquired or is in the process of acquiring these technologies. In the absence of budgetary support the company may not be able to achieve the planned targets.

165. The Committee then desired to know the Project/Schemes that suffered consequent upon the refusal of the Government to agree to a budgetary support of Rs. 100 crore to ITI during the 2006-2007 fiscal and the subsequent downward revision of the 2006-2007 Re to Rs. 5 crore. In reply it was stated that the manufacturing for WLL CDMA & ADSL DSLAM could not be established in the absence of budgetary support from the Government. Though the sales turnover has not been affected, the Company could not achieve the desired value addition and contribution.

166. The Committee asked about the measures taken by ITI to upgrade the existing infrastructure and to diversify the product range to cater to the requirements of the new telecom environment. In reply it was stated that to keep pace with the changing scenario, ITI has been inducting new generation technologies to cater to the requirement. These technologies are not available indigenously in the absence of indigenous R&D and hence ITI has to procure them from the global market. Such procurement of technologies results in incurring huge expenses towards Transfer of technology fees and Royalties and leaving very little contribution for ITI.

167. In order to upgrade the existing infrastructure and diversify the Product range, ITI has acquired or are in the process of acquiring the following new generation technologies.

Mobile communications:

GSM, 3G, WLL CDMA, IFWT, GSM FCT, Antenna, Microwave equipment, SIM/SMART Cards

(a) Broad band:

ADSL DSLAM Broadband CorDECT, iBurst, WiMAX

(b) Transmission:

New generation Optical equipment (SDH), DWDM, G-PON

(c) Networking/networking equipment:

MLLN, SSTP, IPTAX,

168. Since the requirement of the market is not only equipment but also its installation & commissioning, ITI has focused on Turnkey operations also.

169. Asked to specify the value of the Turnkey Projects, it was stated that during the last three years the value of turnkey jobs undertaken were as follows:

Year	Total turnover Rs. cr	Turnover from turnkey jobs Rs. cr	Percentage of total turnover
2003-04	1257	668	53%
2004-05	1389	942	68%
2005-06	1749	1389	79%

170. The Committee then desired to be apprised of the latest position with regard to the reimbursement of Rs. 100 crore to the Company towards VRS expenditure and funding of Rs. 160 crore towards Gratuity Trust as informed to them during a study visit to ITI in October, 2006. In reply, it was stated that the proposal of Rs. 100 Crore for VRS expenditure for the year 2005-06 and for funding of Rs. 160 Crore towards the amount payable to Gratuity Trust was still under the consideration of the government.

171. In evidence, the Committee desired to know the patronage extended by DoT for ITI's survival and turn around. In reply, the CMD, ITI stated that ITI was getting around 30 per cent of reservation of Orders from BSNL and MTNL as a result of which the company had got orders worth Rs. 3100 crore during the 2006-2007 fiscal.

172. The CMD, ITI further stated:—

“Secondly, against these orders, we get advances from BSNL and MTNL. Of course, we have to pay interest over that but we do get advances. The effect of advance is that we are able to deliver the goods which are ordered on us. The position over the years has been improving”.

173. When the Committee desired to hear the views of the Department regarding revival of the Company, a representative of DoT submitted that looking into the core competence of ITI, which was mainly on the switching network and all that, they have tried to take up 2G network, rightly when the mobile phones came up, as a solution provider. They have started it in the Western Zone and they have been given the work by BSNL and MTNL Moreover, ITI had entered into negotiations with different technology providers on the emerging areas where they could do their manufacturing and that would help those highly skilled people to get retained and redeployed.

174. When the Committee desired to know whether ITI had ever ventured into manufacturing mobile phone instruments, it was replied in the negative. The representative, DoT further submitted that two years back, this was thought of but the mobile market was very competitive and volume played the main role.

175. The Committee asked whether it would not be prudent on the part of ITI, of course with the assistance from DoT, to venture into producing mobile phone instruments. In reply, the Secretary, DoT submitted:—

“I would submit that the suggestion you are making is really very good. It is a suggestion which will take some time to fructify..... In the first stage, we have to provide such sustenance to ITI so that it comes out of its morass at the moment and then when it is self-sufficient, then it goes into the stage which you are saying.”

176. The CMD, ITI supplemented that if financial restructuring could be done, then things would be better for ITI. The Secretary, DoT referring to a court case against BSNL, stated that it had a huge impact on ITI's financial health. The moment the case was decided, ITI could get orders worth Rs. 6,000 crore, spilled over two years, pursuant to the 30 percent reservation policy of the Department. In a subsequent development, the Committee were apprised that on 16th April, 2007 the Court Case has been dismissed as withdrawn.

XIV. Miscellaneous

(i) Spectrum issues

177. As regards delay in release of spectrum from Defence and steps taken by DoT towards early release of spectrum, the Committee were informed that DoT had already embarked on creation of alternative network for Airforce which should be ready by July, 2007. The network requirements of Army and Navy are being discussed. The Project is being implemented by BSNL/MTNL on top priority.

178. In response to another query, it was replied that delay in release of spectrum would adversely affect the quality of service, increase congestion and affect delay the achievement of roll out targets.

179. Asked to state the status of the introduction of 3G services, it was replied that the introduction of 3G services could be decided once the spectrum availability was determined.

(ii) Access Deficit Charges

180. In the wake of recent cut down on the Access Deficit Charges which are paid to BSNL by the Private telecom operators to enable the former to provide telecom services in rural areas the Committee desired to know the extent of benefit that would accrue to the customers as a result of such deduction. In reply, it was stated that tariff, in general, were under forbearance, except for the tariff in rural

areas for basic phone, roaming tariff in case of mobile phones and tariff for leased circuits. Service providers are free to charge tariffs as per their commercial judgement subject to certain regulatory principles. However, TRAI expects that service providers are likely to pass the benefit of reduction in ADC to the consumers.

181. Asked to specify whether such reduction would anyway affect the rural telephony programme of BSNL, it was replied that as per TRAI, no ADC was being levied on revenue generated from rural wireline subscribers i.e. while calculating ADC as a percentage of AGR of a Unified Access Service Licensee/Basic Service Operator, the revenue from rural fixed wireline subscribers was allowed to be excluded. BSNL, being aggrieved by reduction of its ADC amount and non-consideration of its representation by TRAI for restoration of full ADC amount, challenged the TRAI's IUC Regulation dated 23.02.2006 in TDSAT. This Appeal of BSNL is pending adjudication before TDSAT.

182. The Committee then desired to hear the views of the Department on TRAI's reported pulling up of BSNL for not meeting the specified objectives for which ADC was being paid. In reply, it was stated that TRAI has noted in para 7.9.5 of the Explanatory Memorandum to the 8th Amendment to IUC Regulations dated 21st March, 2007 that "BSNL has not actively responded to the key purpose for which ADC was given. It may be recalled that ADC had specific purpose to be fulfilled in a time frame (i.e. tariff rebalancing). Further, BSNL is now offering tariff regime for bundled services which appear to be having some element of cross subsidy."

(iii) Consumer Protection Measures

183. The Committee desired to know whether any system has ever been put in place by both DoT and TRAI to gauge the efficacy of the consumer protection measures in view of the ever prevailing discontentment/harassment of the subscribers by the service providers. It was replied that Telecom Regulatory Authority of India (TRAI) Act, 1997 was enacted with a view to regulate the telecommunications services, adjudicate disputes, dispose of appeals and to protect the interests of service providers and consumers of the telecom sector, to promote and ensure orderly growth of the telecom sector. Further, Section 11(1) (b) (v) of TRAI Act enables TRAI to lay down the standards of Quality of Service (QoS) to be provided by the service providers and ensure QoS and conduct the periodical survey of such service provided by the service providers so as to protect the interest of consumers of telecom service.

184. In pursuance of Section 11(1) (b) (v) of TRAI Act 1997, TRAI issued a regulation in July 2000 which defined the quality of service parameters and benchmarks for basic and cellular mobile services. Surveys from time to time have been carried out by TRAI to assess the quality of service provided by TRAI as per parameters and benchmarks prescribed by TRAI under its regulation issued in July 2000. TRAI also held discussion with various operators regarding the

results of these surveys. Defining the parameters and benchmarks or Quality of Service on the basis of surveys conducted by TRAI and discussion with service providers, is a continuous process. Regarding specific monitoring of the consumer protection measures initiated by TRAI, the following detailed information was furnished to the Committee.

- (a) The Quality of Service Regulation for Basic Service and Cellular Mobile Service issued on 1.7.2005 provide for certain customer centric parameters. The performance of service providers against the benchmark for these parameters are assessed through Performance Monitoring Reports received from service providers. The Authority also undertakes objective assessment of Quality of Service and Customer Satisfaction Survey through an independent agency and these reports are widely published for the Stakeholders information which includes consumers.
- (b) The Authority issued the Quality of Service (Code of Practice for Metering and Billing Accuracy) Regulation, 2006 on 21.3.06. The regulation provides for audit of metering and billing system by service providers through any one of the auditors from the panel of auditors notified by TRAI. The Authority notified the panel of auditors on 28.8.06 and the service providers have engaged their auditors. The audit for the year 2006-07 is currently under progress.
- (c) The Authority issued the Quality of Service for Broadband Services Regulations, 2006 on 6.10.06. These regulations have come into effect w.e.f. 1.1.07. The performance of Broadband Service Providers against the benchmarks for the various Quality of Service parameters will be monitored through Quarterly Performance monitoring Report.
- (d) TRAI has taken several measures for protecting the interest of consumers by way of issuing several directions, regulations, orders etc. The efficacy of some of these measures is tested through specific Questionnaires put along with customer satisfaction survey.

185. Moreover, TRAI had recently undertaken public consultation on "Redressal of Consumer Grievances and Consumer Protection in Telecommunication". The Consultation Paper discusses the various mechanisms available to the consumer for redressal of his grievances, the problems being faced by consumer in the redressal of his grievances. The Consultation Paper also suggests a framework for the redressal of grievances of consumer, education of consumers and prevention of grievances. The responses received from stakeholders in this regard are being examined in TRAI.

186. Further, in view of competitive scenario in the telecom sector, it is expected that competition will lead to providing better service to customers by various service providers.

RECOMMENDATIONS/OBSERVATIONS

I. DoT Budget

1. The Committee note that the total approved Budget for the Telecom Services for the year 2007-2008 is Rs. 5640 crore out of which Rs. 5445 crore is for Revenue Section and Rs. 195 crore is for Capital Section. Out of the approved Budgetary support of Rs. 5445 crore for Revenue Section, Rs. 5300 crore is towards Non-Plan expenditure and Rs. 145 crore towards Plan expenditure. The Committee also note that the approved Plan Outlay of the Telecom Sector including their Public Sector Undertakings (PSUs) for the year 2007-2008 is Rs. 25561.97 crore with the budgetary support of Rs. 340.00 crore. As against this, the approved Plan Outlay of the Telecom Sector including its PSUs in the Budget Estimates 2006-2007 was Rs. 19509.31 crore with the budgetary support of Rs. 218.61 crore. In 2006-2007 Revised Estimates, the Plan Outlay was reduced to Rs. 17468.22 crore (including budgetary support of Rs. 149.90 crore). Significantly, the reduction of the Plan Outlay by more than Rs. 2000 crore in the 2006-2007 RE was stated to be primarily on account of the revision of plan size by Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL). At the same time, enhancement of the 2007-2008 Plan Outlay by Rs. 8093.75 crore *vis-à-vis* the 2006-2007 plan outlay was stated to be mainly due to increase in the physical targets of BSNL & MTNL. In the opinion of the Committee, such Plans and projections which get revised downwards one year at the RE stage implying reduction of Plan outlay by more than Rs. 2000 crore and upward recision the very next year at the BE stage thereby enhancing the Plan outlay by more than Rs. 8000 crore, somehow appear to be unrealistic. The Committee acknowledge the fact that plans and projections do keep changing commensurate with the rapid changes in the telecom sector, But the fluctuations in the annual plans and projections should be confined to such an extent that the financial utilization of the approved outlays and physical achievement of targets depict a realistic assessment. The Committee, therefore, desire that the Department should ensure scientific planning and management so that there are no substantial variations at the RE stage in utilizing the proposed outlay of Rs. 25561.97 crore. The Committee also desire that prudent measures for advance and realistic planning should be continued throughout the Eleventh Plan period for maximum and effective expansion of telecommunication services by the PSUs of the Department.

2. The Committee further recommend that the six important activities i.e. setting up of Telecom Testing and Security Certification

Centre (TETC), Telecom Assistance Undersea Cabling between Mainland and Andaman Nicobar (UM & AN), OFC based Network for Defence services, Centre for Communication Security Research and Monitoring and Next Generation Network (NGN) Test Lab, that have been undertaken during the year 2007-2008 should be accomplished successfully for optimum utilization of the budgetary support of Rs. 340 crore earmarked towards that end. The Committee would specifically emphasise the need for ensuring utilization of Rs. 150 crore earmarked during 2007-2008 for establishment of OFC based Network for Defence services for co-ordination of vacation of spectrum for growth of mobile services as well as introduction of 3G services.

II. Rural Telephony and Teledensity

3. Provision of rural telephony has been identified by the Department as one of the thrust areas. Pursuant to that, it is envisaged to provide one telephone per three rural households by 2007 and one phone per two such households by 2010. It is also proposed to provide mobile access to all villages with population of more than 1000 by 2007. In this context, the Committee find that although the telecom sector witnessed a stupendous growth during the first nine months of the 2006-2007 fiscal when the net addition of phones was 478.29 lakh thereby increasing the total number of phones to 1899.21 lakh as on 31st December, 2006, yet the overall rural telecom status depicted a pathetic scenario. To be very specific, as on 31st December, 2006, the overall teledensity stood at 16.83 per 100 population, the urban teledensity rose to 53.34 whereas the rural teledensity remained at a dismal 1.86 as on the same date. The reasons advanced by the Department for rural telephony falling way behind the impressive growth in the urban connectivity, *inter-alia* were, i.e. higher economic and literacy status as well as easier availability of supporting infrastructure in the urban areas. The Committee are unable to accept them in view of the fact that rural areas have immense economic potential which have to be tapped suitably. Moreover, adequate provision of rural telephony is Government's obligation and thus the onus to create and making available supporting infrastructure evenly lies with them. The Committee, therefore, impress upon the Department to take all appropriate measures, regardless of the impediments, to give an impetus to rural telephony so that the targets spelt out under the thrust areas are achieved and the urban-rural divide is bridged.

4. The Committee observe that the Government is in the process of taking necessary action to provide support for infrastructure for mobile services including Wireless Access Services like Wireless in Local Loop (WLL) by using Fixed/Mobile Terminals in rural and remote areas of the Country. A total of 7871 towers will be set up

in such areas in 500 Districts spread over 27 States. The Committee note that for that purpose, the Notice for Inviting Tenders (NIT) has been issued, bids received and evaluated. The Committee desired that the Department should expedite the formalities to support provision of infrastructure for mobile services in rural and remote areas so that the earmarked towers are set up early in the designated Districts and the teledensity increased to a noticeable extent.

III. Performance of Private Operators in rural telephony

5. Another reason adduced by DoT for the sorry state of affairs in the rural and remote areas is the reluctance of Private Service providers to go in for rural telephony because of revenue factors. The Committee's examination revealed that out of the total 478.29 lakh telephones provided during the year 2006-2007, about 89 per cent i.e. 424.38 lakh telephones were provide by the Private Operators, thereby increasing their overall share of telephones to 65 per cent as on 31st December, 2006. But what really concerns the Committee is the fact that no segregated data is being maintained by the Private Service providers to indicate the number of telephones provided by them in rural areas out of the total provision of 424.38 lakh telephones during the year 2006-2007. The Department's statement that the Private operators have agreed to provide the segregated figures with effect from March, 2007 is of little consolation to the Committee in view of the fact that such datas should have been maintained and obtained earlier, especially, when the rural telephony programme has been languishing for years together. Further, the Department's reported reluctance to comment on the performance of the Private Operators in the rural areas in the absence of segregated figures does not merit consideration in view of the dismal performance of these operators during the pre-UASL era when there was even an obligation upon them to provide VPTs and they came out absolute croppers. With the advent of the UASL regime, the said obligation has ceased to exist and the Committee are obviously apprehensive about the Private sector's performance in rural areas. They, therefore, impress upon the Department to find out effective ways and means to make Private Services Providers accountable to rural and remote areas, else rural teledensity will continue to remain as dismal as ever.

IV. Provision of VPTs.

6. The Committee note that provision of Village Public Telephones is covered under the flagship 'Bharat Nirman Programme' of the Government of India. The Committee also find that nearly 5.42 lakh VPTs covering more than 90 per cent of the villages have been receiving support towards operation and maintenance of such VPTs. For the remaining uncovered and eligible 66822 villages,

agreements have been signed with BSNL to provide VPTs in a phased manner by November, 2007. As on 28th February, 2007, BSNL has been able to provide 41706 VPTs and the Company is reportedly taking necessary action to provide the remaining VPTs by November, 2007. In this context, the Committee would like to point out that in view of the Private Sector's established reluctance to provide telephones in rural areas, all aspirations and expectations rest with BSNL, the only service provider with a significant presence in rural areas. The Committee, therefore, desire that BSNL should live up to such expectations, procure and instal suitable equipment in time and provide the remaining 25116 VPTs by November, 2007.

V. Provision of RCPs

7. The Committee note that agreements were signed with BSNL and Reliance Infocom Limited (RIL) on 30th September, 2004 for installation of 46,253 Rural Community Phones (RCPs) by 2007 in a phased manner in villages with a population of more than 2000. Pursuant to that, the Committee find that as on 28th February, 2007, RIL has been able to provide 15690 RCPs against its quota of 21431. Similarly, BSNL has been able to provide 20602 RCPs by 31st December, 2006 against its earmarked quota. The Committee desire that DoT should ensure provision of the remaining RCPs by the service operators within the stipulated time frame.

VI. Replacement of MARR VPTs

8. The Committee note that agreements were signed with BSNL in September, 2003 and March, 2004 to replace, 1,86,872 VPTs by December, 2007 which were working on Multi Access Radio Relay (MARR) technology and installed before 1st April, 2002. The Committee also note that as on February, 2007, BSNL has been able to replace 1,70,332 MARR based VPTs and some Circles like Andaman & Nicobar, Haryana, Kerala, Punjab, Tamil Nadu and Uttar Pradesh (West) have completely got rid of the non-functional MARR VPTs. The Committee desire that BSNL should maintain the momentum and replace the remaining 16,540 fault prone MARR based VPTs in other Circles also, by December, 2007.

VII. Universal Service Obligation Fund (USOF)

9. The Committee note that the entire budgetary provision of Rs. 3581.44 crore allocated in the years 2002-2003 to 2005-2006 towards USO activities was optimally utilised. Against a revised projection of Rs. 1700 crore for the year 2006-2007 a sum of Rs. 1500 crore was provided to USOF. Out of that Rs. 737.98 crore has been disbursed till December, 2006. The Committee further observe that against an estimated requirement of Rs. 3000 crore for the year 2007-2008, a

provision of Rs. 1800 crore only has been made in the budget proposals. The Committee find that such reduction was made on the ground that additional fund would be provided by the Ministry of Finance at the RE stage upon assessing the progress of work. During evidence, the Administrator, USOF submitted before the Committee that taking into consideration the activities in hand and those to be undertaken, the proposed Rs. 1800 crore would be utilised by the end of December, 2007 itself. In the circumstances, the Committee fail to understand the rationale for leaving things to the RE stage when the proposed activities and the fund requirement are quite clear at the beginning of the financial year itself. Such an act becomes more illogical when fund utilisation has been optimum, during all these years. Moreover, it is imminent that sooner than later new activities like disbursement of funds towards mobile and broadband coverage of rural areas are to be undertaken for which more resources will be required in the USOF. Considering all the above factors, the Committee urge upon DoT to appropriately present the plans and projections under USO activities, convince the Ministry of Finance and get the required funds at the BE stage itself so that the last minute rush of activities leading to unfinished projects/schemes is avoided.

10. The Committee further note that the collection of US levy from the service providers was Rs. 1653.61 crore in 2002-2003, Rs. 2143.22 crore in 2003-2004, Rs. 3457.73 crore in 2004-2005 and Rs. 3533.29 crore in 2005-2006. The US levy collection for the year 2006-2007 is anticipated at Rs. 3488 crore. The Committee are, however, dismayed to observe that against the total US levy collection of Rs. 14275.85 crore during the years mentioned above, including the 2006-2007, the anticipated collection of Rs. 3488 crore, the actual release of such collection to the USOF has been Rs. 5081.43 crore only, the year-wise break-up being Rs. 300 crore in 2002-2003, Rs. 200 crore in 2003-2004, Rs. 1314.58 crore in 2004-2005, Rs. 1766.85 crore in 2005-2006 and Rs. 1500 crore in 2006-2007. The Committee understand that fiscal 2007-2008 will mark a watershed in the growth and development of USOF activities for which the financial outgo during the year is going to reach a peak. One such important activity will be disbursement towards provision of mobile telephony in rural and remote areas for which 81 clusters comprising 7871 locations have been identified where towers and antenna have to be put up for provision of CDMA and GSM services. In view of the above as well as due to the existing negligible rural tele-density, the Committee feel that it becomes imperative on the part of DoT to take up and pursue the matter at the appropriate level for maximum and timely release of US levy fund from the Consolidated Fund of India to the USOF.

11. The Committee note that earlier landline telephones were the preferred means of providing telephone connections whereas the existing phenomenon is that wireless system can be installed at less cost and time and it can cover a vast area even if there is a scattered domain. The Committee acknowledge the fact that installing a Telephone Exchange for provision of landline connections is definitely a costly proposition. But it still remains a fact that, landline connections have its own advantages and significance. In fact, landline connections acquire greater significance in view of the ambitious Broadband targets set for the current as well as the coming years. The Committee, therefore, recommend that the preference for landline connections should not be discouraged overly or overtly and whenever there is demand for setting up of Telephone Exchanges, that should be considered suitably, as also assured by the Secretary, DoT.

VIII. Broadband

12. The Committee note that one of the thrust areas of the Department is to provide broadband coverage for all Secondary and Higher Secondary Schools by 2007 and Public Health Care Centres by 2010. Moreover, the year 2007 has been declared by the Government as the 'Year of the Broadband'. In order to achieve the objective, a target of 6.5 million broadband connections, in addition to the existing 2.5 million such connections, has been set to be accomplished by December, 2007. Out of the intended 6.5 million connections, 4.5 million connections will be provided by BSNL, 1 million by MTNL and the remaining 1 million by all the private operators. As regards the exact geographical spread of the broadband connections by the end of 2007, the Committee are informed that 800 towns have already been covered and 1,000 additional towns are being planned to be covered by December, 2007. So far as coverage of rural areas is concerned, the Committee find that all the one lakh Community Service Centres (CSCs), set up by the Department of Information Technology (DoIT) with an assured support of Rs. 170 crore, alongwith secondary schools, banks, health centres, panchayats, police stations etc. will be provided with broadband connectivity through 20,000 rural exchanges with Optical Fibre lines. The Committee also find that an Inter Ministerial Group (IMG) has been formed to work out the requirements of various user Departments/ Ministries for planning the roll out of Broadband infrastructure in rural areas with support from Universal Service Obligation Fund (USOF). The Group is expected to indicate the scope of demand from various Ministries/Departments within a month's time following which USOF will float a tender for broadband connectivity. It is expected that 90 percent of the roll out of wireless broadband connectivity will be completed by the end of 2007 and complete roll out by March, 2008. While welcoming such an ambitious target set

for the broadband coverage of both urban and rural areas, the Committee would like the Department to ensure that there are no fund and procedural constraints for embarking upon such a challenging mission. The Committee also recommend that DoT should work in tandem with other Ministries/Departments and periodically monitor the performance of the service providers so that broadband connectivity, as envisaged, is provided in both urban and rural areas to enhance the quality of life there through tele-density, tele-medicine, e-governance etc.

IX. Telecom Engineering Centre (TEC)

13. The Committee observe that the plan allocation for TEC for the BE & RE 2006-2007 was Rs. 1 crore whereas the actual expenditure upto 31st December, 2006 has been Rs. 5 lakh only. The Plan BE 2007-2008 provides for an amount of Rs. 20.25 crore which includes Rs. 2 crore earmarked for the North-East Region. By the end of the 2006-2007 fiscal the anticipated expenditure by TEC is Rs. 16.69 lakh, leaving a shortfall of Rs. 84 lakh (approximately). The Committee also note that for the scheme 'Upgradation of TEC Intranet' an outlay of Rs. 7 lakh was provided in 2006-2007. But the outcome till 31st December, 2006 is nil. Similarly for procurement of PCs, Laptops etc. an amount of Rs. 17 lakh and for VOIP Test bid an amount of Rs. 5 lakh were provided. But in both the cases, the outcome is also nil. For procurement of testing tools and accessories for CDMA, a provision of Rs. 71 lakh was made in the 2006-2007 Plan Budget. But till December, 2006, Rs. 2 lakh only has been utilised. The main reasons for the delay in execution of Projects/Schemes leading to shortfall in expenditure, as reported, are non-receipt of responsive offers against tender enquires, delay in supplies of equipment against the purchase orders, delay in receipt of bills against the equipment supplied, delay in installation of the equipment, etc. The Committee are surprised to observe that such administrative and procedural flaws are being encountered by the Engineering Centre year after year which invariably result in non-achievement of targets and gross under utilisation of the earmarked funds. In view of the fact that TEC is engaged with such important projects like Upgradation of TEC Intranet, VoIP Test Bed. CDMA Tester, in addition to the project for installation of five Labs, the Committee impress upon DoT to ensure that the procedural impediments do not come in the way of TEC's optimal achievement of targets set for the year 2007-2008, including those intended to be carried out in the North-East Region, thereby ensuring maximum utilisation of the earmarked amount of Rs. 20.25 crore.

X. Wireless Planning & Coordination (WPC)

14. The Committee note that the BE for WPC during 2006-2007 was Rs. 15.61 crore which was reduced to Rs. 6.30 crore at the RE

stage whereas the actual expenditure for the year (upto 14th February, 2007) has been Rs. 3 crore only. The Department have stated that non-completion of the job on time by the contractors, has led under utilization of funds. In fact, the same excuse is forwarded every year by DoT for non-achievement of targets and under utilization of funds under this head. The Committee, therefore, cannot accept this explanation. They would like to be informed of the precise action taken against the erring contractors and also the officers for their failure in proper management of the contracts. The Committee also recommend that all corrective measures should be taken to utilise the 2007-2008 BE of Rs. 11.40 crore as well as to accomplish the important project of National Radio Spectrum Management Monitoring System (NRSMMMS) by the end of the 2007-2008 fiscal.

XI. Wireless Monitoring Organisation (WMO)

15. The Committee observe that for WMO the BE 2006-2007 provided an amount of Rs. 9 crore which included Rs. 5 crore in the Grants of the Ministry of Urban Development. The RE 2006-2007 was reduced to Rs. 4.62 crore, all in the Grants of Ministry of Urban Development, thus leaving no amount for WMO. The Committee also note that the BE 2007-2008 for WMO prescribes an amount of Rs. 15 crore, the break-up being Rs. 3 crore for the continuing schemes and Rs. 12 crore for civil works. The Committee are dissatisfied to find that the RE 2006-2007 provision of Rs. 4.62 crore as included in the grants of the Ministry of Urban Development has not been utilised fully for reasons *inter alia* due to restrictions of 33 percent allocations to be spent in the last quarter. When the Department are already aware of the restrictions on the amount to be spent in the last quarter of a financial year, the Committee fail to understand the rationale for living schemes/projects to be achieved during that quarter. The DoT should, therefore, take up the matter at the appropriate level to see that the Ministry of Urban Development, which has been assigned the scheme undertakes advance planning and accomplish the job in time.

16. The Committee find that the target for WMO for monitoring wireless transmission was 1,77,900 during the year 2006-2007 whereas the achievement is 1,49,991, including the anticipated achievement by 31st March, 2007. Moreover, some shortfalls have also been noticed in other schemes like Monitoring Assignments Handled, Technical Assistance to users etc. Therefore, the Department's statement that no shortfall is anticipated in the achievement of targets by WMO at the end of 2006-2007 fiscal does not hold good. In view of the important assignments being undertaken by WMO, the Committee recommend that the Monitoring Organisation should take all possible measures to achieve the targets set for the year 2007-2008.

XII. Telecom Regulatory Authority of India (TRAI)

17. The Committee note that during the year 2005-2006 the plan approved Budget for TRAI was Rs. 3 crore but the actual expenditure was Rs. 1.45 crore. Similarly, during 2006-2007 the approved Plan BE was Rs. 3.25 crore which was reduced to Rs. 2 crore at the RE stage. The actual expenditure during the year (upto 15th February, 2007) was Rs. 20 lakh only. The Committee are informed that the expenditure by TRAI under the Plan budget for the year 2006-2007 (upto 15th February, 2007) was actually Rs. 98.62 lakh and the earlier reported expenditure of Rs. 20 lakh was due to inadvertent booking of Plan expenditure under Non-Plan. In order to avoid wrong classification of expenditure, the Committee feel that due care should have been taken while preparing the Budget documents and furnishing the same to Parliament. However, even after spending Rs. 98.62 lakh, the Committee note that the total anticipated expenditure under the Plan budget of TRAI for the year 2006-2007 is likely to be Rs. 1.50 crore by the end of March, 2007, the shortfall, thus, being Rs. 1.75 crore. Shortfalls to the tune of Rs. 4 crore (approx.) are also anticipated in the Non-Plan expenditure during the 2006-2007 fiscal. Shortfalls in both Plan and Non-Plan expenditure have been attributed mainly to dislocation of work due to shifting of TRAI's office. Now that TRAI has settled elsewhere, the Committee hope that the Regulatory Body will take measures to ensure that the Plan approved budget of Rs. 3 crore and Non-Plan approved budget of Rs. 21.69 crore earmarked for 2007-2008 are optimally utilised.

18. The Committee observe that out of the total nine (09) consultancies/studies/procurement proposed during the Financial Year 2006-2007, one work relating to the upgradation and expansion of System software for TRAI has been completed. One work relating to the procurement of Test Drive Equipment has been dropped and one study relating to Legal aspects of growing telecom technology in a regulatory regime is proposed to be undertaken in-house. The Committee note that the six remaining consultancies/studies/procurement are unlikely to be completed by the end of the 2006-2007 fiscal due to various technical, procedural and administrative reasons. Such shortfalls in accomplishing important consultancy studies are least expected from TRAI, it being the pioneer body for discharging telecom as well as broadcasting regulatory functions. The Committee, therefore, desire that the important consultancy studies/trainings like Regulatory and licensing requirement for Spectrum Trading in India, Spectrum and Licensing related issues for new technologies, Satellite communications related issues, Studies on Digitalisation and impact of CAS, that are proposed to be undertaken by TRAI during the year 2007-2008 are accomplished for the benefit of common man as well as the stakeholders.

XIII. Telecom Disputes Settlement and Appellate Tribunal (TDSAT)

19. The Committee note that during the years 2003-2004 and 2004-2005 TDSAT has been unable to optimally utilize the budgetary allocations of Rs. 87 lakh and Rs. 70 lakh respectively. However, during the year 2005-2006 the Tribunal has been able to fully utilise Rs. 70 lakh. In 2006-2007 the BE amount of Rs. 75 lakh was enhanced to Rs. 1 crore at the RE stage whereas the actual expenditure (upto 31st January, 2007) has been Rs. 55 lakh only. The Committee further note that the anticipated expenditure by the end of the financial year 2006-2007 is Rs. 88 lakh. The remaining Rs. 12 lakh has already been surrendered as the proposed number of Seminars could not be organised by TDSAT due to some unforeseen circumstances and administrative difficulties. Such surrender of funds tantamount to negation of planning and the Committee, therefore, impress upon DoT to ensure that administrative difficulties do not come in the way of the tribunal's holding of Seminars, maintenance/upgradation of TDSAT library and website etc. that have been proposed for the year 2007-2008 so that the budgetary allocation of Rs. 1.25 crore is utilised optimally.

20. Committee note that during the year 2006-2007, 314 petitions/appeals were filed before TDSAT against the directions/decisions/orders of TRAI on tariff interconnection access charges etc. Out of that, 104 cases have been decided and the remaining 210 cases are still pending with the TDSAT. The Committee hope that the Appellate Tribunal will be able to finalise the remaining pending cases expeditiously in the interest of the stakeholders.

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

21. The Committee note that during the years 2004-2005 and 2005-2006, out of the Plan Outlay of Rs. 145.61 crore and Rs. 131.40 crore respectively, the actual expenditure by C-DOT in the corresponding years was Rs. 96.21 crore and Rs. 103.69 crore. During the year 2006-2007 the proposed outlay has been Rs. 143.70 crore with a budgetary allocation of Rs. 82 crore. The Committee find that the actual expenditure by C-DOT as on 28th February, 2007 has been Rs. 106.24 crore (provisional) and by the end of the fiscal C-DOT anticipates to spend upto 85 percent expenditure of the overall Plan outlay of Rs. 143.70 crore. The shortfall in expenditure during the financial year 2006-2007 has been attributed to non-completion of some of the study projects due to uncertainty in technology and less expenditure on support infrastructure. The Committee are not inclined to buy such reasons as C-DOT should have the expertise to relook into its technology priorities and methodologies in order to keep pace with the ever changing technological trends in the telecom sector. The Committee, therefore, recommend that C-DOT should

firm up the required new strategies to optimally utilise the BE 2007-2008 amount of Rs. 161.07 crore for development and deployment of next generation network and provision of cost effective rural wireless solutions.

22. The Committee observe that in the project 'Second and Third Generation Personal Communication Systems' the overall achievement of C-DOT is about 20 percent of the planned target because of the contentious 3G licensing issues, constraints and merits of 3G deployments *vis-a-vis* advantages of emerging 4G services and difficulties in spectrum availability for 3G services. Consequently, the scheme was foreclosed and C-DOT instead used the resources on software based radios and other rural wireless and broadband services. The Committee desire that C-DOT, by laying greater emphasis on planning, monitoring and quality processes, should be able to accomplish the changed priority target for the benefit of rural and remote areas.

23. The Committee note that during the entire Tenth Plan period, excepting for the year 2003-2004, C-DOT has not been able to generate the targeted internal revenue. For example, during the year 2002-2003, C-DOT was able to generate Rs. 16.90 crore against the target of 21.27crore. Similarly during the years 2004-2005 and 2005-2006, the targets in this regard were Rs. 35 crore and Rs. 21.20 crore respectively whereas the corresponding achievements were Rs. 32.08 crore and Rs. 8.96 crore. During 2006-2007 fiscal, the provisional internal revenue generation by C-DOT is Rs. 19.62 crore against the target of Rs. 61.70 crore. Such shortfalls in the internal revenue generation are attributed to overdue payments to be received on account of field support, turnkey and other telecom solution provisioning etc. In view of the extent of budgetary allocation to C-DOT and the nature of research and development that it undertakes, the Committee recommend that all appropriate measures should be taken to realise the outstanding payments/dues/royalties so that the premiere Research Centre is able to meet its revenue generation targets and develop total telecom solution technologies and applications.

XV. Bharat Sanchar Nigam Limited (BSNL)

(i) Financial Performance

24. The Committee observe that during the Tenth Plan period the financial outlay for BSNL was Rs. 64,889 crore whereas the achievement (upto 28th February, 2007) has been Rs. 38,195 crore only, implying an expenditure percentage of 58.86 only. during the year 2006-2007, out of the target of Rs. 15,349 crore, the Company would be able to utilise around Rs. 8,000 crore only by 31st March,

2007. The Committee are deeply concerned to find that during each year of the Tenth Plan period, BSNL has failed to achieve the financial utilisation reportedly due to ambitious and optimistic targets, cumbersome tendering and procurement procedure and falling prices of telecom equipment. With such stiff competition all around, the Committee wonder how BSNL would sustain it with a record of continuous failures to achieve the Plan outlay target during the Tenth Plan period and that too for such unacceptable reasons. The Committee feel that setting ambitious and optimistic targets is a move in positive direction, but citing it as an impediment for non achievement of targets is definitely a retrograde step and it clearly establishes the unrealistic assessment and projections on the part of the Company. Similarly, cumbersome tendering procedure and faulty procurement system can never be condoned under any circumstances. Needless to say, prudence requires setting realistic and achievable financial targets and making tendering procedure transparent and procurement system flawless so that the Eleventh Plan outlay of Rs. 80,612 crore in general and 2007-2008 outlay of Rs. 22,881 crore in particular are revisited based upon the requirement and market condition and utilised commensurately. The Committee, therefore, recommend both DoT and BSNL to take appropriate measures accordingly.

(ii) Physical Targets and Achievements

25. The Committee note that the Tenth Plan targets set for BSNL for Fixed phones and WLL phones were 80.9 lakh lines and 62.93 lakh lines respectively whereas the corresponding achievement upto 31st December, 2006 was 3.74 lakh lines and 27.85 lakh lines. Similarly, in the schemes Optical Fibre Cable (OFC) and Microwave the targets for the Plan period were 250000 RKMs and 15000 RKMs respectively whereas the corresponding achievements by the end of December, 2006 were 171790 RKMs and 14111 RKMs. In TAX and Broadband also the plan target has not been achieved by BSNL. Preference of customers to mobile phones over fixed line phones, delay in obtaining permission from various agencies, reduced requirement etc. are stated to be the reasons for non-achievement of physical targets during the Tenth Plan period. As pointed out repeatedly earlier, the Committee feel that inappropriate assessment of the requirement and improper coordination with other agencies has resulted in BSNL's failures to achieve the Tenth Plan physical targets. In order to avoid recurrence of the Tenth Plan experience and for BSNL to remain firmly in the race, the Committee recommend that the self-created bottlenecks should be looked into seriously for achievement of the Eleventh Plan physical targets, including that of 2007-2008.

(iii) North-East Region and Tribal Sub-Plan Areas

26. The Annual Plans of BSNL seek to pay special emphasis on accelerated growth and early implementation of telecommunication facilities under the Special Component Plan in the North-East Region and Tribal Sub-Plan areas. The Committee, however, regret to observe that by the end of 2006-2007 fiscal, shortfalls are anticipated in the achievement of annual physical targets in VPTs and OFC in North-East Region and Telephone Exchanges, VPTs and OFCs in the TSP areas due to hilly terrain, insurgency etc. The Committee are aware of the difficult geographical and topographical position of these areas which are natural and permanent phenomena. They are equally aware of the services rendered by BSNL in these areas over the years, despite the constraints. The Committee therefore, recommend that the reasons for the shortfall should be thoroughly looked into and corrective measures taken to achieve the annual as well as Five Year Plan targets set for both the areas, roll out various state of the art services there and live up to the expectation of the people.

(iv) Outstanding Arrears

27. The Committee are concerned to note that an amount of Rs. 3652.0981 crore has been outstanding as basic telephone bill arrears of BSNL as on 31st January, 2007. In addition to that, an amount of Rs. 531 crore (approx.) has been outstanding against Cellular Mobile Telecom Service Subscribers of BSNL as on the same date. The argument that these outstanding arrears do not pertain to a particular year but has accumulated over a number of years does not convince the Committee in view of the fact that only because appropriate measures were not taken initially to recover the outstanding dues, the same went on accumulated over the years and thus took a huge proportion. To make the matter worse, due to non recovery of outstanding dues an amount of Rs. 36.37 crore has been written off during 2006-2007, the break-up being Rs. 36,33,58,00 relating to basic services and Rs. 3,43,000 pertaining to CMTs. A number of measures have reportedly been taken by BSNL to recover the outstanding dues, but in view of the volume of the arrears still outstanding as on 31st January, 2007, the Committee are inclined to believe that the measures taken in this regard are inadequate. The Committee, therefore, impress upon BSNL to resort to all possible and acceptable measures to recover the outstanding dues as the Company can ill afford to ignore more than Rs. 4,000 crore. Such appropriate measures are more warranted in view of the periodical cut down in Access Deficit Charges (ADC) which is reportedly affecting BSNL's financial health to carry out its rural telephony obligations.

28. In the wake of the formation of the Credit Information Bureau, the Committee also desire DoT examine the feasibility of putting a system in place to automatically transfer the outstanding amount from the bank accounts of the major defaulters to the accounts of BSNL/MTNL. The Committee may be apprised of the legal implications, impact on customer relations and other repercussions should such a move is conceptualised.

(v) Surrender of BSNL Telephones

29. The Committee are highly concerned to note that as on 28th February, 2007, as many as 19,44,021 BSNL's landline telephones have been disconnected/surrendered during 2006-2007 only. The Committee find that consequent to a study conducted by BSNL through an outside agency in 45 cities of different States, some reasons have been ascertained for surrender of phones. Such reasons *inter-alia* include dissatisfaction of customers with the services provided by BSNL, switching over of landline customers to GSM services, perceived high monthly rentals. The Committee are of the view that such large scale surrender of landline telephones does not augur well for the Company and they, therefore, recommend that corrective measures, based on the findings of the above study, should be taken to arrest the trend as BSNL has massive plans for provision of broadband services during the year 2007 and beyond.

(vi) Quality of Services

30. The Committee would specifically like to draw the attention of DoT/BSNL to one of the findings of the above mentioned study which reveals that 21 percent customers of BSNL cited dissatisfaction towards the services provided by the Company and 25 percent perceived that the monthly rental is too high. The Committee have always been emphasising the significance of quality of service that is provided by the Telecom PSUs for their own survival. Although a number of measures are reportedly being taken by BSNL towards providing quality services, yet the Committee desire that BSNL should continuously strive to leverage its quality of service to customers, including those in rural and remote areas, so that it is able to sustain competition from many quarters.

(vii) Waiting List

31. The Committee note that as on 28th February, 2007 the waiting list of BSNL landline connections stood at 8,28,242, the most affected Circles being Kerala, West Bengal, Bihar, Rajasthan, Maharashtra and Uttar Pradesh (East). Similarly, the CMTS waiting list as on the same date was 23,632, the four waitlisted Circles being Chhattisgarh, Maharashtra, N.E.-I and N.E.-II. BSNL has reportedly been taking a

number of measures like laying of Underground Cable, deploying WLL network to cater to the demands of the waitlisted applicants. The Committee desire BSNL to intensify its measures for providing both landline and mobile telephones on demand all over the country.

XVI. Mahanagar Telephone Nigam Limited (MTNL)

32. The Committee are highly dissatisfied to note that the total Tenth Plan expenditure by MTNL has been Rs. 4302.27 crore as on 28th February, 2007 against the projected Plan outlay of Rs. 11,955.46 crore, the year wise break-up being an expenditure of Rs. 1053.91 crore against a target of Rs. 3994.06 crore during 2002-2003; expenditure of Rs. 965.91 crore against a target of Rs. 2862.40 crore in 2003-2004; expenditure of Rs. 1038.48 crore against a target of Rs. 1523.80 crore in 2004-2005; expenditure of Rs. 685.47 crore against a target of Rs. 1619.80 crore during 2005-2006 and utilization of Rs. 551.25 crore against an outlay of Rs. 1955.40 crore during the year 2006-2007 (upto 28th February, 2007). Such dismal utilization of the Tenth Plan outlay by MTNL have been attributed to fierce competition in the Telecom sector leading to changes in the original Plan projections, falling prices of telecom equipments and limited opportunities available for the expansion of services for national acquisition and abroad etc. The Committee are of the view that in the prevailing economic environment, fierce competition in Telecom sector should have been foreseen much before the finalization of the plans and projections for the Tenth Plan period. As that was not done, MTNL had to forcibly alter its Tenth Plan projections which ultimately resulted in meagre utilisation of Plan outlays. However, now that MTNL is proposing appropriate measures relating to Technology, Services, Marketing and Manpower perspectives, the Committee hope that the Company will learn from its experience during the Tenth Plan period and optimally utilise Rs. 8576.31 crore proposed for the Eleventh Plan period.

33. The Committee observe that the achievement of annual physical targets set for MTNL during the year 2006-2007 has been quite dismal. For example, out of the target of 10 lakh new connections, the achievement as on 31st December, 2006 has been 3,73,358 connections only. Similar shortfalls have also been observed in Switching Capacity, TAX Tandem Capacity, OFC etc. Some projects/schemes like buildings, Rehabilitation of existing Land Line Copper Network, International Long Distance Operations have not yet taken off. The Committee are informed that in some cases shortfalls occurred due to ITI's inability to supply and install the equipment and in some other cases due to non-finalisation of tender in time and subsequent delay in placement of purchase orders. The Committee are surprised that one PSU of DoT is not honouring its contractual obligations towards another PSU resulting in non

achievement of annual targets. Similarly, non finalisation or delayed finalisation of tender cannot be accepted as an appropriate reason for non achievement of targets by MTNL. The Committee therefore, recommend DoT to remove the bottlenecks with regard to finalisation of tenders in time in order to enable the Company to optimally achieve the annual physical targets. The Committee also desire that DoT should impress upon ITI, in view of the 30 percent reservation of orders it gets from BSNL/MTNL, to honour its contractual obligations and deliver and deploy equipment in time so that MTNL is able to achieve the annual and the Plan physical targets. In view of the stiff competitive scenario, MTNL, on its part, should foresee the market requirements and thrive to accomplish the targeted projects besides providing a number of value added services to its customers in Delhi and Mumbai.

34. The Committee note that as on 28th February, 2007 an amount of Rs 1246.74 crore was outstanding against the Basic, CDMA and Mobile subscribers, the break-up being Rs. 803.63 crore in Delhi and Rs. 461.12 crore in Mumbai. The Committee also note that during the period between April, 2006 and February, 2007 an amount of Rs. 14,95,79,000 has been written off due to non recovery of outstanding dues, the break-up being Rs. 6,84,88,000 in Delhi and Rs. 8,10,91,000 in Mumbai. A number of measures like disconnection of the telephone, recourse to legal notices and filing of suits in Court of Law, engagement of private recovery agents are reportedly being taken by MTNL to recover the outstanding dues. The Company is hopeful that with the help of convergent billing system which is going to be commissioned very soon, the recovery system of outstanding dues will be more effective. The Committee also hope that with the introduction of the convergent billing system and taking recourse to other innovative measures, MTNL will be able to effectively recover the outstanding dues and not allow the dues to mount beyond proportion.

XVII. Indian Telephone Industries Limited

35. The Committee observe that ITI's annual Plan outlay of Rs. 500 crore for the year 2006-2007 with budgetary support of Rs. 100 crore has not been agreed to by the Government. The Committee further note that the proposed outlay for ITI for the year 2007-2008 is Rs. 135 crore with the request of budgetary support of the full amount. The Committee are quite apprehensive of ITI getting the amount as budgetary support in view of the Ministry of Finance's past reluctance as well as the Company's own performance during the last few years. The Committee are equally apprehensive of ITI's achievement of plan targets in the absence of any budgetary support, as has been experienced over the years. Of course, the DoT has been extending patronage to ITI in terms of 30 percent of reservation

orders from BSNL and MTNL for the Company's survival. ITI, on its part has been inducting new generation technologies and focusing on turnkey operations to cater to the requirements of the fast changing telecom environment. Despite all these efforts by the DoT and the Company itself, ITI has not been able to break even. The Committee feel that a financial restructuring of the Company and its own efforts to upgrade and diversify the product range may help ITI to survive and turn around. When it becomes self sufficient, the Company can venture into other profitable business opportunities like manufacturing of mobile phone instruments.

36. The Committee note that a proposal of reimbursement of Rs. 100 crore to ITI towards VRS expenditure and funding of Rs. 160 crore towards Gratuity Trust is under the consideration of the Government. The Committee desire that an early decision may be taken towards such reimbursement and funding in view of ITI's precarious financial condition.

37. The Committee note that a case involving tendering issue for roll out of BSNL's Global System of Mobile (GSM) Services which was filed by one of the parties, has been stated to be dismissed as withdrawn on 16th April, 2007. The Committee have been informed that the decision in the case has a huge impact on ITI's financial health. As informed, ITI can get orders worth Rs. 6,000 crore, spilled over two years as a part of the 30 percent reservation policy once the Court Case is settled. Now that the case has been dismissed as withdrawn, the Committee hope that ITI would be benefited from BSNL's roll out plan in terms of getting adequate orders. The Committee desire that necessary follow up action in the matter should now be expedited and the Committee may be informed accordingly.

XVIII. Miscellaneous

(i) Spectrum Issues

38. The Committee note that with a view to getting spectrum released from Defence, DoT has already embarked upon creation of alternative network for Airforce which will reportedly be ready by July, 2007. Similarly, the network requirements of Army and Navy are being discussed. In view of the fact that delay in release of spectrum will adversely affect the achievement of roll out targets and increase congestion besides impacting the quality of service, the Committee recommend that the network requirements of Army and Navy should be finalised at the earliest so that adequate spectrum is released for expansion of telecommunication services, including 3G.

(ii) Access Deficit Charges (ADC)

39. The Committee observe that TRAI has recently cut down the Access Deficit Charges (ADC) which are paid to BSNL by the private telecom service providers for its rural telephony programme. The Committee also note that BSNL has reportedly been aggrieved by such reduction and consequent upon the rejection of its representation to TRAI for restoration of full ADC amount, the Company has challenged TRAI's orders in the TDSAT and the appeal of BSNL is pending adjudication before the Tribunal. The Committee would like to be apprised of the verdict of the TDSAT in this regard, as and when passed. The Committee further desire that DoT should look into TRAI's reported adverse comments upon BSNL for not meeting the specified objectives for which ADC is being paid and take corrective measures accordingly. The Committee would also like TRAI to ensure that the benefit of reduction in ADC is appropriately passed on to the customers.

(iii) Consumer Protection Measures

40. The Committee observe that TRAI has taken several measures for protecting the interest of consumers by way of issuing several directions, regulations, orders etc. The efficacy of some of these measures is reportedly tested through specific Questionnaires put along with customer satisfaction survey. The Committee also note that TRAI has recently undertaken public consultation on "Redressal of Consumer Grievances and Consumer Protection in Telecommunication" and the Consultation Paper proposes a framework for the redressal of grievances of the consumers. The responses received from the stakeholders in this regard are being examined by TRAI. The Committee appreciate TRAI's efforts towards protection of consumer interest and redressal of their grievances. The Committee desire the Authority to continue evolving innovative measures for effective redressal of the grievances of the telecom subscribers and make periodical surveys to gauge the efficacy of the steps taken in this regard.

NEW DELHI;
25 April, 2007
5 Vaisakha, 1929 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

ANNEXURE I

MINUTES OF THE THIRTEENTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2006-07)

The Committee sat on the Monday, the 2nd April, 2007 from 1100 hours to 1330 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Shri Sohan Potai
6. Shri Kinjarapu Yerrannaidu

Rajya Sabha

7. Shri N.R. Govindrajar
8. Shri Motiur Rahman
9. Shri Shyam Benegal

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Cyril John — *Deputy Secretary*

WITNESSES

Representatives of the Department of Telecommunications (DoT)

1. Shri D.S. Mathur, Chairman, (TC)
2. Smt. Manju Madhavan, Member (Fin.) *ex-officio* Secy. To GOI
3. Shri K. Sridhara, Member (T) *ex-officio* Secy. To GOI
4. Shri G.S. Grover, Member (S) *ex-officio* Secy. To GOI
5. Shri Shantanu Consul, Administrator (USO Fund) *ex-officio* Addl. Secy.

6. Shri R. Bandyopadhyaya, Addl. Secy. (T)
7. Ms. S.A. Tirmizi, Advisor (Fin.) *ex. Officio* Addl. Secy. To GOI
8. Shri A.S. Nikhade, Advisor (Eco) *ex. Officio* Addl. Secy. To GOI
9. Shri R.N. Padukone, Sr. DDG (TEC)
10. Shri A.K. Bholra, DDG (FEB)
11. Shri P.K. Garg, Wireless Advisor, *ex. Officio* Addl. Secy. To GOI
12. Shri N. Parmeswaran, Sr. DDG (AS)
13. Shri M. Sahu, JS (T)
14. Shri A.K. Sinha, CMD (BSNL), *ex. Officio* Secy. To GOI
15. Shri S.D. Saxena, Director (F), BSNL
16. Shri R.S.P. Sinha, CMD (MTNL) *ex. Officio* Addl. Secy. To GOI
17. Shri Pritam Singh, CMD, ITI
18. Shri Vijay Madan, Exe. Director, C-DOT
19. Smt. Vinod Kotwal, Director (B&P)

2. At the outset, the Chairman welcomed the Members of the Committee and the Secretary, Department of Telecommunications and other officers accompanying him to the sitting of the Committee.

3. Thereafter, the representatives of the Department of Telecommunications highlighted the salient features of the Demands for Grants (2007-2008) with the help of a power point presentation.

4. The Members sought certain clarifications on the issues relating to the Demands for Grants (2007-2008) of the Department of Telecommunications. The representatives of the Department responded to the same.

5. The Chairman thanked the witnesses for appearing before the Committee as well as for furnishing valuable information the Committee desired in connection with the examination of Demands for Grants (2007-2008).

A verbatim record of the proceedings has been kept separately.

The witnesses, then withdrew.

The Committee, then, adjourned.

ANNEXURE II

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2006-07)

The Committee sat on the 20th April, 2007 (Friday) from 1500 hours to 1800 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar—*Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Shri Bhubaneshwar Prasad Mehta
6. Shri P.C. Thomas
7. Shri Narahari Mahato
8. Shri Badiga Ramakrishna

Rajya Sabha

9. Shri Praveen Rashtrapal
10. Shri A. Vijayaraghavan
11. Shri Eknath K. Thakur

SECRETARIAT

Shri P. Sreedharan — *Joint Secretary*

WITNESSES

Representatives of NASSCOM

Sl.No.	Name	Designation
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