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**STANDING COMMITTEE ON
COMMUNICATIONS AND
INFORMATION TECHNOLOGY
(2024-25)**

EIGHTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2024-25)**

FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2024/ Agrahayana, 1946 (Saka)

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(DEPARTMENT OF TELECOMMUNICATIONS)**

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(2024-25)**

Presented to Lok Sabha on 18.12.2024

Laid in Rajya Sabha on 18.12.2024



LOK SABHA SECRETARIAT

NEW DELHI

December, 2024/ Agrahayana, 1946 (Saka)

CCIT No. 406

| CONTENTS | | |
|-----------------|--|----------------|
| | | Pg. No. |
| | COMPOSITION OF THE COMMITTEE | (ii) |
| | INTRODUCTION | (iii) |
| | REPORT | |
| | PART-I | |
| 1. | Introductory | 1 |
| 2. | Implementation status of the Recommendations contained in the Forty-Third Report of the Committee on Demands for Grants (2023-24) of Department of Telecommunications. | 3 |
| 3. | DoT Budget (2024-25) | 4 |
| 4. | Universal Service Obligation Fund (USOF) renamed as Digital Bharat Nidhi (DBN) | 17 |
| 5. | Defence Spectrum: OFC based network for Defence Services | 43 |
| 6. | Other contemporary issues and schemes | 50 |
| 7. | Review of functioning of PSUs | 51 |
| | Annexure-I | |
| | PART-II | |
| | OBSERVATIONS/RECOMMENDATIONS | 81 |
| | APPENDICES | |
| I. | Minutes of the Fourth Sitting of the Committee held on 23.10.2024 | 105 |
| II. | Minutes of the Seventh Sitting of the Committee held on 16.12.2024 | 108 |

Composition of the Standing Committee on Communications and

Information Technology (2024-25)

Dr. Nishikant Dubey - Chairperson

Lok Sabha

2. Shri C.N. Annadurai
3. Shri Anil Baluni
4. Dr. Rabindra Narayan Behera
5. Shri Anup Sanjay Dhotre
6. Shri Gurmeet Singh Meet Hayer
7. Shri Sanjay Haribhau Jadhav
8. Shri S. Supongmeren Jamir
9. Shri Appalanaidu Kalisetti
10. Smt. Poonamben Hematbhai Maadam
11. Ms. Mahua Moitra
12. Shri G. Kumar Naik
13. Shri Shafi Parambil
14. Dr. M.K. Vishnu Prasad
15. Ms. Kangna Ranaut
16. Shri Radheshyam Rathiya
17. Shri Ramasahayam Raghuram Reddy
18. Shri Arun Kumar Sagar
19. Shri Devesh Shakya
20. Shri Vishnu Datt Sharma
21. Shri Rajesh Verma

Rajya Sabha

22. Shri Saket Gokhale*
23. Smt. Priyanka Chaturvedi
24. Shri Ilaiyaraaja
25. Shri Amar Pal Maurya
26. Dr. Sasmit Patra
27. Shri V. Vijayendra Prasad
28. Shri S. Niranjana Reddy
29. Shri Kartikeya Sharma
30. Shri Lahar Singh Siroya
31. Shri K.T.S. Tulsi

Secretariat

- | | | | |
|----|---------------------|---|------------------|
| 1. | Shri Y. M. Kandpal | - | Joint Secretary |
| 2. | Smt. A. Jyothirmayi | - | Director |
| 3. | Shri Rajesh Mohan | - | Deputy Secretary |

Committee constituted w.e.f. 26th September, 2024 vide Para No.833 of Bulletin Part-II dated 26th September, 2024.

* Shri Saket Gokhale has been nominated vide Para No. 853 of Bulletin Part –II dated 03rd October, 2024.

INTRODUCTION

I, the Chairperson, Standing Committee on Communications and Information Technology (2024-25), having been authorized by the Committee to submit the Report on their behalf, present this Fifth Report on Demands for Grants (2024-25) of the Ministry of Communications (Department of Telecommunications).

2. The Standing Committee on Communications and Information Technology (2024-25) was constituted on 26th September, 2024. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the Ministry concerned and make a Report on the same to the Houses.

3. The Committee considered the Demands for Grants pertaining to the Department of Telecommunications for the year 2024-25 which were laid on the Table of the House on 31st July, 2024. The Committee took evidence of the representatives of the Department of Telecommunications on 23rd October, 2024.

4. The Report was considered and adopted by the Committee at their Sitting held on 16th December, 2024.

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

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

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

New Delhi;

16 December, 2024

25 Agrahayana, 1946 (Saka)

DR. NISHIKANT DUBEY,

Chairperson,

Standing Committee on

**Communications and Information
Technology.**

Report

Part-I

I. Introductory

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

2. According to the Department there are various attached, Subordinate and Field Offices of DoT namely, DBN (Digital Bharat Nidhi), Telecommunication Engineering Centre (TEC) which is the technical wing of DoT, Director General Telecom (DGT), Comptroller General of Communication Accounts (CGCA), Wireless Monitoring Organisation (WMO) which performs various functions relating to spectrum management, National Telecommunications Institute for Policy Research Innovation and Training (NTIPRIT) which is the telecom training institute of DoT, National Centre for Communication Security (NCCS) which works to establish and operationalize a framework of telecom security testing and certification within the country, the National Institute of Communication Finance (NICF) and National Operations Control Centre (NOCC). There are several PSUs and autonomous bodies under DoT like BSNL, MTNL, ITI Limited, TCIL, BBNL, and C-DOT.

Priority Schemes

3. The following are the priority schemes of the Department during FY 2024-25:

- i. BharatNet (Phase-I, Phase-II and Amended BharatNet Program)

- ii. 4G Saturation Project
- iii. Schemes for Mobile Services in Uncovered Villages of Himalayan States, Western Border States and Aspirational Districts (354 uncovered villages, 502 uncovered villages in Aspirational districts, 7287 uncovered villages in Aspirational Districts)
- iv. Border Out Posts (BOP)/ Border Intelligence Post (BIP)
- v. Scheme for Mobile Communication Services in Left Wing Extremism (LWE) Affected Areas (LWE-I upgradation and O&M)
- vi. LWE Phase-II
- vii. Comprehensive Telecom Development Plan (CTDP) for the North-Eastern Region
- viii. Comprehensive Telecom Development Plan for Islands

Indian Telecom Scenario

4. The telecommunications landscape has undergone remarkable transformation over the past decade, showcasing significant growth in both total connections and tele-density. India is currently the world's second-largest telecommunications market and as of March 31, 2024, the rise in telephone connections reflects the expanding reach of mobile technology and improved access, particularly in rural areas. This progress underscores a pivotal shift towards greater connectivity across the nation. As of March 31, 2024, the total number of telephone connections soared to 1,198.75 million, up from 933.02 million a decade earlier, marking a growth of 28.48%. Mobile connections accounted for the majority, reaching 1,165.86 million. The tele-density also saw a significant increase, climbing from 75.23% in 2014 to 85.65% in 2024. In urban areas, telephone connections rose to 665.41 million, reflecting a growth of 19.84% from 555.23 million in 2014. Meanwhile, rural connections experienced an even more remarkable increase of 41.18%, growing from 377.78 million. This surge propelled rural tele-density from 44% in 2014 to an impressive 59.03% by 2024, highlighting the growing accessibility of telecommunications in rural regions.

5. The digital revolution has ushered in a remarkable transformation in the realm of internet and broadband connectivity. As of December 31, 2023, the number of internet

connections surged to an impressive 935.16 million, marking a staggering growth of 272.10% from 251.59 million in 2014. Meanwhile, broadband connections experienced an extraordinary leap, skyrocketing from 60.87 million to a breath-taking 904.54 million—an astonishing increase of 1,386.02%. However, the average revenue per GB of wireless data saw a dramatic decline, plummeting to just Rs. 9.13 in December 2023, down from Rs. 268.07 in December 2014—an extraordinary reduction of over 96.61%. In tandem, average monthly data consumption per wireless subscriber skyrocketed by 315 times, reaching an impressive 19.47 GB, up from a mere 61.66 MB in March 2014. On the infrastructure front, the landscape flourished with 2.918 million Mobile Base Transceiver Stations (BTS) and a remarkable 797,000 mobile towers as of March 31, 2024. These figures vividly illustrate the robust demand for enhanced connectivity, reflecting the dynamic and rapidly evolving digital era we find ourselves in.

6. Explaining the dynamics of the Indian Telecom Sector Scenario, during the oral evidence deposited before the Committee as follows:-

“Data cost has decreased by about 10% in the last one year. Sir, even in the global benchmark in mobile broadband speed, last year we were at 59th rank, today we are at 20th rank, we have come up by 39 ranks. Rest of the countries are on the other side. Even today we are ahead of Germany, UK and Japan. Sir, we also have 95 crore internet connections. Only China is above us. Our ranking is quite good in comparison to other main countries. Sir, even in mobile data consumption, the data of users in GB is here. There has been an increase of 12 percent from last year from 17 to 19 GB. This has also been good compared to other countries. Sir, this is the account of the subscriber base of 120 crores and their growth of subscribers over the year”.

II. Implementation Status of Recommendations of the Committee contained in their Forty Third Report on Demands for Grants (2023-24) of the Ministry of Communications (Department of Telecommunications)

7. The Forty Third Report of the Standing Committee on Communications and Information Technology on Demands for Grants (2023-24) of the Ministry of

Communications (Department of Telecommunications) was presented to Parliament on 21.03.2023. The Department of Telecommunications furnished their Action Taken Notes on the Observations/Recommendations contained in the Forty Third Report on 22nd June, 2023. The Forty-ninth Report on Action Taken by the Government on the Forty-Third Report was presented to Lok Sabha on 10th August, 2023. All the 20 Recommendations contained in the said report were accepted by the Government. The final Action Taken Statement on the Recommendations contained in the Forty Ninth Report had already been laid in Parliament on 11.12.2023.

III. DoT Budget (2024-25)

8. The Department of Telecommunications (DoT) presented Demand No.13 for the Financial Year 2024-25 on 31st July, 2024. The Actuals under Revenue and Capital Sections for the years 2020-21 to 2023-24, Proposed, Budget Estimate (BE), Revised Estimate (RE) and Actuals for 2023-24, proposed and BE during 2024-25 under Revenue and Capital are as under:

(Rs. in crore)

| Major Head | 2020-21 Actual | 2021-22 Actual | 2022-23 Actual | 2023-24 Proposed | 2023-24 BE | 2023-24 RE | 2023-24 Actual | 2024-25 Proposed | 2024-25 BE |
|-----------------|----------------|----------------|----------------|------------------|------------|------------|----------------|------------------|------------|
| Revenue Section | 45154.71 | 36771.84 | 66280.44 | 45244.91 | 41461.43 | 39285.70 | 33052.88 | 53832.02 | 38475.54 |
| Capital Section | 8356.11 | 6397.74 | 56228.62 | 39752.07 | 66691.82 | 75099.43 | 62455.72 | 74138.70 | 93152.44 |
| Grant Total | 53510.82 | 43169.58 | 122509.06 | 84996.98 | 108153.25 | 114385.13 | 95508.60 | 127970.72 | 131627.98 |

(i) Revenue Section

The Revenue expenditure of the Department in FY 2023-24 and 2024-25 are as under:-

| BUDGET AT A GLANCE 2023-24 AND 2024-25 | | | | Annexure-I | |
|---|---|--|-------------------|-------------------|-------------------|
| REVENUE SECTION | | (Referred to in Para 3.1 & 3.1.1) | | (Rs in Cr) | |
| S. No. | Head Name | Major Head | BE 2023-24 | RE 2023-24 | BE 2024-25 |
| 1 | Secretariat Economic Services | 3451 | 11.27 | 9.86 | 9.98 |
| 2 | Directorate Genl. Admn. | | 334.15 | 337.58 | 341.39 |
| 3 | Telecom Engineering Centre | | 53.00 | 46.49 | 46.00 |
| 4 | Administrator, USO Fund | | 14.40 | 20.47 | 11.20 |
| 5 | TERM Cells | | 288.98 | 246.32 | 232.72 |
| 6 | Controller of Communication Accounts | | 246.46 | 227.17 | 201.34 |
| 7 | Centralized Monitoring System | | 50.00 | 99.84 | 37.97 |
| 8 | NTIPRIT | | 30.91 | 23.44 | 35.12 |
| 9 | Controller General of Communication Account | | 20.50 | 13.99 | 15.77 |
| 10 | DG (T) | | 16.19 | 12.85 | 13.75 |
| 11 | NICF | | 16.00 | 13.88 | 13.59 |
| 12 | Charged | | 0.00 | 0.00 | 0.00 |
| 13 | Total | 3451 | 1081.86 | 1051.89 | 958.83 |
| 14 | Pension & Other Retirement Benefits-DoT | 2071 | 20650.00 | 17000.00 | 17510.00 |
| 15 | 2552-North Eastern Area | 2552 | 555.00 | 1119.00 | 1060.00 |
| 16 | Labour Employment and Skill Development | 2230 | 0.40 | 0.40 | 0.40 |
| 17 | Wireless and Planning Coordination | 3275 | 20.00 | 32.65 | 20.86 |
| 18 | Monitoring Services | | 50.00 | 67.91 | 54.14 |
| 19 | Bharat Net Subsidies | | 0.00 | 0.00 | 0.00 |
| 20 | Other schemes of USOF Subsidies | | 3870.00 | 8204.40 | 7817.40 |
| 21 | Compensation for Research & Development (R&D) | | 400.00 | 100.00 | 400.00 |
| 22 | Total Compensation to Service Pro. | | 4270.00 | 8304.40 | 8217.40 |
| 23 | Total Schedule caste sub Plan(USOF+ C-DoT) | | 460.65 | 928.77 | 879.80 |
| 24 | Total -Tribal Area Sub Plan(USOF+C-DoT) | | 238.65 | 481.17 | 455.80 |
| 25 | Transfer to Reserve Fund | | 5400.00 | 1000.00 | 1000.00 |
| 26 | TDIP | | 55.00 | 79.50 | 34.46 |
| 27 | Payment of Principal on MTNL Bonds | | 0.00 | 865.00 | 3668.97 |
| 28 | Payment of Interest on MTNL Bonds | | 383.57 | 383.57 | 311.74 |
| 29 | Viability Gap Funding to BSNL for providing telecom connectivity during Shri Amarnath Yatra | | 1.00 | 1.51 | 1.00 |
| 30 | Grant of GST in 4G Spectrum | | 2218.00 | 2218.00 | 0.00 |
| 31 | Implementation of VRS of BSNL & MTNL | | 2671.25 | 2977.90 | 0.01 |
| 32 | Special assistance for Swachhta Action Plan | | 2.00 | 1.53 | 2.00 |
| 33 | International Co-operation | | 33.00 | 42.85 | 141.10 |
| 34 | CDOT | | 425.70 | 456.66 | 387.00 |
| 35 | ITI, Bangalore | | 0.00 | 154.30 | 0.00 |
| 36 | TRAI | | 112.00 | 112.00 | 100.00 |
| 37 | TDSAT | | 23.70 | 27.96 | 23.20 |
| 38 | Training | | 28.70 | 10.84 | 12.00 |
| 39 | Champion Service Sector Scheme | | 60.00 | 68.46 | 70.00 |
| 40 | Production Linked Incentive Scheme | | 800.00 | 366.56 | 1806.34 |
| 41 | Operational Cost of Mandatory Testing and Certification of Telcom Equipment (MTCTE) | | 1.20 | 1.20 | 1.20 |
| 42 | Operation and Maintenance Charges of the Indigenous 5G Test Bed | | 5.55 | 5.95 | 2.92 |
| 43 | Viability Gap Funding (VGF) to BSNL | | 1740.00 | 1200.00 | 1200.00 |
| 44 | Waiver of Guarantee Fee BSNL/MTNL | | 174.20 | 325.72 | 556.37 |
| | Total | 3275 | 19174.17 | 20114.41 | 18946.31 |
| | Total Revenue | | 41461.43 | 39285.70 | 38475.54 |

9. The Committee further examined the revenue expenditure pattern of the Department for FY 2023-24 and observed shortfall in expenditure under Revenue Section in the Budget of the Department for the year 2023-24. The Revenue Expenditure in the year was estimated to be 41461.43 Cr in BE 2023-24 which was reduced to Rs 39285.70 in RE 2023-24. The Department could not spend even reduced budget and actual Revenue Expenditure in FY 2023-24 stood at 33052.88 Cr.

10. When the Committee sought reasons for such a shortfall, the Department in their written replies informed as under:-

“In the Revenue Section, the decrease in the allocation made at RE stage during 2023-24 is mainly on account of reduction in the allocation in pension which was estimated according to expenditure incurred. Decrease in actual utilization is mainly due to less expenditure in Compensation to service providers for USOF on account of less utilization in 4G saturation project”.

11. The Department proposed Rs 53832.02 Cr as Revenue Expenditure in the Budget 2024-25 . However, the proposed expenditure was scaled down and Rs 38475.54 Cr has been allocated in the Demands for Grants.

Capital Expenditure

12. The Capital Expenditure of the Department in FY 2023-24 and 2024-25 are as under:

| BUDGET AT A GLANCE 2023-24 & 2024-25 (Contd.) | | | | | |
|--|--|-------------------|-------------------|-------------------|-------------------|
| | Capital Section | | | | (Rs in Cr) |
| S. No. | Head Name | Major Head | BE 2023-24 | RE 2023-24 | BE 2024-25 |
| 1 | Capital Outlay on NE Area (OFC) | 4552 | 215.80 | 375.17 | 0.00 |
| 2 | Capital Outlay on NE Area (BharatNet) | 4552 | 500.00 | 500.00 | 850.00 |
| 3 | ITI Revival (Equity Investment) | 4859 | 160.00 | 0.00 | 168.00 |
| 4 | Capital Infusion for BSNL/MTNL | 5275 | 52937.00 | 64787.17 | 82916.20 |
| 5 | Direction & Administration | 5275 | 10.00 | 31.43 | 27.81 |
| 6 | Major Work Building | | 0.00 | 0.00 | 0.00 |
| 7 | Other Communication Services | 5275 | | | |
| 8 | Major Work Building | | 16.00 | 4.00 | 10.00 |
| 9 | WPC | | 200.00 | 0.02 | 163.24 |
| 10 | Monitoring Services | | 470.42 | 24.63 | 51.76 |
| 11 | Provision for Schedule Caste Sub Plan (BharatNet) | | 415.00 | 415.00 | 705.50 |
| 12 | Provision for Tribal Area Sub Plan | | 215.00 | 215.00 | 365.50 |
| 13 | OFC Based Network for DS | | 1942.20 | 3376.57 | 0.00 |
| 14 | BharatNet | | 3870.00 | 3870.00 | 6579.00 |
| 15 | Transfer to Reserve fund | | 5000.00 | 1000.00 | 1000.00 |
| 16 | Wireless Sets and Equipments (TEC) | | 12.00 | 0.80 | 0.17 |
| 17 | Training Institute for Communication Finance (NICF) | | 30.00 | 25.00 | 10.58 |
| 18 | Telecom Testing and Security Certification Centre | | 24.00 | 5.00 | 6.00 |
| 19 | Telecom Computer Emergency Response Team (T-Cert) | | 351.34 | 218.49 | 8.54 |
| 20 | Indigenous 5G Test Bed | | 0.01 | 0.00 | 0.00 |
| 21 | TRAI Building | | 102.35 | 199.90 | 10.00 |
| 22 | Establishment of Satellite Gateway Assistance to BSNL | | 0.00 | 1.05 | 0.00 |
| 23 | Digital Intelligence Unit Project | | 220.00 | 50.00 | 85.00 |
| 24 | MTCTE | | 0.20 | 0.20 | 0.20 |
| 25 | ASTR | | 0.50 | 0.00 | 0.00 |
| 26 | Prevention of Spoofed Incoming International Calls System 'CIOR' | | 0.00 | 0.00 | 38.76 |
| 27 | Loans to MTNL on invocation of Government Guarantee | | 0.00 | 0.00 | 156.18 |
| | Total Capital Section | | 66691.82 | 75099.43 | 93152.44 |
| | Total Capital & Revenue Section (Gross) | | 108153.25 | 114385.13 | 131627.98 |

13. The Budget and Expenditure statement upto March 2024 of the Revenue and the Capital Section is placed as under:

| Budget and Expenditure statement upto March 2024 (Revenue Section) | | | | |
|--|---|-----------------|-----------------|---------------------------|
| | Revenue Section | | | (Rs in Crore) |
| Major Head | Head Name | RE 2023-24 | BE 2024-25 | Expenditure of FY 2023-24 |
| 3451 | Secretariat Economic Services | 9.86 | 9.98 | 5.02 |
| | Directorate Genl. Admn. | 337.58 | 341.39 | 292.89 |
| | Telecom Engineering Centre | 46.49 | 46.00 | 32.57 |
| | Administrator, USO Fund | 20.47 | 11.20 | 17.50 |
| | TERM Cells | 246.32 | 232.72 | 205.93 |
| | Controller of Communication Accounts | 227.17 | 201.34 | 207.32 |
| | Centralized Monitoring System | 99.84 | 37.97 | 95.78 |
| | NTIPRIT | 23.44 | 35.12 | 21.92 |
| | Controller General of Communication Account | 13.99 | 15.77 | 12.57 |
| | DG (T) | 12.85 | 13.75 | 11.18 |
| | NICF | 13.88 | 13.59 | 9.04 |
| | Charged | 0.00 | 0.00 | 0.00 |
| 3451 | Total | 1051.89 | 958.83 | 911.72 |
| 2071 | Pension & Other Retirement Benefits-DoT | 17000.00 | 17510.00 | 17372.32 |
| 2552 | North Eastern Area | 1119.00 | 1060.00 | 0.00 |
| 2230 | Labour Employment and Skill Development | 0.40 | 0.40 | 0.01 |
| 3275 | Wireless and Planning Coordination | 32.65 | 20.86 | 18.93 |
| | Monitoring Services | 67.91 | 54.14 | 54.21 |
| | Bharat Net Subsidies | 0.00 | 0.00 | 0.00 |
| | Other schemes of USOF Subsidies | 8204.40 | 7817.40 | 4834.84 |
| | Compensation for Research & Development(R&D | 100.00 | 400.00 | 28.48 |
| | Total Compensation to Service Pro. | 8304.40 | 8217.40 | 4863.32 |
| | Total Schedule caste sub Plan(USOF+ C-DoT) | 928.77 | 879.80 | 48.97 |
| | Total -Tribal Area Sub Plan(USOF+C-DoT) | 481.17 | 455.80 | 467.01 |
| | Transfer to Reserve Fund | 1000.00 | 1000.00 | 1000.00 |
| | TDIP | 79.50 | 34.46 | 73.72 |
| | Payment of Principal on MTNL Bonds | 865.00 | 3668.97 | 865.00 |
| | Payment of Interest on MTNL Bonds | 383.57 | 311.74 | 383.22 |
| | Viability Gap Funding to BSNL for providing telecom connectivity during Shri Amarnath Yatra | 1.51 | 1.00 | 1.51 |
| | Grant of GST in 4G Spectrum | 2218.00 | 0.00 | 2218.00 |
| | Implementation of VRS of BSNL & MTNL | 2977.90 | 0.01 | 2127.42 |
| | Special assistance for Swachhta Action Plan | 1.53 | 2.00 | 1.27 |
| | International Co-operation | 42.85 | 141.10 | 41.06 |
| | CDOT | 456.66 | 387.00 | 515.66 |
| | ITI, Bangalore | 154.30 | 0.00 | 154.29 |
| | TRAI | 112.00 | 100.00 | 112.00 |
| | TDSAT | 27.96 | 23.20 | 27.96 |
| | Training | 10.84 | 12.00 | 11.23 |
| | Champion Service Sector Scheme | 68.46 | 70.00 | 47.82 |

| | | | | |
|-------------|--|-------------------|-------------------|----------------------------------|
| | Production Linked Incentive Scheme | 366.56 | 1806.34 | 291.63 |
| | Operational Cost of Mandatory Testing and Certification of Telecom Equipment (MTCTE) | 1.20 | 1.20 | 0.66 |
| | Operation and Maintenance charges of the Indigenous 5G Test Bed | 5.95 | 2.92 | 4.46 |
| | Viability Gap Funding (VGF) to BSNL | 1200.00 | 1200.00 | 1200.00 |
| | Waiver of Guarantee Fee BSNL/MTNL | 325.72 | 556.37 | 239.48 |
| 3275 | Total | 20114.41 | 18946.31 | 14768.83 |
| | Total Revenue Section | 39285.70 | 38475.54 | 33052.88 |
| | | | | |
| | CAPITAL SECTION | | | (Rs in Crore) |
| | | RE 2023-24 | BE 2024-25 | Expenditure of FY 2023-24 |
| 4552 | Capital Outlay on NE Area (OFC) | 375.17 | 0.00 | 0.00 |
| | Capital Outlay on NE Area (BharatNet) | 500.00 | 850.00 | 0.00 |
| 4859 | ITI Revival (Equity Investment) | 0.00 | 168.00 | 0.00 |
| 5275 | Capital Infusion for BSNL/MTNL | 64787.17 | 82916.20 | 56785.04 |
| | Dte & Administration- | 31.43 | 27.81 | 12.08 |
| | Major Work Building | 0.00 | 0.00 | 0.00 |
| 5275 | Other Communication Services | | | |
| | Major Work Building | 4.00 | 10.00 | 2.62 |
| | WPC | 0.02 | 163.24 | 0.00 |
| | Monitoring Services | 24.63 | 51.76 | 17.69 |
| | Provision for Schedule Caste Sub Plan (BharatNet) | 415.00 | 705.50 | 125.89 |
| | Provision for Tribal Area Sub Plan (OFC) | 215.00 | 365.50 | 0.00 |
| | OFC Based Network for DS | 3376.57 | 0.00 | 1093.44 |
| | Funds Transferred from CRIF | 0.00 | 0.00 | 0.00 |
| | BharatNet | 3870.00 | 6579.00 | 2949.65 |
| | Transfer to Reserve fund | 1000.00 | 1000.00 | 1000.00 |
| | Wireless Sets and Equipments (TEC) | 0.80 | 0.17 | 0.02 |
| | Training Institute for Communication Finance (NICF) | 25.00 | 10.58 | 25.00 |
| | Telecom Testing and Security Certification Centre | 5.00 | 6.00 | 1.88 |
| | Telecom Computer Emergency Response Team (T-Cert) | 218.49 | 8.54 | 191.46 |
| | Indigenous 5G Test Bed | 0.00 | 0.00 | 0 |
| | TRAI Building | 199.90 | 10.00 | 199.9 |
| | Establishment of Satellite Gateway Assistance to BSNL | 1.05 | 0.00 | 1.05 |
| | Digital Intelligence Unit Project | 50.00 | 85.00 | 50.00 |
| | Mandatory Testing and certification of Telecom Equipment (MTCTE) | 0.20 | 0.20 | 0.00 |
| | Artificial Intelligence and face Recognition Powered Solution for Telecom SIM Subscriber Verification (ASTR) | 0.00 | 0.00 | 0.00 |
| | Prevention of Spoofed Incoming International Calls System (CIOR) | 0.00 | 38.76 | 0.00 |
| | Loans to MTNL on invocation of Government Guarantee | 0.00 | 156.18 | |

| | | | | |
|--|--|------------------|------------------|-----------------|
| | Total Capital Section | 75099.43 | 93152.44 | 62455.72 |
| | Total Capital & Revenue Section (Gross) | 114385.13 | 131627.98 | 95508.60 |

14. The Scheme- wise proposed allocations, BE, RE and Actual Expenditure for the year 2023-24 and 2024-25 is given below:

| DEPARTMENT OF TELECOMMUNICATIONS | | | | | | | | | | |
|--|----------------------------|---------------|---------------|--------------------|--------------------------------------|----------------------------|---------------|-------------|--------------------------------|--------------------------------------|
| Schemewise proposed Allocations, BE, RE & Actual Expenditure for the year 2023-24 & 2024-25 | | | | | | | | | | |
| (Rupees in Crore) | | | | | | | | | | |
| | Annual Plan 2023-24 | | | | | Annual Plan 2024-25 | | | | |
| | Proposed by DoT | BE | RE | Actual Exp. | %age of utilization w.r.t. RE | Proposed by DoT | BE | RE | Actual Exp. Upto Aug.24 | %age of utilization w.r.t. RE |
| Central Sector Schemes | | | | | | | | | | |
| A. IEBR | | | | | | | | | | |
| BSNL | 0.00 | 500.00 | 500.00 | 513.40 | 102.68 | 0.00 | 500.00 | N/A | 318.24 | 63.65 |
| MTNL | 200.00 | 200.00 | 150.00 | 87.63 | 58.42 | 150.00 | 150.00 | N/A | 20.00 | 13.33 |
| ITI LTD. | 0.00 | 65.00 | 120.00 | 23.42 | 19.52 | 0.00 | 100.00 | N/A | 0.00 | 0.00 |
| C-DOT (IR) | 125.00 | 110.00 | 125.00 | 125.00 | 100.00 | 150.00 | 125.00 | N/A | 34.00 | 18.13 |
| Total IEBR (A) | 325.00 | 875.00 | 895.00 | 749.45 | 83.74 | 300.00 | 875.00 | 0.00 | 372.24 | 42.54 |
| B. GBS | | | | | | | | | | |
| Compensation to Service Providers for creation and augmentation of Telecom Infrastructure – USOF | 10600.00 | 5000.00 | 10600.00 | 5276.48 | 49.78 | 10100.00 | 10100.00 | N/A | N/A | N/A |
| Compensation to R & D - Research & Development | 400.00 | 400.00 | 100.00 | 28.48 | 28.48 | 400.00 | 400.00 | N/A | N/A | N/A |
| BharatNet | 5000.00 | 5000.00 | 5000.00 | 3075.54 | 61.51 | 15000.00 | 8500.00 | N/A | N/A | N/A |
| Defence Spectrum – Optical Fibre Cable Based | 3751.74 | 2158.00 | 3751.74 | 1093.44 | 29.14 | 0.00 | 0.00 | N/A | N/A | N/A |

| | | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------|--------------|-----------------|-----------------|-----|-----|-----|
| Network for Defence Services | | | | | | | | | | |
| Total | 19751.74 | 12558.00 | 19451.74 | 9473.94 | 48.70 | 25500.00 | 19000.00 | N/A | N/A | N/A |
| DOT Projects/Schemes | | | | | | | | | | |
| Wireless Planning & Coordination/Monitoring Services | | | | | | | | | | |
| (a) Wireless Planning & Coordination (WPC) | 26.07 | 220.00 | 32.67 | 18.93 | 57.94 | 228.86 | 184.1 | N/A | N/A | N/A |
| (b) Monitoring Services (WMO) | 205.76 | 536.42 | 96.54 | 71.90 | 251.14 | 238.67 | 115.9 | N/A | N/A | N/A |
| Telecom Engineering Centre (TEC) | 0.88 | 12.00 | 0.80 | 0.02 | 2.50 | 0.17 | 0.17 | N/A | N/A | N/A |
| Technology Development & Investment Promotion (TDIP) | 71.00 | 55.00 | 79.50 | 73.72 | 92.73 | 34.46 | 34.46 | N/A | N/A | N/A |
| Establishment of Satellite Gateway Assistance to BSNL | 1.05 | 0.00 | 1.05 | 1.05 | 0.00 | 0.00 | 0 | N/A | N/A | N/A |
| Construction of DOT Hqrs. New Building | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | N/A | N/A | N/A |
| Viability Gap funding to BSNL for providing telecom connectivity during Shri Amarnath Yatra | 1.51 | 1.00 | 1.51 | 1.51 | 100.00 | 1 | 1 | N/A | N/A | N/A |
| Telecom Testing & Security Certificate Centre (TTSC) | 8.06 | 24.00 | 5.00 | 1.88 | 0.00 | 9.45 | 6 | N/A | N/A | N/A |
| Telecom Computer Emergency Response Team (T-Cert) | 351.34 | 351.34 | 218.49 | 191.46 | 0.00 | 8.54 | 8.54 | N/A | N/A | N/A |
| Central Equipment Identity Register (CEIR) Promotion | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | N/A | N/A | N/A |
| Indigenous 5G Connectivity Test Bed | 5.95 | 5.56 | 5.95 | 4.46 | 0.00 | 0 | 0 | N/A | N/A | N/A |
| Provision of Services Sector | | | | | | | | | | |

| | | | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|--------------|-----------------|-----------------|------------|------------|------------|
| Scheme - Promotion of Innovation and Incubation of Future Technologies for Telecom Sector | 68.46 | 60.00 | 68.46 | 47.82 | 69.85 | 70 | 70 | N/A | N/A | N/A |
| Production Linked Incentive (PLI) Scheme to Promote Telecom and Networking Products | 366.56 | 800.00 | 366.56 | 291.63 | 0.00 | 1806.34 | 1806.34 | N/A | N/A | N/A |
| Digital Intelligence Unit Projects | 50.00 | 220.00 | 50.00 | 50.00 | 0.00 | 85 | 85 | N/A | N/A | N/A |
| Artificial Intelligence and Face Recognition Powered solution for Telecom SIM Subscriber Verification (ASTR) | 0.00 | 0.50 | 0.00 | 0.00 | 0.00 | 0 | 0 | N/A | N/A | N/A |
| Prevention of Spoofed incoming international calls system 'CIOR' | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 38.76 | 38.76 | N/A | N/A | N/A |
| Total – DOT Schemes/Projects | 1156.64 | 2285.82 | 926.53 | 754.38 | 81.41 | 2521.25 | 2350.27 | N/A | N/A | N/A |
| Total GBS (B) (SCHEMES) | 20908.38 | 14843.82 | 20378.27 | 10228.32 | 50.19 | 28021.25 | 21350.27 | N/A | N/A | N/A |

The Department during the oral evidence before the Committee further informed that expenditure incurred under various heads from 01.04.24 to 15.10.24 was only 6 percent of BE under the head Revival Plan of BSNL / MTNL, 23 percent under DBN(Bharat Net), 8 percent expenditure incurred on Prevention of Spoofing International Calls System (CIOR) , 0 percent on OFC Network for Defence Services. Further in the Revenue Expenditure section, the Committee were informed that only 23 percent of BE 2024-25 has been spent during the period 01.04.24 to 15.10.24 under the head DBN(Other than Bharat Net) , 1 percent on Production Linked Incentive Scheme and only 2 percent on Champion Service Sector Scheme.

The Committee observe that there is an increase of 24.04 percent for capital expenditure budget in BE 2024-25 over the amount granted in RE 2023-24. The increase is even greater when the amount of BE 2023-24 is taken into consideration, which was Rs. 66691.82 Cr.

15. On seeking reasons for such an increase in the estimated Capital expenditure in FY 2024-25, the Secretary, DOT while deposing before the Committee submitted that :

“You had told that we clarify why the capital expenditure budget had increased from Rs.61,456 crore to Rs.91,996 crore, a sudden increase of Rs.30,000 crore between the actuals of 2023-24 and the BE of 2024-25. The main reason is that actually this capital expenditure comes because of the spectrum cost for which we give infusion into the BSNL. If you look at the third line from the top, the first line is Rs.56,785 crore. The breakup of that is Rs.5,651 Crores. So, that is the actual CAPEX; the traditional CAPEX. Then, the spectrum cost, which was provided last year, was Rs. 22,483 crore. That was actually increased to Rs. 72,379 crore because we had anticipated that the 4G roll-out will happen during this year, and the BSNL will start using that spectrum. But as the technology advanced and domestic R&D got delayed in terms of the development, the spectrum could not be taken. That is why, although the money was provided, but could not be utilised effectively”.

Revenue Receipts

16. The main sources of revenue receipts of the Department are as follows:

License Fee:

(i) As per the Clause 18.2.1 of License Agreement, “An annual License fee as a percentage of Adjusted Gross Revenue (AGR) shall be paid by the Licensee service-area wise, for each authorized service from the effective date of the respective authorization. The License fee shall be 8% of the AGR, inclusive of USO Levy which is presently 5% of AGR”.

(ii) **Spectrum Auction Receipts:** Since 2010, Access Spectrum in ‘IMT’ bands for providing commercial mobile services is being auctioned to Telecom Service Providers (TSPs). The reserve prices of spectrum in the spectrum auctions are decided by the Government after considering TRAI’s recommendations. Successful bidders in the auction are given the option of making an upfront payment and the balance amount in annual installments.

(iii) Spectrum Usage Charges (SUC): This is levied as a percentage of Adjusted Gross Revenue (AGR) earned by TSPs through use of Spectrum. Spectrum Usage Charges (SUC) are payable on a quarterly basis by TSPs i.e. they share a percentage of the revenue they earn through use of the spectrum with the Government w.e.f Sep 2021, SUC for spectrum acquired through auction has been reduced to zero. Other sources are amounts paid at the time of spectrum liberalization, Merger & Acquisitions, spectrum assignments to captive users, broadcasting services etc.

17. Details of Revenue Receipts of the Department from 2020-21 to 2024-25 are as follows:-

(Amount in Crore)

| Items | 2020-21 Actual | 2021-22 Actual | 2022-23 Actual | 2023-24 Actual | 2024-25 Proposed | 2024-25 BE |
|--|---------------------------|---------------------------|---------------------------|---------------------------|-----------------------------|-----------------------|
| License Fee | 15273.59 | 16614.36 | 20316.28 | 36363.17 | 25501.00 | 25501.00 |
| SUC | 5859.31 | 7511.71 | 5743.62 | 13065.18 | 3000.00 | 3000.00 |
| Spectrum auction/ administratively allotted Spectrum | 21918.48 | 60814.06 | 37816 | 42617.89 | 80766.31 | 80766.31 |
| Other sources | 2449.27 | 887.94 | 959.27 | -1386.98 | 1000.00 | 1000.00 |
| Total | 45500.65 | 85828.07 | 64835.17 | 90659.26 | 110267.31 | 110267.31 |

18. When asked to elaborate on the Revenue target during 2023-24 and on shortfalls if any, in achieving the targets during 2023-24, the Ministry stated that the Revenue target for FY 2023-24 was Rs.99048.01 Cr and amount received for FY 2023-24 was Rs.90659.26 Cr. Thus there was no major shortfall in achieving the targets during FY 2023-24.

19. Regarding the measures taken by the Department to increase revenue earnings and the factors affecting revenue receipts and measures required to increase revenue, the Department in their written reply stated as follows:-

(I) Measures taken to increase revenue earnings:

(i) Access Spectrum is assigned through auctions only.

(ii) Provision for Mandatory upfront payments is removed and number of equated annual installments were increased from 16 to 20. This facilitates TSPs to bid for more spectrum in Auction. Further, requirement for submission of Financial Bank guarantees securitizing the annual spectrum installment dues were removed to decrease the overall cost of holding spectrum.

(iii) Provision for pre-payment of Spectrum Auction is extended to any time in the year instead of only installment anniversary date as earlier.

(iv) The Department of Telecom via its field units is holding quarterly telecom meets to spread awareness and resolve grievance of telecom license with focus of financial compliance and timely payment of licensee fee.

(II) Revenue receipt is maintained as follows:

(i) Revenue receipts are maintained according to the Head of Accounts allotted for the Dept of Telecom.

(ii) Licensee fee is received online via SARAS portal (www.saras.gov.in) which is integrated with PFMS (www.pfms.nic.in).

(III) Factors affecting revenue receipts:

a. TSPs under Corporate Insolvency Resolution Professional (CIRP) adversely affected the revenue receipts.

b. Further, pursuant to support package in Sept. 2021, M/s Vodafone Idea Ltd. (VIL), M/s Bharti Airtel Ltd (BAL) and M/s Reliance Jio Infocomm Ltd were

given the option of moratorium for 4 years for Spectrum auction dues and converting interest amount pertaining to deferred installments into equity.

c. M/s Vodafone Idea Ltd. (VIL), M/s Bharti Hexacom Ltd. M/s. Bharti Airtel Ltd., M/s Quadrant Televentures Ltd., M/s. Tata Teleservices Ltd. (TTSL) and M/s Tata tele services (Maharashtra) Ltd. (TTML) were given the option of moratorium for 4 years for AGR dues (LF&SUC) upto 2018-19 and converting interest amount pertaining to deferred installments into equity.

d. As part of Telecom Reforms, Spectrum Usage Charges has been reduced to Zero for the spectrum acquired through spectrum auction held in 2022 and subsequent years. Further reforms introduced in September 2021, are expected to decrease the cost of operations for TSPs, facilitate foreign investment and at the same time increase the ease of doing business for TSPs.

e. These reforms are also expected to increase revenue for TSPs thus also increasing the revenue receipts to GOI.

f. Factor affecting revenue receipts is Annual variability in Adjusted Gross Revenue (AGR) of Telecom Service Providers (TSPs) which is linked to growth rate of revenue of the sector.

20. Elaborating upon the steps taken by the Department to achieve the targets during 2024-25, the Department replied in their written submissions as follows;

“Following steps are being taken by department to achieve the targets during 2024-25.

- a. Regular Telecom meets with licensees to improve financial compliance
- b. Settlement of representations and disputes.
- c. Spectrum auction 2023-24 was conducted on 25-26 June, 2024. As a result spectrum worth Rs.11,340 Cr. has been sold. Receipt of spectrum deferred installment & SUC shall be continuously monitored. “

IV. Universal Service Obligation Fund (USOF) renamed as Digital Bharat Nidhi (DBN)

21. USOF, formed by an Act of Parliament, was established w.e.f. 01.04.2002 under the Indian Telegraph (Amendment) Act, 2003 (further amended in 2006), to provide financial support for the provision of telecom services in commercially unviable rural and remote areas of the country. It is an attached office of the DoT, and is headed by the Administrator, USOF, appointed by the Central Government. Further w.e.f. 26 June, 2024 it has been renamed as 'Digital Bharat Nidhi (DBN)'.

22. In accordance with the Indian Telegraph Act, 1885, License fee includes Universal Access Levy, which is charged @ 5% of the Adjusted Gross Revenue (AGR) of the telecom licensees. The fund collected under UAL goes to the Consolidated Fund of India and it is non-lapsable in nature. The outflow from this fund to USOF is through budgetary provision by the Ministry of Finance each year, based on the requirement of USOF. Since inception of USOF, i.e. 2002-03, UAL amounting to Rs. 1,62,872 crore has been collected upto 31.03.2024. The balance of UAL amount available as on 31.03.2024 is Rs. 83,468 crore against which Government has approved committed expenditure of Rs. 1.39 Lakh Cr. for Amended BharatNet Scheme for next 10 years from 04.08.2023 along with other committed liabilities in other on-going schemes.

23. Amount proposed, allocated at BE, RE and actual utilization during 2020-21, 2021-22, 2022-23, 2023-24 proposed and BE during 2024-25 for various schemes of USOF are as under:

(Rs. in crore)

| Year | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|-------------|----------------|----------------|----------------|------------------------|----------------|
| Proposed | 8,000 | 13,250 | 9,000 | 11,000 | 25,500 |
| BE | 8,000 | 9,000 | 9,000 | 10,400 | 19,000 |
| RE | 7,200 | 8,300 | 3,500 | 15,700 | 19,000 |
| | | | | (Reappropriated as Rs. | (RE |

| | | | | | |
|-------------|-------|-------|-------|-------------|-----------|
| | | | | 8380.50 cr) | proposed) |
| Actual | 7,200 | 8,300 | 3,500 | 8,380.50 | 4,322* |
| % w.r.t. RE | 100% | 100% | 100% | 100% | 23% |

*Fund disbursed upto 30.09.2024.

24. When the Department was asked to state the reasons for low utilization of funds and measures that have been taken by them to increase the pace of utilization of funds, the following written reply has been submitted:

“The Phase-II work was largely dependent on 8 States (around 65,000 GPs under State Led Model) and BSNL (23,000 GPs in CPSUs led Model). It was assumed that expenditure may incur under PPP Model BharatNet for which global tender was floated on 19.07.2021 and opened on 27.01.2022. However, the fund was sought keeping in view the requirement subsequent to the implementation of PPP model. Since no responsive bid was received under PPP model, no expenditure incurred towards PPP model of BharatNet in F.Y. 2023-24”.

25. Regarding the schemes where there had been major shortfalls in achieving the targets during 2023-24 and the reasons for their poor performance, if any, the Department has stated as follows:

“BE for 2023-24 of Rs. 10,400 crores (Rs. 5,000 crore for BharatNet, Rs. 5,400 crore for other USOF schemes) was received. RE of Rs. 15,700 crore for FY 2023-24 crore was allocated by MoF (Rs. 5,000 crore for BharatNet and Rs.10,700 crore for “Other USOF schemes”). There was no variation between BE and RE 2023-24 for BharatNet Project. For other than BharatNet Project, BE of Rs. 5,400 crore was increased to Rs.10,700 crore at RE stage as sum of Rs 7,500 crore was proposed for 4G Saturation project as against BE of Rs. 1,800 crore.

BharatNet: The Phase-II work was largely dependent on 8 States (around 65,000 GPs under State Led Model) and BSNL (23,000 GPs in CPSUs led Model). It was assumed that expenditure may incur under PPP Model BharatNet for which global tender was floated on 19.07.2021 and opened on 27.01.2022. However, the fund was sought keeping in view the requirement subsequent to the implementation of PPP model. Since no responsive bid was received under PPP model, no expenditure incurred towards PPP model of BharatNet in F.Y. 2023-24.

Except Compensation to service providers and OFC, there was no major shortfalls in achieving the target during 2023-24. In case of Compensation to Service Providers, the achievement in 4G saturation project was less and in OFC Based Network for DS (NFS), the additional amount was proposed in anticipation of Cabinet approval for increased project cost but the same was approved in 28.03.2024, as a result the allocated amount could not be utilized within 31-03-2024”.

26. The Ministry have further stated in their written submissions that:

“No substantive under-utilization of funds has been reported. In major schemes/projects, regular monitoring is being done at the highest levels to ensure better performance”.

A. Progress of implementation of BharatNet

27. BharatNet project is being implemented in a phased manner to provide broadband connectivity to all Gram Panchayats in the country. Under the project, network infrastructure is being created as a national asset for Broadband Highways, accessible on a non-discriminatory basis, to provide affordable broadband services to citizens and institutions in rural areas, in partnership with States and the private sector. The remaining work of BharatNet Phase-I and Phase-II is expected to be completed in current financial year 2024-25. The Union Cabinet has approved the Amended BharatNet Program on 04.08.2023 with cost of INR 1,39,579 crores to be funded from USOF, including CAPEX cost of Rs. 42,847 crores and OPEX cost for

ten years for Rs 48.717 crores. This includes First-mile management by BSNL to provide Internet Leased Line (ILL) Bandwidth across all 7,269 Blocks and to provide minimum 25 Mbps download speed to each FTTH subscriber. Further, it is proposed to upgrade ~1.64 lakh GPs (excluding 53,265 GPs in ring under State led model) and create remaining ~47 K GPs (including Satellite GPs) through Project Implementation Agency (PIA) under Design-Build-Operate-Maintain (DBOM) model with O&M of ~2.64 lakh GPs with network uptime: 99% (KPIs based).

28. While submitting information about other USOF projects, the Department stated:

“In order to achieve the targets of other USOF Projects, the issues in the projects have been taken the multi –cornered approach at various levels for their resolution with the concerned State/UT Govts. DoT/USOF is constantly monitoring the projects, resolving roadblocks, if any, assisting in getting clearances for project. BE for the FY 2024-25 has been sought to ensure sufficient fund is available for the projects”.

29. The details with respect to Proposed, BE, RE and actual during 2020-21 to 2023-24, Proposed and BE during 2024-25 are as under:

(Rs. in Crore)

| Year | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|-------------|--|--|----------------|---|----------------|
| Proposed | 6,000.00 | 10,000.00 | 7,000.00 | 5,000.00 | 15,000.00 |
| BE | 6,000.00 | 7,000.00 | 1,500.00 | 5,000.00 | 8,500.00 |
| RE | 5,500.00 (Re- appropriated as 5,919.79) | 7,000.00 (Re- appropriated as 7,510.96) | 1,500.00 | 5000.00 (Re- appropriated as 3,075.54) | N.A. |
| Actuals | 5,919.79 | 7,510.96 | 1,500.00 | 3,075.54 | 1933* |
| %w.r.t. RE | 100% | 100% | 100% | 100% | 23% |

*Expenditure upto 30.09.2024.

Implementation and Status of the BharatNet Phase-I and Phase-II

30. BharatNet is being implemented in a phased manner to provide broadband connectivity to all Gram Panchayats (GPs) and villages in the country. The Union Cabinet on 25.10.2011 approved the project for creation of National Optical Fibre Network (NOFN), now known as BharatNet, to provide Broadband connectivity for connecting Block Headquarters (BHQs) to Gram Panchayats (GPs), i.e. middle-mile network. Bharat Broadband Network Limited (BBNL) was incorporated on February 25, 2012 as a Special Purpose Vehicle for its establishment, management and operations. In order to create synergy in terms of cost reduction and revenue enhancement the merger of BBNL with BSNL was approved by Union Cabinet on 27.07.2022 as a part of “Revival of BSNL and merger of BBNL with BSNL”. Through this Cabinet Note it sought to achieve the larger objective of better utilization of existing assets.

31. When the Committee desired to know about the Implementation of BharatNet Project, the Ministry in their written replies stated as under-

“The Phase-I of the project has been implemented through GPON (Gigabit Passive Optical Network) technology by using existing fibre of Central Public Sector Undertakings (CPSUs) - Bharat Sanchar Nigam Limited (BSNL), RailTel Corporation Limited (RailTel) and Power Grid Corporation of India Limited (PGCIL) and laying underground incremental fibre to bridge the connectivity gap up to the GPs. The Phase-I was completed in December 2017 with the implementation of over 1 lakh GPs. Subsequently, the scope of Phase-I has been enhanced to the revised work-front of about 1.20 lakh. As on 26.08.2024 by laying 3,11,777 km Optical Fibre Cable (OFC), total 1,20,175 GPs have been made Service Ready under Phase-I (Revised work front)”.

“For expediting the implementation of BharatNet, a modified strategy was approved by Cabinet on 19.07.2017 at an estimated cost of Rs. 42,068 crore, which provides an optimal mix of media (OFC/Radio/satellite) to connect Gram Panchayats (GPs), multiple implementation models - State-led Model, Private Sector through BBNL and CPSU Model through BSNL/PGCIL, provision of Last Mile connectivity (e.g. through Wi-Fi) in GPs, etc. As on 26.08.2024 under

BharatNet Phase II, by laying 3,78,389 km of Optical Fibre Cable (OFC), 88,620 GPs have been made Service Ready. Further, 4,993 GPs have been made Service Ready on Satellite media. In total, 93,613 GPs have been made Service Ready under the BharatNet under Phase-II in the country.

Regarding the overall progress of BharatNet (Phase-I + Phase-II), 2,08,795 GPs have been made Service Ready on OFC media by laying 6,90,166 km of Optical Fibre Cable (OFC) as on 26.08.2024. Total 2,13,788 GPs have been made Service Ready under the BharatNet project in the country and total amount of Rs. 39,665.04 crore has been utilised/disbursed”.

The Department further stated that BharatNet connectivity in remaining 42,000 GPs has been planned under Amended BharatNet Program for which RFP is under progress in BSNL.(Pg 24 Budget Doc)

32. On being asked about the reasons for variation from BE to RE during 2023-24 and any shortfall in achieving the targets during 2023-24, the Department have submitted their reply as follows:

“No such amount increase/decrease from BE to RE during 2023-24. Due to implementation issues under State Led Model of BharatNet Phase-II, Rs. 3075.54 crore was disbursed against RE 2023-24 of Rs. 5,000 crore”.

B. Utilization of BharatNet Networks

33. The utilization of BharatNet network was through leasing of bandwidth and dark fibre, Wi-Fi to access broadband/internet services at public places, and Fibre to the Home (FTTH) to provide broadband connectivity to Government Institutions (like school, Health Centre, Anganwadi, Police Station, Krishi Vikash Kendra, Post Office, Ration Shop, etc.), Private Institutions and Households through the USOF-funded BharatNet Udyami Scheme.

34. On being asked about the main issues confronting the implementation of Bharat Net Project , the Department replied as under:-

“The main issues concerning BharatNet Phase-I and Phase-II are as follows:

- i. Delay in project implementation because of multiple challenges in remote and far-flung rural areas, involvement of multiple agencies, and slow progress by implementing agencies.
- ii. Delay in Right of Way clearances from Government Institutions, regulating forest land, railway lines, defense areas, highways, oil and gas pipelines or any other agencies or Departments.
- iii. Low utilization of created network and connectivity.
- iv. The pace of implementation was affected due to pandemic induced lockdowns/restrictions.
- v. Delay in finalization of tenders by State Implementing Agencies.
- vi. O&M issues. “

35. Regarding the measures taken to address these issues the Department submitted the following:

“

- i. Monitoring of the project at various levels by Universal Service Obligation Fund, Bharat Sanchar Nigam Limited/ Bharat Broadband Network Limited with implementing Agencies for speedy roll out of the project.
- ii. Resolving all pending issues in expeditious manner.
- iii. Revised strategy formulated for covering all GPs and villages for connecting on OFC, O&M and utilisation under Amended BharatNet Program”.

36. On being asked about the targets and achievements with respect to expansion of telecom infrastructure ,the Department has replied as under:

“The Status of usage of infrastructure created under BharatNet as on 30.09.2024 includes provision of 1,04,574 Wi-Fi Hotspot, provision of 11,51,590 FTTH connection, leasing of 94,234 kms of BharatNet fiber, leasing of 2,69,206 Mbps of BharatNet bandwidth and fiberization of 1690 Mobile towers. The utilization of network is through leasing of bandwidth and dark fibre, Wi-Fi to access broadband/internet services at public places, and Fibre to the Home (FTTH) to provide broadband connectivity to Government Institutions (like School, Health Centre, Anganwadi, Police Station, Krishi

Vikash Kendra, Post Office, Ration Shop, etc.), Private Institutions and Households through the USOF-funded BharatNet Udyami scheme”.

The targets and achievements made for expansion of telecom infrastructure during 2023-24 and the reasons given by the Department for any shortfall in achieving the targets during 2023-24 alongwith the details on the Key Performance Indicators (KPIs) set by DoT are as below:

| Sl. No. | Action Points | Targets for FY 2023-24 | Achievements FY 2023-24 | | | | Reason for Shortfall |
|-----------------|--|------------------------|-------------------------|---------------|---------------|---------------|---|
| | | | Q1 (Apr-Jun) | Q2 (July-Sep) | Q3 (Oct-Dec) | Q4 (Jan-Mar) | |
| COVERAGE | | | | | | | |
| 1. | BharatNet: GPs With Functional OFC (of the 2.29 lakh target GPs) | 2.29 lakh GPs | 70,611 | 71,750 | 73,116 | 81,883 | Amended BharatNet program has been launched to achieve the target |
| 2. | 5G Roll out: Percentage penetration of mobile network on 5G in India | 60% of population | 58% | 77% | 80% | 82% | Achieved |
| 3. | a. Number of FTTH connections per 100 population | 5 per 100 | 2.46 | 2.57 | 2.67 | 2.79 | Target has been revised to 3.5 from 5. Further, in India mobile broadband |

| | | | | | | | |
|---------------------------|--|----------|-----------------|-----------------|-----------------|-----------------|--|
| | | | | | | | d speed is much higher. |
| | b. Number of rural households covered by Bharatnet Fiber (cumulative) | 20 lakhs | 5,67,306 | 6,63,827 | 7,97,505 | 9,66,213 | Amended BharatNet program launched to achieve the target. |
| 4. | Mobile Connectivity: No. of uncovered villages to be covered by mobile services by any USOF scheme or TSPs (out of the total uncovered villages as on 1 st April 23) | 24,127 | 739 | 1403 | 2029 | 3118 | Likely to be achieved in FY 2024-25 |
| QUALITY OF SERVICE | | | | | | | |
| 5. | Percentage of Telecom BTS Fiberised | 65% | 40.53% | 42.19% | 44.07% | 44.38% | Commercial viability & RoW permission issues affect the pace of laying down new optical fibre cable. |
| 6. | Network Latency | 25ms | 84.13 | 79.47 | 78.68 | 77.25 | Target for |

| | | | | | | | |
|--------------------|--|---------------------------------|-------------------|-------------------|-------------------|--------------------|---------------------------------------|
| | (Wireless) -[As of now targeted benchmark by TRAI is <250ms] | | ms | ms | ms | ms | FY. 2024-25 has been revised to 75ms. |
| 7 | Broadband Download speed (Mbps)–Ookla Speedtest Index | | | | | | |
| | a. Mobile | 50 Mbps | 42.75 Mbps | 54.05 Mbps | 91.81 Mbps | 105.85 Mbps | Achieved |
| | b. Fiber | 60 Mbps | 53.18 Mbps | 54.56 Mbps | 60.13 Mbps | 61.84 Mbps | Achieved |
| CONSUMPTION | | | | | | | |
| 8. | Average Wireless Data Usage per Subscriber per month | 20.5GB Per subscriber per Month | 18.3 9GB | 19.0 8GB | 19.4 7GB | 20.27 GB | Achieved |

37. During the year 2024-25, DoT has put the following plans for expansion of telecom infrastructure in the country. Details alongwith Key Performance Indicators (KPIs) as provided by the Department are as under:

| Sl. No. | Action Points | Targets for FY2024-25 | Steps being taken |
|-----------------|------------------------------------|-----------------------|--|
| COVERAGE | | | |
| 1. | BharatNet: GPs with Functional OFC | 1.5lakhGPs | Amended BharatNet program has been launched to achieve |

| | | | |
|---------------------------|--|-----------|--|
| | | | the target |
| 2. | 5G Roll-out: Percentage penetration of mobile network | 85% | Likely to be achieved in FY 2024-25. |
| 3. | a. Number of FTTH connections per 100 population (comparable with ITU statistics-India is at 2.69 per 100) | 3.5per100 | Amended BharatNet program has been launched to achieve the target |
| | b. Number of FTTH provided on BharatNet in rural areas (cumulative)—as of 31.03.2024, 9.66 lakh connection have been provided | 18 lakhs | Amended BharatNet program has been launched to achieve the target. |
| 4. | Mobile Connectivity : Number of uncovered villages to be covered by mobile services by any USOF scheme or TSPs (out of the total uncovered villages as on 31 st March 2024) | 23968 | The project for saturation of 4G mobile services in uncovered villages across the country was approved on 27.07.2022 at a total cost of Rs.26,316 cr/-. The project will provide 4G mobile services in the uncovered villages in remote and difficult areas and is being executed by BSNL. |
| QUALITY OF SERVICE | | | |
| 5. | Network Latency (Wireless)— [As on now Targeted benchmark by TRAI is < 250 ms] | 75 ms | Achieved |

| | | | |
|--------------------|--|--------------------------------|---|
| 6. | Broadband Download speed(Mbps) –Ookla Speed test Index Fiber (India is ranked 92 with 61.8 Mbps) | 70Mbps | For faster and easier deployment of telecommunication infrastructure in the country, the Telecommunications (Right of Way) Rules 2024 have been notified under the Telecommunications Act, 2023. Amended BharatNet program has been launched to achieve the target. |
| CONSUMPTION | | | |
| 7. | Average Wireless Data Usage per subscriber per month | 22.5GBper Subscriber per Month | With proliferation of newer technologies and use cases such as 5G etc. average wireless data usage per subscriber per month will further increase. |

C. Revised implementation strategy of BharatNet to connect 6 lakh villages

38. When asked about the details of total number of uncovered villages which have no telecom connectivity and plans envisaged to provide connectivity to these villages, the Department replied that:

“As per data received from Telecom Service Providers (TSPs), Department of Telecom’s field unit and State Governments as of June '2024, out of 6,44,131 villages (villages are as per data of Registrar General of India as of November 2019) in the country, around 6,21,168 (~96%) villages are having mobile connectivity and 22,963 villages are not having any mobile coverage.

Government and Telecom Service Providers (TSPs) provide telecommunication connectivity in the country in a phased manner. Government through funding from Universal Service Obligation Fund (USOF)

is implementing various schemes for providing mobile network coverage in all uncovered villages of the country.

Details of schemes/projects to improve the telecommunication connectivity in rural, tribal and LWE affected areas across the country are as follows:

- Saturation of 4G mobile services in uncovered villages across the country. The estimated project cost is Rs.26,316 Cr.
- Provision of 4G mobile services in Left Wing Extremism (LWE) affected areas Phase-II. The estimated project cost is Rs.2,211 Cr.
- Provision of 4G Mobile Services in North Eastern Region of the country under Comprehensive Telecom Development Program for NER. The estimated cost for the scheme is Rs.3,637 Cr.
- Provision of 4G mobile connectivity in 7,287 Aspirational District villages (Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha). And provision of 4G mobile connectivity in 502 uncovered villages of Aspirational Districts in four States (namely Uttar Pradesh, Bihar, Madhya Pradesh & Rajasthan). The estimated cost for projects is Rs.7,152 Cr.
- Provision of 4G mobile connectivity in 354 uncovered villages of J&K, Ladakh, Himachal Pradesh, Uttar Pradesh, Bihar, Rajasthan, Gujarat, Uttarakhand, Border area & other priority areas. The estimated project cost is Rs.337 Cr.
- Provision of 4G Mobile Coverage in 85 uncovered Villages and seamless 4G Mobile coverage of NH223 in Andaman & Nicobar Islands. The estimated project cost is Rs.130 Cr”.

D. Comprehensive Telecom Development Plan (CTDP) for the North-Eastern Region

39. According to the Department, the details of schemes under CTDP for NE Region are as follows:

“Mobile Services in Uncovered villages in Assam, Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (National Highways only)

of NER and seamless coverage along National Highway: As per initial scope, mobile connectivity was to be provided by setting up 2004 towers in the uncovered villages and along National Highways of Assam, Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (National Highways only) of North-East region. The Agreements were signed with Bharti Airtel Ltd. and Bharti Hexacom Ltd. on 08.12.2017 for implementation of the project at a total project cost of Rs.1655.56 Crore. As on 10.09.2024, a total of 1,358 sites have been installed and are providing services. The project has completed roll-out and under operation and maintenance stage. “

State-wise details as submitted by the Department are:

State-wise Progress of the scheme

| S. No. | State | No. of Towers (as per Agreement) | Towers installed and providing services | Coverage provided by towers | |
|--------|-------------------|-------------------------------------|---|-----------------------------|------------|
| | | | | Villages covered | NH covered |
| 1 | Assam | 983 | 439 | 530 | 25 |
| 2 | Sikkim | 20 | 8 | 9 | 0 |
| 3 | Manipur | 437 | 404 | 382 | 55 |
| 4 | Mizoram | 246 | 214 | 213 | 17 |
| 5 | Nagaland | 160 | 152 | 112 | 45 |
| 6 | Tripura | 9 | 3 | - | 3 |
| 7 | Arunachal Pradesh | 149 | 138 | - | 138 |
| | Total | 2004 | 1358 | 1246 | 283 |

i. Total subscribers: 8.37 lakh

- ii. Around 372 sites have been dropped by operator due to pre-existence of mobile coverage, population migrated to other village, etc. and remaining sites were not installed due to various reasons like forest and defence clearance, accessibility issues, land record issues, villages washed out, villages not found, State mismatch, etc.

40. Regarding the Mobile Services in Uncovered villages of Meghalaya and seamless coverage along National Highway, the Department informed the Committee as under:

The work has been awarded to M/s Bharti Hexacom Ltd for 1,164 uncovered villages and 11 sites along National Highways in Meghalaya on 04.09.2020 for provisioning of 4G mobile services at a total project cost of Rs.804.37 Crore. However, 323 sites covering 406 villages & 2 NH sites have been dropped due to pre-existence of mobile coverage. Further, additional 528 sites covering 723 villages have been added on the request of State Government. After physical survey of all the villages and NH locations including additional villages the revised scope is 443 sites covering 631 villages & 3 NH locations. The revised cost of the project is Rs.971.96 Cr. The revised cost of the Project is Rs.398 crore as on date. The details as per agreement are as follows:

| Number of Villages as per agreement | Number of BTS as per agreement | Deletion of sites approved | Additional Approved Village (sites) | Executable Scope - village /NH locations (sites) | Towers commissioned | Villages/ NH locations Covered |
|--|---------------------------------------|-----------------------------------|--|---|----------------------------|---------------------------------------|
| 1164 | 889 | 323 | 723 (528 sites) | 634 (443 sites) | 427 | 616 |

Note: Survey of all sites (except 03 villages from additional scope) has been completed. Roll out period was Sep 2022 which has been further extended upto Sept 2024 for remaining sites of original scope. Further, 18 months rollout has been

provided for 528 additional sites i.e. upto 24.05.2024 and further extension of 06 months is under consideration for remaining sites of additional scope.

41. Furnishing details about Mobile Services in Uncovered Villages of Arunachal Pradesh and 2 Districts of Assam the Department have stated:

“Agreements have been signed with M/s Bharti Hexacom Limited for provision of services in Arunachal Pradesh on 29.10.2021 and with M/s Reliance Jio Infocomm Limited for 2 Districts of Assam on 01.11.2021. The total project cost is Rs. 1255.49 Crore. The revised cost of the Project is Rs. 667 crore as on date. Survey works of all villages have been completed. Rollout period is April 2023 which has been extended upto Sept 2024. The present Status of Project is as under:

| Number of Villages as per agreement | | Number of BTS as per agreement | Executable scope of villages after survey | Executable scope of Towers after survey | Towers Commissioned | Villages Covered |
|---|------|--------------------------------|---|---|---------------------|------------------|
| Arunachal Pradesh | 1683 | 980 | 1025 | 531 | 392 | 757 |
| Karbi Anglong & Dima Hasao Districts of Assam | 691 | 531 | 322 | 239 | 222 | 303 |

Hiring of 20 Gbps International Bandwidth for Internet Connectivity to Agartala from BSCCL, Bangladesh via Cox Bazar:

42. The Department has further added that:

“For making available high quality and high-speed internet access to the States of North Eastern Region of the country, financial support of Rs. 17.15 crore is to be provided to Bharat Sanchar Nigam Limited (BSNL) for hiring of 20 Gbps International Bandwidth for Internet Connectivity to Agartala from Bangladesh Submarine Cable Company Limited (BSCCL), Bangladesh via Cox Bazar. The first 10 Gbps link was commissioned on 26.11.2021 and the second 10 Gbps link was commissioned on 21.04.2022”.

E. Comprehensive Telecom Development Plan for Islands

43. When the Committee desired to know about the progress made under the plan, the Department stated as follows:-

“The plan consists of the following schemes: Provision of 4G Mobile Coverage in Uncovered Villages and seamless 4G Mobile coverage of National Highway in Andaman & Nicobar Islands:-

An Agreement was signed between USOF and M/s RJIL on 15.03.2021 for setting up of 82 towers to provide mobile services on 4G Technology in identified 85 uncovered villages (with population of 10 or more), and 42 towers for providing 4G mobile services to bridge the gaps in mobile connectivity along uncovered NH-4 (earlier NH-223). The total project cost is Rs. 129.58 Crore and is targeted to be completed by September 2024. The revised cost of the Project is Rs. 110 crore as on date. The target for completion of project was extended from 14.03.2021 due to Covid related logistics issues, pending Forest permissions and non-availability of land and backhaul. 62 sites have been commissioned in this project. 42 of these sites are along National Highway-4. 20 sites have been set up to provide 4G services in 20 villages. “

44. While submitting details about Submarine OFC Connectivity between Mainland India (Kochi) and Lakshadweep Islands the Department has stated that:

“The project entails Provision of Submarine Optical Fibre Cable Connectivity between Mainland (Kochi) and Lakshadweep Islands (KLI Project) comprising of Kavaratti and ten other Islands, namely, Kalpeni, Agatti, Amini, Androth, Minicoy, Bangaram, Bitra, Chetlat, Kiltan and Kadmat. The total estimated Route length is about 1,772 km and the total Financial Implication is about Rs. 1,072 Crore (excluding taxes). The project is targeted to be implemented within 1000 days from the date of announcement by Hon’ble Prime Minister on 15th August 2020. It was dedicated to the nation by Hon’ble Prime Minister on 03.01.2024”.

45. About the Provision of 4G Mobile Services, augmentation of OFC Transmission Network & Provision of FTTH services in Lakshadweep Islands, the Department stated as follows:

“DoT is supporting a scheme for augmentation of Telecom infrastructure in Lakshadweep islands at a total cost of Rs.62.86 Cr.

The works include:

- i. Upgradation of 17 existing 2G tower sites to 4G mobile services. Due to unavailability of indigenous 4G equipment, this is expected to be completed by December 2024. Two sites have been upgraded.
- ii. Installation of additional 20 new mobile tower sites (including Suheli Island) for provision of 4G mobile services. Due to unavailability of indigenous 4G equipment, this is expected to be completed by December 2024. Three new sites have been commissioned.
- iii. Creation of 225Km OFC network for provision of FTTH in Lakshadweep Islands. This includes the operation and maintenance cost for 5 years with provision of services at the same QoS/ SLA for 10 year. Work is complete. 6600 FTTH connections have been provided.

This project has been planned to reap the benefits of huge bandwidth created under KLI Project of submarine optical fibre connectivity between Kochi and Kavaratti and ten other Islands of Lakshadweep Islands”.

F. BharatNet Udhyaami Scheme

46. The Union Cabinet accorded its approval on 04.08.2023 regarding Amended BharatNet Program to provide high speed broadband connectivity to all inhabited villages in the country. The Project was to be fully funded through Digital Bharat Nidhi (DBN), Department of Telecommunications (DoT) at an estimated cost of INR 1,39,579 crore. The amount is Rs 1.88 lakh crores including the outlay for Phase-I and Phase-II. BSNL has been appointed as Project Management Agency (PMA) for Amended BharatNet Project. BSNL has put Notice Inviting Tender (NIT) for selection of Project Implementing Agency (PIA) for Development (creation, upgradation, operation & maintenance) of middle mile network of BharatNet on Design Build Operate and Maintain (DBOM) model for sixteen packages on 15.02.2024.

47. According to the Department, under the current scope of the BharatNet, the Gram Panchayats (GPs) are primarily connected in linear structure because of which the reliability of the network is low. However, under the amended program an estimated 2.65 lakh GPs are proposed to be connected in ring network. The remaining 3.8 lakh villages are proposed to be connected on demand basis. The network is to be maintained by professional agencies specialized in optical fiber networks, selected through bidding process by BSNL. These agencies would maintain network for a period of 10 years to high defined standards of availability. It has also been proposed to engage a professional private sector partner for the Network Operations Center (NOC) to design, build, operate and maintain the NOC for 10 years.

48. The last mile network is to be managed through BharatNet Udyamis (BNU) who could be a village level entrepreneur, Internet Service Provider, Self Help Group etc. BNUs would be given a one-time financial incentive for activating new home fiber connections. To incentivize continuity of services, BNUs would also receive a share of the monthly revenue (on established market practice). It was proposed to eventually provide 1.50 crore rural home fiber connections using the BNU model over the next five years. In order to fast track last mile connectivity, about 100 districts were identified for prioritizing expenditure on upgradation of infrastructure and subsidy to home fibre connections. BSNL would provide Internet Leased Line (ILL) to

all 7,269 blocks with sufficient bandwidth to ensure minimum 25 Mbps download speed to every home fibre subscriber.

49. The estimated cost and disbursement of funds under BharatNet Project upto 31.08.2024 as submitted by the Department are as under:

| All Figures in Rs. Crore | | | | |
|---------------------------------|--|--|---|---|
| S.No. | Activity as approved by Union Cabinet | Amount as approved by Union Cabinet | Estimated cabinet approved cost (with taxes) | Funds disbursed from USOF (as on 31.08.2024) |
| 1 | BharatNet Phase I (CAPEX) | 11148 | 12708.72 | 10285.97 |
| 2 | BharatNet Phase II (CAPEX) | 18792 | 22174.56 | 20430.47 |
| 3 | Operational and Maintenance | 6046 | 7134.28 | 6738.11 |
| 4 | Last Mile Connectivity | 4066 | 4066 | 1360.49 |
| 5 | Replacement of Lossy fiber | 2016 | 2378.88 | 850 |
| 6 | Total | 42068 | 48462.44 | 39665.04 |
| 7 | Amended BharatNet Program | 120756 | 139579 | 2351.59* |
| 8 | Total (6 to 7) | 162824 | 188041.44 | 42016.63 |

*For O&M of BharatNet Phase-I and Phase-II by BSNL.

50. While furnishing information with respect to BharatNet Saturation Project across rural and remote India, the following information was submitted by the Department:

“Saturation of 4G mobile services in uncovered villages across the country: The Union Cabinet on 27.07.2022 approved an USOF funded project for

saturation of 4G mobile services in uncovered villages across the country at a total cost of Rs. 26,316 Cr. The project will provide 4G mobile services in 24,680 uncovered villages in remote and difficult areas. The project has a provision to include additional villages on account of rehabilitation, new-settlements, withdrawal of services by existing operators etc. In addition, 6,279 villages having only 2G/3G connectivity shall be upgraded to 4G. The revised Project Cost is Rs. 30620.49 crore. Agreement has been signed with BSNL on 06.02.2023. As per Cabinet note, target date for completion of the project was 500 days from the date of signing of agreement. Further, rollout period has been extended upto Dec, 2024. As on August, 2024, 17,641 Towers including 775 towers upgradation have been planned, out of which 2,254 towers have been commissioned covering 2,786 villages”.

G. Aspirational Districts Scheme

51. According to the Department, the details of progress made under the scheme is as follows:-

“Aspirational District villages (MP, UP, Rajasthan, Bihar):-A Scheme for 502 uncovered villages across 112 Aspirational Districts over four States (namely Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan) for provisioning of 4G based Mobile services has been finalized. Agreements has been signed and work has been awarded to M/s Reliance JiInfocomm Ltd for UP and MP States, M/s BhartiHexacom Ltd for Rajasthan and M/s BhartiAirtel Ltd for Bihar after tendering process in March, 2021. The total project cost is Rs. 414 Crore as per the agreement. The revised cost of the Project is Rs. 233 crores as on date. The Roll out period of the project was March 2022 which has been extended upto June, 2024 and further extension of 6 more months is under consideration.

In addition to above, 27 villages of Madhya Pradesh have been added in the scheme against deleted village vide letter dated 22.08.2022 having Roll out period till 21.08.2023 which has been extended upto 21.08.2024 and further extension of 6 more months is under consideration. “

52. The State- wise list of 502 uncovered villages of Aspirational districts of 4 States as submitted by the Department are as follows:

| S. No. | State Name | No. of villages to be covered | No. of towers to be installed | Executable scope of villages after survey | Executable scope of Towers after survey | No. of Sites Commissioned | No. of Villages Covered |
|--------|----------------|-------------------------------|-------------------------------|---|---|---------------------------|-------------------------|
| 1 | Bihar | 80 | 62 | 51 | 30 | 27 | 46 |
| 2 | Madhya Pradesh | 232 | 194 | 151 | 140 | 103 | 112 |
| 3 | Rajasthan | 195 | 186 | 70 | 61 | 43 | 50 |
| 4 | Uttar Pradesh | 22 | 20 | 19 | 19 | 19 | 19 |
| | Total | 529 | 462 | 291 | 250 | 192 | 227 |

53. As regards the remaining 7,287 Aspirational District villages (Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha) the Department in their written submission stated as follows:-

“Project entails provisioning of 4G based Mobile services in 7,287 uncovered villages of 44 Aspirational Districts of 5 States of Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha. An agreement with M/s RJIL for 3 States and M/s BAL for 2 States have been signed on 20.05.2022 at a cost of Rs. 3765.47 crore and survey work is in progress. The revised cost of the Project is Rs. 2876 crore as on date. Target for completion of this project was November, 2023 which has been extended upto November, 2024. “

| Sl. No. | State | No. of Aspirational districts | No. of Villages as per agreement | No. of sites as per agreement | No. of Sites Commissioned | No. of Villages Covered |
|--------------|----------------|-------------------------------|----------------------------------|-------------------------------|---------------------------|-------------------------|
| 1 | Andhra Pradesh | 3 | 1218 | 771 | 6 | 16 |
| 2 | Chhattisgarh | 8 | 699 | 546 | 11 | 11 |
| 3 | Odisha | 10 | 3933 | 2379 | 2 | 10 |
| 4 | Jharkhand | 19 | 827 | 625 | | |
| 5 | Maharashtra | 4 | 610 | 458 | | |
| Total | | 44 | 7287 | 4779 | 19 | 37 |

54. Further, while giving the status on the above, the Department submitted to the Committee the following State-wise information as follows:

| Sl. No. | State | No. of Villages as per agreement | No. of sites as per agreement | Executable scope of villages after survey | Executable scope of Towers after survey | No. of Sites Commissioned | No. of Villages Covered |
|---------|----------------|----------------------------------|-------------------------------|---|---|---------------------------|-------------------------|
| 1 | Andhra Pradesh | 1218 | 771 | 1030 | 603 | 455 | 815 |
| 2 | Chhattisgarh | 699 | 546 | 261 | 230 | 166 | 193 |
| 3 | Odisha | 3933 | 2379 | 3168 | 2158 | 834 | 1345 |
| 4 | Jharkhand | 827 | 625 | 480 | 323 | 216 | 298 |
| 5 | Maharashtra | 610 | 458 | 425 | 350 | 264 | 326 |

| | | | | | | |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| a | | | | | | |
| Total | 7287 | 4779 | 5364 | 3664 | 1935 | 2977 |

Note: Survey is pending at 573 villages due to security and villages not being traceable. After survey, no. of sites may increase.

55. Regarding the Scheme for Mobile Communications Services in Left Wing Extremism (LWE) Affected Areas, the Department submitted the following:

LWE Phase-I: On 20.08.2014, the Cabinet approved the implementation of a project in LWE areas to provide Mobile Services on 2G technology in the 10 affected States of Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Telangana, Uttar Pradesh and West Bengal. The work was awarded to M/s BSNL on nomination basis and Agreement was signed on 30.09.2014. The cost of the project was Rs 4214.28 crore. Under this scheme, 2343 sites were installed, commissioned and providing services and the Project is completed.

LWE Phase-I (O&M and upgradation from 2G to 4G): Extension of O&M of existing 2G sites approved by Union Cabinet at estimated cost of Rs. 541.80 crores which was further extended till Oct. 2023 with the approval of Hon'ble MoC within the Cabinet approved cost. Further, Union Cabinet has approved the upgradation of existing LWE towers from 2G to 4G with an estimated cost of ₹1884.59 Crore by BSNL on nomination basis on 27.04.2022. Agreement has been signed on 09.05.2024 with BSNL. As per agreement, time line for 4G upgradation is twelve months. Work has been awarded to vendor for upgradation by BSNL.

The State-wise details of functional Towers under LWE Phase-I are as follows:

| S. No. | Name of the State | LWE Phase-I | |
|--------|-------------------|---------------------|-------------------|
| | | Total LWE Districts | Towers functional |
| 1 | Andhra Pradesh | 8 | 62 |
| 2 | Bihar | 22 | 250 |
| 3 | Chhattisgarh | 16 | 525 |
| 4 | Jharkhand | 21 | 816 |
| 5 | Madhya Pradesh | 1 | 22 |
| 6 | Maharashtra | 4 | 65 |
| 7 | Odisha | 19 | 256 |
| 8 | Telangana | 8 | 173 |
| 9 | Uttar Pradesh | 3 | 78 |
| 10 | West Bengal | 4 | 96 |
| | Total | 106 | 2343 |

56. As regards LWE Phase II, the Department in their written submission have stated as follows:-

“The project entails provision of 2,542 towers to provide 4G mobile services for implementation of the project, tender was floated and agreements have been signed with Reliance JiInfocomm Ltd and BhartiAirtel Ltd in Sept/Oct 2021 at a cost of Rs. 2211.11 Crore. The revised cost of the Project is Rs. 1578 crore as on date. Reliance JiInfocomm Ltd is to implement the project in Chhattisgarh, Madhya Pradesh, Maharashtra and Odisha (1602 towers) and BhartiAirtel Ltd in Andhra Pradesh, Bihar, Jharkhand, Telangana, Uttar Pradesh and West Bengal (940 towers). Target for completion of this project was March, 2023 which has been extended upto September, 2024”.

57. The following is the submission by the Department on the status of Mobile Towers in LWE Phase II:

| S No. | State | No. of Mobile Towers | Revised scope of locations after survey | Revised scope of Towers after survey | No. of tower commissioned | Total no. of locations covered |
|-------|----------------|----------------------|---|--------------------------------------|---------------------------|--------------------------------|
| 1 | Andhra Pradesh | 346 | 197 | 214 | 179 | 193 |
| 2 | Bihar | 16 | 7 | 7 | 1 | 1 |
| 3 | Chhattisgarh | 971 | 479 | 458 | 396 | 416 |
| 4 | Jharkhand | 450 | 82 | 85 | 64 | 67 |
| 5 | Madhya Pradesh | 23 | 26 | 26 | 18 | 18 |
| 6 | Maharashtra | 125 | 86 | 85 | 67 | 68 |
| 7 | Odisha | 483 | 408 | 388 | 290 | 306 |
| 8 | Telangana | 53 | 16 | 16 | 5 | 5 |
| 9 | Uttar Pradesh | 42 | 0 | 0 | 0 | 0 |
| 10 | West Bengal | 33 | 0 | 0 | 0 | 0 |
| Total | | 2542 | 1301 | 1279 | 1020 | 1074 |

Note: Survey is pending at 197 locations due to security and villages not being traceable. After survey, no. of sites may increase.

Overall Tele-Density in India

58. According to the Department, the overall tele-density in India, as well as the information on rural and urban tele-density, and wireline and wireless subscribers in the country as on 31.08.2024 are as given in the table below :

| Tele-density (in %) | | | Telephone Connections | | | | |
|---------------------|-------|--------|---------------------------|---------|---------------------------|---------|---------------------------------|
| Overall | Rural | Urban | Wireline | | Wireless | | Total Connections (In Millions) |
| | | | Connections (In Millions) | % Share | Connections (In Millions) | % Share | |
| 85.46 | 58.88 | 133.58 | 35.97 | 3 | 1164.54 | 97 | 1200.51 |

59. Further, Operator-wise share in total telephone connections as on 31.08.2024 is as follows:

| Sl. No. | Operators | % share in total telephone connections |
|---------|------------------------------------|--|
| 1 | BhartiAirtel Limited | 32.83 |
| 2 | Reliance Communications Ltd. | 0.01 |
| 3 | Reliance JioInfocomm Limited | 40.49 |
| 4 | VodafoneIdea | 17.90 |
| 5 | TATA Teleservices Ltd | 0.19 |
| 6 | Quadrant Televentures Ltd., Punjab | 0.03 |
| 7 | V-CON MOBILE INFRA & PVT LTD | 0.01 |
| | Total Private Share | 91.46 |
| 8 | BSNL | 8.17 |
| 9 | MTNL | 0.31 |
| 10 | APSFL | 0.05 |
| | Total PSU Share | 8.54 |

V. Defence Spectrum: OFC based network for Defence Services

60. According to the Department, Network For Spectrum (NFS) is a Government-funded project, which is being implemented on a turn-key basis for Defence Tri-Services, in lieu of releasing the spectrum utilized by Defence Forces. BSNL is implementing the NFS Project on behalf of DoT. Under this project, a complete

telecom network consisting of various network elements like Optical Fibre Cable (OFC), transmission equipment, microwave, satellite, encryptors, end-point equipment, data centres etc. are being set up across the Country as a Tri-Services backbone. NFS projects provide high bandwidth through dedicated OFC and high-end communication and networking equipment including satellite and microwave as an alternative for redundancy, wherever applicable.

61. The objective of this scheme is to enhance the operational preparedness of the Armed Forces through State- of- the-Art Telecom Network. It will enhance the communication capabilities of Defence services through a dedicated, secure, resilient, and redundant network. The availability of an integrated Tri-Service network including its online monitoring and management of traffic will strengthen the mission-critical capabilities in the current concept of modern warfare and also cater to the secure communication requirement of Defence Forces in the future-ready cyber war environment.

62. The proposed, BE, RE, Actuals from 2020-21 to 2023-24, proposed and BE for 2024-25 for this scheme , as submitted by the Department are as under:

(Rs. in crore)

| Proposed/BE/RE /Actuals | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Proposed | 10000 | 6820 | 1961 | 2158.35 | - |
| BE | 5000 | 5200 | 1961 | 2158.35 | - |
| RE | 4000 | 5200 | 1961 | 3751.74 | NA |
| Actuals | 4000 | 3070 | 1000 | 1282.28 | - |
| %w.r.t. RE | 100% | 59.04% | 50.99% | 34.17 | - |

63. On being asked about the latest overall status of implementation and achievements of all the components of the project vis-à-vis the targets in FY (23-24), the Department submitted the following details:

Physical targets

| | Target (as %age of total) | Achievement (As %age of Total) |
|------------------------|---------------------------|--------------------------------|
| | FY 2023-24 | FY 2023-24 |
| OFC laid | 100 | 98.4 |
| OFC links commissioned | 100 | 97.7 |
| Equipment Ordered | 100 | 100 |
| Equipment Installed | 100 | 96.8 |

64. Submitting the latest overall status of implementation and achievements of all the components of the project vis-à-vis the targets, w.r.t funds utilized, OFC laid, status of utilization, etc, the Department furnished the following information:

| SI.No. | Component | Achievement/ Scope as on date | Status | Target |
|--------|-----------------|-------------------------------------|--|------------------------------|
| 1 | NFS ARMY OFC | 906/924 Links | <p>1. All 03 Pending doable links are to be completed by M/s ITI by 31.12.24).</p> <p>2. 15 Links are deferred due to ongoing road-widening works (Status given below);</p> <ul style="list-style-type: none"> • 9 Links completed with hiring of dark fibre: <ul style="list-style-type: none"> a) BSNL has provided dark fibre for 2 Links. b) VTL has provided dark fibre for 3 Links. c) Jio has provided dark fibre for 3 Links. d) Dark fibre not required by PICG for 1 Link (BSNL dark fibre available). • Dark fibre is not available from any operator for remaining 6 Links. | 3 doable links by 31.12.2024 |
| 2 | DWDM | NLD- 25/33 RLD- 456/481 | <p>1. Status of 8 pending DWDM NLD Links:</p> <ul style="list-style-type: none"> i) 1 NLD will be completed by 15.10.2024 & 2 Link by 31.12.2024 ii) 5 NLDs are deferred because of damaged OFC due to road widening. Alternatively, BSNL has provided 10 G bandwidth to connect the stations. | 31.12.2024 |

| | | | | |
|-------|-----------------------------------|-----------------------------------|---|------------|
| | | | <p>2. Status of 25 Pending UTL DWDM link:</p> <p>i) 1 Link will be completed by 15/10/24.</p> <p>ii) 24 RLDs are pending due to ongoing road widening work. Alternatively, BSNL has provided 1 G bandwidth to connect the stations.</p> | |
| 3 (a) | GOFNMS Track 1 (Site Preparation) | Completed (342 Sites) | National A/T of GOFNMS Track- 1 Nodes completed. Warranty started (Jan'24). | 30.11.2024 |
| 3(b) | GOFNMS Track 2 (GOFNMS Solution) | 845/1089 Sites | Regional A/T completed. Network AT to be started. | 31.12.2024 |
| 4 | Microwave | Towers- 215/223 Links- 265/277 | Network A/T completed Now, work is under progress at 7 sites, PICG is yet to given one site. | 31.12.2024 |
| 5 | IP-MPLS (Army) | Completed (305 Stations) | NFS Services in all 6 Commands SWR, WR, NR, SR, CR & ER have already been launched. Network A/T (Phase-1) completed. Network A/T (Phase-2) under progress. | 30.11.2024 |
| 6 | SATELLITE | HUB-2/2 VSAT- 237/237 | Completed. Configuration under progress for Network AT. | 30.11.2024 |
| 7 | MCEU (Multi Capacity) | HC MCEU IA completed | Commissioning of HC-MCEU completed. | 31.12.2024 |

| | | | | |
|----|--|--|--|------------|
| | Encryption Units) | 740/740 LC MCEU 463/483 IAF (Add-on)- 444/453 Navy (Add-on)-474/484 | Installation of LC-MCEU at 463 out of 483 sites has been completed. After resolution of HTTPS protocol bypassing issue, SAG under progress. I&C of MCEU of IAF (444 out of 453) and Navy (474 out of 484) is completed. Remaining under progress. | |
| 8 | UNMS (Unified Network Management System) | IT & Non-IT Equipment at 13 Sites | Non-IT equipment under installation at all places except Kolkata. 6 UNMS buildings have been completed. Internal works of 3 more buildings have also been completed. | 31.03.2025 |
| 9 | IP-MPLS (NAVY) | Completed (33 Greenfield & 93 Brownfield sites) | Network commissioned (Feb'23) | |
| 10 | NAVY OFC (Trenching & Ducting) | 42/42 Nodes | Completed. Approval has been given for delinking the pending works as per recommendation of Indian Navy for completion of Project. Pending work will be completed as and when RoW issue is resolved. | 31.12.2024 |

65. On being asked about the achievements of the OFC based network of Defence Services project, the Department submitted the following:-

INDIAN ARMY:

- Soft launch of NFS Services have been done in all 6 Commands (South-Western, Western, Northern, Central, Southern and Eastern) of Indian Army.
- NFS Project in SW Command has been handed over to Indian Army on 1/11/2023.
- NFS Project in Western & Northern Command has been handed over to Indian Army on 28/11/2023.
- NFS Project in Southern Command has been handed over to Indian Army on 5/1/2024.

INDIAN NAVY:

- IPMPLS Network has been commissioned in all Green field (33) & Brown field sites (93).
- Ku & C band components of satellite including 10 TST (Transportable Satellite Terminal) have also been commissioned.

66. Further, reasons for shortfall in achieving the targets were enumerated as:

- The project is of a highly complex nature of 60,000 km OFC.
- RoW issues from Railways, Forest, State Authorities, PWD etc

Limited working season in Laddakh / Kashmir / Arunachal Pradesh / Sikkim.

- Additional Hardware requirement for IAF
- On-going Road Widening works
- Completion of UNMS Building
- Entry issue in Defence premises due to security reason.

COVID-19 lockdowns

Global chip shortage MCEU component

67. When the Department was asked to state the reasons for the variation between BE 2023-24 and 2024-25 and the steps that were being taken to ensure adequate availability of funds during 2024-25, the following written submission has been made:

“Not Applicable, due to the funds have not been assigned for the NFS project under B.E. FY 2024-25. Further, the demands of funds for NFS have been requested under RE FY 2024-25”

68. About the impediments that were encountered in the implementation of the project and measures taken to address the problems, the Department has stated that:

“Impediments of the project are as follows:

1. RoW issues from Railways, Forest, State Authorities, PWD etc.
2. Limited working Window in Hilly Terrain
3. Additional Hardware requirement for IAF
4. Ongoing Road Widening works
5. Completion of UNMS Building
6. Entry issue in Defence premises due to security reason.

However, various Govt. agencies/ defence establishment are being approached to resolve the issues to complete the project in time”.

VI. Other contemporary issues and schemes

i. Prime Minister-Wi-Fi Access Network Interface (PM-WANI):

69. The Secretary, DOT during course of evidence while furnishing details of progress of the PM-WANI scheme has deposed as under:

“Another one is PM-WANI which is the Prime Minister’s Wi-Fi access network scheme wherein approximately 2.5 lakh hotspots have been provided for public Wi-Fi. More than 200 PDOAs are providing this service”.

70. Regarding PLI Scheme, the representative of the Department deposed before the Committee as under -:

“PLI scheme which we provide for this product coverage to 4G/5G, Next Generation Radio Access Network, Wireless Equipment, Core transmission Equipment, Access and Customer Premises Equipment, Internet of Things and Enterprise Equipment like switches and routers. The total financial outlay is

Rs.12,000 crore for five years and the incentive rate is 4 to 7 per cent. This is the first PLI scheme to introduce design-led manufacturing with additional incentive and it is the first PLI scheme to have dedicated corpus and higher incentives for MSMEs. These are some achievements. By this employment generation is also there. These are the few numbers. This PLI has been given to a few companies”.

71. As regards the Digital Intelligence Unit (DIU) Project, the representatives of DoT while deposing before the Committee stated as:

“There are three components of this project. One is Sanchar Saathi which facilitates reporting of misuse of telecom resources. The next is Digital Intelligence Platform for sharing of telecom misuse related information with the stakeholders and the next is ASTR – indigenous AI tool to detect fraudulent mobile connections. These are few numbers. Through this system, 2.6 crore fraud SIMs have been disconnected; 11 lakh WhatsApp accounts have been frozen; 11 lakh bank accounts have been frozen and 71,000 SIM agents have been blacklisted”.

72. When the Department was asked about its views on Security related issue pertaining to the Telecom Sector, the following submission was made:

“Prevention of Spoofed Incoming International Calls System”. It has been approved in this financial year. It has already been implemented. Within 24 hours of implantation, around 1.35 crore spam calls were blocked before reaching to the citizens”.

VII. Review of functioning of PSUs

73. There are 5 PSUs under DoT namely Bharat Sanchar Nigam Limited (BSNL), Mahanagar Telephone Nigam Limited (MTNL), ITI Limited (ITI), Telecommunications Consultants India limited (TCIL), and Bharat Broadband India Limited (BBNL). The Centre for Development of Telematics (C-DOT) is an autonomous body and is also the R&D arm of the Department. Review of performance of some PSUs are in the following paragraphs:

i. **Performance of BSNL, MTNL & ITI**

74. The details of revenue and working expenditure of BSNL and MTNL as submitted by the Department are as under:

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

(Amt in Rs Cr)

| Year | 2020-21 | 2021-22 | 2022-23* | 2023-24* | 2024-25* (projection) |
|--|---------|---------|----------|----------|--------------------------|
| Total Income Target | 18,000 | 25,411 | 17,161 | 19,052 | |
| Total revenue from operations | 17,452 | 16,809 | 19,131 | 19,344 | 24,428 |
| Total Income | 18,595 | 19,052 | 20,702 | 21,317 | 26,528 |
| Total expenditure | 26,036 | 26,034 | 27,364 | 26,683 | 31,592 |
| Profit/(Loss) before exceptional items | (7,441) | (6,982) | (6,662) | (5,366) | (5,064) |
| Exceptional items | - | - | (1,499) | - | - |
| Net Profit/(Loss) | (7,441) | (6,982) | (8,161) | (5,366) | (5,064) |

Notes:

1. Income target is assigned by DPE in consultation with the administrative Ministry. For FY 21-22, target was assigned for Total Income. For other years targets was assigned for Revenue from Operations.
2. *FY 22-23 onwards MOU target is given on the basis of consolidated financial, accordingly 22-23 onwards above data is given on the basis of consolidated financial.

The Department have stated that Rs. 82,916 Cr. is for revival of BSNL out of which Rs. 8,609 Cr. is for Capex and Rs. 74,347 Cr. is for spectrum allotment and is cash neutral and Rs. 8,500 Cr. is for DBN (Digital Bharat Nidhi) (BharatNet)

B: The details of revenue and working expenses of MTNL are as follows:

(Rs. in crore)

| Year | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---------------------|----------|----------|----------|----------|---------|
| Total Income Target | 2201.00 | 3011.00 | 1810.00 | 1750.00 | 1570.00 |
| Total Income | 1872.87 | 1777.92 | 1474.00 | 1301.00 | |
| Total Expenditure | 4332.87 | 4379.28 | 4385.00 | 4604.00 | |
| Net Profit/Loss | -2461.26 | -2603.12 | -2911.00 | -3303.00 | |

75. On enquiring about the rolling out of 4G by BSNL with the usage of indigenous technology, the Secretary, DoT made the following submission before the Committee:

“Sir, absolutely, I think, this question from the hon. Member is absolutely right. There are countries world across who are still in 3G. We lacked in 4G technology. The hon. Prime Minister himself and the hon. Minister also has made the statement that we lacked in 4G. We ran together with the rest of the world in 5G, and we hope to be a leader in 6G. The 6G technology is not yet in place. In fact, the World Telecommunication Standardization Assembly (WTSA) is happening for the first time in India over the past five or six days, and another three or four days are left. In that, the contours of what the 6G technology will be, is being finalised, and it will continue to happen over the next three or four years. It is hoped that within the next five or six years, this 6G technology will fructify, and we will have that in place.

76. Depositing before the Committee on the roll out of 5G, the Secretary, DoT during the oral evidence submitted as follows:-

“As far as the 5G roll-out is concerned, our districts are covered 99 per cent with 5G. It was the fastest roll out in the entire world in twenty-one months. As far as the 4G is concerned, which we are deploying in BSNL, it is upgradable to 5G. That technology is upgradable to 5G. But as the hon. Member said, it also presents an opportunity to leap frog too directly to 6G because world over, 5G has not found many use cases. If you read the common technical literature

across the country, the telecom operators have not been able to make sufficient returns on investment from 5G. In 5G, there are three features. One is higher speed, which all of us have witnessed. The other one is the very high reliability, which means if you send something 'x', it will be received as 'x' without any error. And the third one is the extremely low latency, which means if you deploy a robot for doing a surgery say two thousand kilometres away in a remote village from the All India Institute of Medical Sciences and the surgeon moves his scissor here, immediately it will move there. It will not take two seconds for the scissor to move. So, that is the latency.

77. Further, it was added:

Unfortunately, for the 5G, the later to use cases, which should have been very extensively used, have not found. In fact, we had a very detailed discussion with the ITU recently during these meetings, and the Government of India and the DoT actually launched two projects. The first one is already in place, which is of putting hundred 5G labs across the country to ensure that the use cases are emanated from local areas in educational institutions where they can interact with either social use cases, maybe in a village, or they can go to educational institutions or MSMEs. In fact, we have launched a pilot with ten villages to examine what kind of use cases can be run on 5G because nobody has actually been able to implement those. The second thing that we have done is that we have launched a survey of ten verticals of MSMEs where we want to assess their industry 4.0 capability and see what kind of standardised solution we can offer to them on 5G. BSNL, in fact, yesterday, demonstrated that they have launched a captive 5G solution in mines

Sir, the country took a conscious decision when this was taken about two years ago, if I am not wrong, that we will develop our own 4G technology and having that decision, at that time, there was no rethink. So, the provision was kept that whatever technology you develop should be upgradable to 5G. So, we do not have that choice today to actually think that we can junk 4G and may adopt 5G today because now, having developed this technology, now it is easy to go to 5G indigenously, go to 6G indigenously. So, we have just got

upon the path with the rest of the world. Two years ago, we did not even have 2G technology or 3G technology. So, that is the context”.

78. As regards the comparative details of the increasing/decreasing market share of BSNL with regard to Wireline, Wireless and Broadband services in the Country since 2021-22 and its comparison with other Telecom Service Providers, the Department in their written submissions stated as follows -:

A: BSNL: The details of the increasing /decreasing market share of BSNL with regard to Wireline, Wireless and Broadband services in the country since 2021-22 to till date are as under:

| Telephone connection & Market share of BSNL since 2022 | | | | | | | | | | |
|--|------------|---|----------|------------------------|---|----------|------------------------|--------------------------|----------|-------|
| S. No. | Year | Telephone Connections in the country (in Million) | | | Telephone Connections Provided by BSNL (in Million) | | | Market Share of BSNL (%) | | |
| | | Wired Line | Wireless | Total (Wired+Wireless) | Wired Line | Wireless | Total (Wired+Wireless) | Wired Line | Wireless | Total |
| 1 | 31.03.2022 | 24.84 | 1142.07 | 1,166.91 | 7.51 | 113.72 | 121.23 | 30.23 | 9.96 | 10.39 |
| 2 | 31.03.2023 | 28.41 | 1143.96 | 1172.37 | 7.11 | 103.72 | 110.83 | 25.01 | 9.07 | 9.45 |
| 3 | 31.03.2024 | 33.79 | 1165.86 | 1199.65 | 6.50 | 88.61 | 95.11 | 19.23 | 7.60 | 7.93 |
| 4 | 30.04.2024 | 34.26 | 1167.38 | 1201.64 | 6.46 | 87.44 | 93.90 | 18.86 | 7.49 | 7.81 |
| 5 | 31.05.2024 | 34.73 | 1169.46 | 1204.19 | 6.43 | 87.00 | 93.43 | 18.51 | 7.44 | 7.76 |
| 6 | 30.06.2024 | 35.11 | 1171.24 | 1206.35 | 6.37 | 86.48 | 92.85 | 18.14 | 7.38 | 7.70 |

| Broadband Subscribers & Market share of BSNL since 2022 | | | | | | | | | | |
|---|------------|------------------------|--------------|----------|--------------|-------|--------------|-------------------------|----------|-------|
| S.no | As on | Subscribers (Million) | | | | | | Market share of BSNL(%) | | |
| | | Wired | | Wireless | | Total | | Wired | Wireless | Total |
| | | BSNL | All Operator | BSNL | All Operator | BSNL | All Operator | | | |
| 9 | 31.03 2022 | 3.85 | 27.25 | 23.34 | 761.05 | 27.19 | 788.3 | 14.13 | 3.07 | 3.45 |
| 10 | 31.03 2023 | 3.6 | 33.49 | 21.77 | 813.08 | 25.37 | 846.57 | 10.75 | 2.68 | 3.00 |
| 11 | 31.03 2024 | 4.05 | 40.06 | 20.65 | 884.01 | 24.7 | 924.07 | 10.11 | 2.34 | 2.67 |
| 12 | 31.04 2024 | 4.14 | 40.71 | 20.84 | 887.7 | 24.98 | 928.41 | 10.17 | 2.35 | 2.69 |
| 13 | 31.05 2024 | 4.18 | 41.31 | 21.36 | 893.83 | 25.54 | 935.14 | 10.12 | 2.39 | 2.73 |
| 14 | 31.06 2024 | 4.19 | 41.83 | 20.83 | 898.92 | 25.02 | 940.75 | 10.02 | 2.32 | 2.66 |

| Sub: - Total telephones connections operator wise & Market Share as on 30.06.2024. | | | | | | |
|---|------------------------------------|---------------|---------------|-----------------------------|--------------|--------------|
| Name of Operator | Telephone Connections (in Million) | | | %age Telephone Market Share | | |
| | Wired Line | Wireless | Total | Wired Line | Wireless | Total |
| BSNL | 6.37 | 86.48 | 92.85 | 18.14 | 7.38 | 7.70 |
| Bharti Airtel | 9.05 | 389.02 | 398.07 | 25.79 | 33.21 | 33.00 |
| Reliance Telecom | 0.12 | 0.00 | 0.12 | 0.35 | 0.00 | 0.01 |
| Vodafone-Idea | 0.82 | 217.30 | 218.12 | 2.35 | 18.55 | 18.08 |
| Tata Tele | 2.31 | 0.00 | 2.31 | 6.58 | 0.00 | 0.19 |
| MTNL | 2.15 | 1.91 | 4.06 | 6.11 | 0.16 | 0.34 |
| Jio | 13.20 | 476.53 | 489.72 | 37.59 | 40.69 | 40.60 |
| Others | 1.08 | 0.00 | 1.08 | 3.09 | 0.00 | 0.09 |
| Total | 35.11 | 1,171.24 | 1,206.35 | 100.00 | 100.00 | 100.00 |

B: MTNL: As per TRAI performance Indicator report, the Market share of MTNL with regard to Wireline, Wireless and Broadband services in its service area of operation from 2022-23 onwards are as follows:

| Year | City | Market Share (%) | | Market Share (%) Broadband |
|----------------------|---------|------------------|-------------|-------------------------------|
| | | Wireline | Wireless | |
| 2022-23 | Delhi | 25.24 | 3.10 | - |
| | Mumbai | 39.17 | 1.93 | |
| | Overall | 31.47 | 2.65 | |
| 2023-24 | Delhi | 22.35 | 2.97 | - |
| | Mumbai | 33.58 | 0.70 | |
| | Overall | 27.33 | 2.11 | |
| Upto July 2024-25 | Delhi | 21.39 | 2.95 | - |
| | Mumbai | 31.33 | 0.67 | |
| | Overall | 25.71 | 2.09 | |

79. While examining the subject, the Committee sought to know whether the Department had framed any timeline to reduce the accumulated losses of the BSNL and MTNL over the years. To this, in its written reply, the following submission has been made by the Department:

A: BSNL: The target for Revenue from operations for 23-24 is Rs 19,052 crores, against which revenue of Rs 19,344 crores has been achieved.

B: MTNL:

(Rs. in crore)

| Year | 2023-24 |
|----------------------|----------------|
| Total Income Target | 1750.00 |
| Total Income(Actual) | 1301.00 |

80. Further, reasons for missing the targets set by the Department, are as follows:

“The rapidly changing technologies and trends in the telecom have posed many challenges. Delhi and Mumbai being the two commercially very important cities, MTNL is facing maximum competition. Competition in Basic Services coupled with the fast changing technologies has thrown up tremendous challenges. MTNL is striving hard to retain its position and customers. Since its inception, MTNL has been synonymous and catalyst to the growth of Financial and Capital cities of the country i.e. Mumbai and Delhi. However, in year 2009-10, its financial health affected adversely after payment of around Rs 11,097.97 Cr for acquiring 3G and BWA spectrums and for bearing additional financial burden of Pay revision (on account of implementation of Pay commission Report). The company had to take short term loans of about Rs 7,533.97 Cr and incurred losses for the first time in 2009-10 and have been continuously in red since then because of mounting debt.

MTNL is trying to overcome the challenges it is facing due to stiff competition and a legacy of untrained manpower, its late entry in the GSM markets etc. The current wireless telecom industry in these two Metro Cities is now more and more driven by data as now other private operators are

providing unlimited voice bundled with data. As a result voice is no longer a revenue generating factor and it is more a bundled service of data.

The paradigm change, experienced by the telecom industry is evidently reflected in the Wireless data usage pattern which has completely tilted towards 4G and 5G technology. In Delhi and Mumbai the competitors of MTNL have already rolled out for 4G and 5G network in order to retain the existing customers by matching the demand of data. The introduction of state-of-the-art technology in the wireless services by private operators has rendered MTNL highly vulnerable in wake of its technological and financial limitations. Private operators have invested heavily in strengthening their infrastructure and upgrading their networks to support 4G/VoLTE technology and 5G services, while MTNL is yet to launch these services.

There is an immediate requirement of upgradation of the existing network infrastructure and deployment of new network elements in MTNL to offer market ready competitive services. Further, BSNL has been allotted Rs. 1851.2 Cr fund for Capex requirement of MTNL for FY 22-23 to 24-25. BSNL will roll out 4G/5G network in India including Delhi and Mumbai Circles, which may put MTNL and BSNL back on track”.

81. The Department further elaborated these facts as mentioned below:-

Limited Market Area: MTNL Operation confined to Delhi & Mumbai and hence puts limitations on expansion of business plan.

- **Over Saturated Markets:** The telecom market in Delhi and Mumbai is saturated with no new customer addition except churn of customer from one operator to other operator. Current Tele-density in Delhi is more than 250% & Mumbai is more than 150%.
- **Hyper Competition:** There are 4 to 5 operators providing telecom services (including wireline and wireless) in Delhi and Mumbai creating a hyper competitive telecom market.
- **Falling Tariffs:** Due to highly competitive market scenario, the tariffs are falling and operators are offering unlimited voice & data and free longer period promotional offers to gain market share.

- **Change in Mindset of customers:** Migration from traditional Landline to wireless telephony and wireless Broadband.
- **High CAPEX and OPEX Cost:** The Capex and Opex cost is highest for Delhi and Mumbai. License, RoW charges and rental cost for site acquisition are one of the highest in Delhi and Mumbai as compared to other parts of the country.
- **Fast technological changes:** Technological changes are fastest in Telecom sector. In last 20 years since mobile service was introduced in the country technology has changed from 2G to 5G.
- Unlike other PSUs which basically belongs to manufacturing sector and are operating in a monopolistic environment, MTNL is operating in service sector with 'N' number of competitors. Being a service organization, MTNL have to strive to achieve higher level of customer satisfaction. With the developments in the Telecom Sector MTNL has transformed itself from telecom voice service provider to a total telecom solution provider. Therefore, MTNL needs to continuously invest in modernization of its network and introduce state-of-the-art technologies at all levels of development, operation and maintenance. However, because of the current adverse financial position of the company, all the up-gradation / developmental projects have been affected.
- **Process Oriented Procurement:** In the present day scenario, technologies have a shorter lifespan and it is necessary to deploy the equipment as fast as possible to reduce subscribers churn. In the present scenario of fast changing telecom technology, it is observed that by the time the process of procurement of telecom equipment is matured, a new/advanced feature become available in the market. As the PSU has to strictly follow the guidelines of Govt. on procurement procedures, it remains at a disadvantage position w.r.t. private players, who can order latest equipment in the shortest possible time. This enables the competitors to capture the creamy segment of the market being the first entrant.

82. As regards the Challenges faced by BSNL/MTNL in increasing revenue earning, the Department in their written submissions stated as follows:-

“Some of the challenges faced by BSNL are stiff competition in the market, limited availability of 4G service in PAN India basis, decline in demand for landline telephones and slow growth of Enterprise Business for BSNL. Since Indigenous 4G equipments are being used for the first time in BSNL’s network, stability and performance of the network in live environment with provision of all features at par with the private operators with 5G services is a big challenge. Challenges faced by BSNL for land monetization are Reservations & Designations on land parcels in Mumbai, DDA issue in Delhi & change of land use etc”.

83. When asked about the measures taken to increase revenues, the Department stated as follows:-

Modernization and upgradation at all levels is being taken up to upgrade the Infrastructure of BSNL with the help of Capex support from GOI. They are as follows:-

- Expansion of Mobile network through installation of 4G BTS on PAN India basis. 1 Lakh new 4G sites on indigenous technology is already placed. Already 40600 eNodeB has been installed & 31949 eNodeB are on air as on 30.09.2024.
- Broadband network Gateway :- BSNL is in process of replacing its end of life Broadband Network Gateways (BNGs) and Regional Point of Presence (RPOP) with new technology CUPS BNGs (Control plane User plane Architecture). In FY 2023-24 & FY 2024-25,123 BNGs under phase-1 & 115 BNGs under phase-II have been installed & commissioned.
- **Super Edge Routers for BSNL Internet Protocol Multi-Protocol Label switching (IPMPLS) network & 4G rollout**
BSNL has planned upgradation of its network with 330 Super Edge and Edge Routers for Internet Protocol Multi-protocol Label Switching (IPMPLS) Network & 4G rollout. Supply and installation of equipment completed. 244 out of 330 A/T certificate has been issued. SER nodes to be installed in MTNL area are under commissioning phase.

- **MPLS-IP based Access and Aggregation Network (MAAN) along with Test & Measuring equipment**

BSNL has planned upgradation of its network and augmentation of Broadband services with 13,463 no. of MPLS-IP based Access and Aggregation Network Nodes + 3095 no. of test & measuring equipment to increase bandwidth/ traffic requirement at last mile. Supply of all MAAN nodes including all accessories completed and supply of 2370 Test & measuring equipment completed. VT (Validation test) of MAAN node is under way, 4326 out of 4650 MAAN equipment (C1/B4/B3) has been installed by M/s Tejas and are under commissioning phase. 1498 out of 8813 A3 & A4 nodes have been installed by BSNL and rest A3 /A4 equipment installation is in progress

- **Augmentation & Upgradation of LIM equipment**

LIM Equipment are being used for Lawful Interception Monitoring in order to fulfill the requirement of rapidly growing traffic. PO for High Capacity LIM have been placed for seven (7) locations with total capex cost of 34 Cr. Equipment have been commissioned in all seven (7) locations .This will boost the capacity of Lawful interception for BSNL Network by Law Enforcement Agencies (LEAs).

- **Expansion of Caching DNS solution**

DNS translates domain names and host names into the corresponding numeric Internet Protocol (IP) addresses. The role of DNS is very crucial for a network for connecting and enabling the browsers to load the respective internet resources. Earlier, BSNL has deployed Cache DNS Servers at nine (9) locations and Authoritative DNS Servers at two (2) locations.

Vide PO dated 19.02.2024 issued to M/s TCIL , 8 Caching DNS have been supplied & installed in network at Chandigarh, Nagpur, Hyderabad, Vishakhapatnam, Bhopal , Mangalore, Madurai & Varanasi.

- **CDR-III Project:**

BSNL project for 'Consolidation of existing 4 CDR Data Centers and 4 NIB-II P3 Data Centers with state-of-the-art Data Centers (at Hyderabad and Pune)' involves setting up of Primary Data Center at Hyderabad and Disaster Recovery Data Center at Pune for provisioning, billing and customer services handling for BSNL's Fixed line services. The work has been awarded to M/s TCIL. West Zone migrated to CDR Project-III system w e.f. 07.09.2023 & South zone migrated to CDR Project

–III system w.e.f. 08.07.2024. Overall Project progress is 81% completed and 19% remaining.

- **Amended Bharat Net Programs**

Under Amended Bharatnet Programs, there is a plan to lay 6,00,000 Kms of fiber to connect the Block Headquarters to villages so as to connect all the GPs on ring and to cover all non GP villages on demand to enable all rural citizens to have access to broadband services.

- The ERP system of BSNL has been upgraded with new hardware and database system for efficient control and monitoring on inventory, expenditure and budgeting.
- Upgrade to an integrated billing platform and a real-time predictive analytics engine to offer a wider and customizable portfolio of services to customers

84. The Department further added that:

“On 23.10.2019, the Cabinet approved the revival plan for BSNL and MTNL involving reduction in employee costs through Voluntary Retirement Scheme (VRS), debt restructuring by raising of sovereign guarantee bonds, administrative allotment of spectrum for 4G services through capital infusion, monetization of core and non-core assets. As a result, BSNL became operationally profitable in FY 2020-21 and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) has remained positive since then.

Further, to transform BSNL into a viable Public Sector Undertaking, the Cabinet on 27.07.2022 approved revival package for BSNL amounting to Rs 1.64 lakhs crores. The revival measures focus on infusing fresh capital for upgrading BSNL services, allocating spectrum, distressing its balance sheet and augmenting its fibre network by merging Bharat Broadband Nigam Limited (BBNL) with BSNL. These steps will increase the Revenue and reduce the losses of the Company, upon full implementation of the revival package. BSNL is expected to be profitable in the FY 2026-27 with these steps and measures.

85. As regards MTNL, the Department stated that the rapidly changing technologies and trends in the telecom have posed many challenges. Delhi and Mumbai being the two commercially very important cities, MTNL is facing maximum competition. Competition in Basic Services coupled with the fast changing technologies has thrown up tremendous challenges. MTNL is striving hard to retain its position and customers. “

86. The Department also stated that several measures were taken to address these problems and some of them were, as noted below:

Revenue Enhancement measures: To improve its network capabilities and provide better quality of service to customers, following initiatives / projects have been taken during the last three years for revenue enhancement by **MTNL Synergy with BSNL in Mobile Services.** Operation and Maintenance (O&M) of MTNL Mobile services has been handed over to BSNL w.e.f. 01.04.2021 for Delhi and w.e.f. 01.09.2021 for Mumbai. Mobile Network elements of BSNL such as OMCR, CNMC, EIR, SSTP, MNP gateway, SPAM filter have been integrated with MTNL mobile network and are being utilized on need basis. CIOR implementation is being done by BSNL for BSNL and MTNL network both. MTNL DLT platform is in the process of migration to BSNL, Launching 4G Services in Delhi and Mumbai.

FTTH Revenue share Policy: MTNL has formulated a new policy to engage partners on revenue share basis to extend its FTTH services. Many partners have been roped in to offer the high speed broadband services on fiber. This will help in increasing reach of FTTH customers through the existing infrastructure without incurring any significant extra expenditure and by utilizing the capabilities of these revenue share partners leading to acquisition of more FTTH customers and the revenues. MP FTTH & Wi-Fi Project, Wi-Fi Hotspots at tourist places in Delhi and Mumbai, Enterprise Business, Mumbai City Surveillance (MCS) project, Participating in Smart City project of Mumbai, Revenue through renting of office space and buildings, Renting of Towers, Renting of Ducts, Redeployment of DSLAMs, Retention of existing customers etc.

87. In their written replies the Department also submitted :

“MTNL is trying to reduce its operational cost by way of cutting the electricity bills by using solar system and natural cooling system at mobile sites and telephone exchanges. MTNL has adopted strict financial controls on office expenditure, on provision of vehicles to the officers, deployment of security personnel’s and purchase of the equipment unless absolutely essential. MTNL has frozen several allowances like LTC for its employees and medical facility. MTNL is able to reduce its interest expenses by better financial management and is reducing maintenance cost by adopting managed service and revenue sharing model”.

88. Following is the Projected Revenue and expenditure of BSNL/MTNL for the year 2024-25 and the measures that were being taken by the Department to achieve the revenue targets :

| (In Rs.Crore) | |
|--------------------------------------|----------------|
| Particulars | 2024-25 |
| Revenue from operations | 24,428 |
| Land monetization (profit from Sale) | 800 |
| Other Income | 1,300 |
| Total Income (a) | 26,528 |
| Employees Remuneration and Benefits | 8,177 |
| Depreciation (x) | 7,406 |
| License Fee and spectrum charges | 2,095 |
| Admin, operating and Other Expenses | 11,257 |
| Financial Expenses (y) | 2,657 |
| Total Expenditure (b) | 31,592 |
| EBITDA z= (a-b+x+y) | 4,999 |
| Profit/ (Loss) (a-b) | (5,064) |

Qn 109 lop, Annexure A

With support from the Government towards Capex and Spectrum, BSNL is in progress of launching Pan India 4G services. Already 40600 eNodeB has been installed & 31949 eNodeB are on-air as on 30.09.2024. The installation &

commissioning of 1 Lakh eNodeB is expected to be completed by June-2025. Complete Launch of 4G services will enable the Company to increase customer base, ARPU and the revenues from Mobile Services.

The company has taken steps to expand the FTTH base utilizing the BharatNet network. It is focusing upon increasing the leased line customer base and monetization of towers and vacant land and buildings to increase the revenues. BSNL is focussed upon achieving better Quality of Service for customer satisfaction and retention.

89. According to the Department, the Projected Revenue and expenditure of MTNL for the year 2024-25 is Rs 1570.00 Cr and Rs. 4961.29 crore respectively. Upon implementation of revival package, it would impact revenue receipt significantly and BSNL was expected to be profitable in 2026-27 as detailed below :

(Financial Projections for BSNL)

(in Rs crore)

| Particulars | 2024-25 | 2025-26 | 2026-27 |
|--------------------------------------|----------------|----------------|----------------|
| Revenue from operations | 24,428 | 28,476 | 33,553 |
| Land monetization (profit from sale) | 800 | 900 | 1,000 |
| Other Income | 1,300 | 1,400 | 1,500 |
| Total Income (a) | 26,528 | 30,776 | 36,053 |
| Employees Remuneration and Benefits | 8,177 | 8,422 | 8,633 |
| Depreciation (x) | 7,406 | 7,826 | 8,126 |
| License Fee and spectrum charges | 2,095 | 2,442 | 2,877 |
| Admin, operating and Other | 11,257 | 12,646 | 13,500 |

| | | | |
|------------------------------|---------------|---------------|---------------|
| Expenses | | | |
| Financial Expenses (y) | 2,657 | 2,594 | 2,359 |
| Total Expenditure (b) | 31,592 | 33,930 | 35,495 |
| EBITDA z= (a-b+x+y) | 4,999 | 7,266 | 11,043 |
| Profit/ (Loss) (a-b) | -5,064 | -3,154 | 558 |

Note: Projections have been taken according to the Cabinet Note for revival package.

90. Some major benefits from the Revival Package are given below:

- (i) Capex Funding of Rs. 22,471 crore will support the augmentation of the network and roll out of 4G services among others.
- (ii) Spectrum in 900 MHz band has already been allotted with corresponding equity infusion which is essential for providing mobile services.
- (iii) Further the optical fibre network has been expanded following the hand-over of Digital Bharat Nidhi (erstwhile USOF) Fibre to BSNL, for generating revenues. BBNL shall be merged into BSNL in accordance with the cabinet approval to realize better synergies.
- (iv) The debt servicing obligation of the Company will be reduced/deferred with the issue of Sovereign Guarantee Bonds of Rs 22,828 Crore over three FYs from 2022-23 to 2024-25.
- (v) The viability gap funding of Rs. 13,789 crore (FY 2014-15 to 2019-20) and Rs. 7,200 crore (FY 2020-21 to 2025-26) will be used to address the losses incurred in the rural wireline telephony segment has been approved.

91. The Department has further submitted that:

“It will take some time for revival plan to have an impact on revenue receipts of MTNL. However, the revival plan will have a positive impact on MTNL’s revenue owing to following reasons:

- With the announcement of the revival package a change has been observed in the perception of the people towards MTNL.
- Large scale VRS and retirements will pave the way towards achieving efficiency by Outsourcing non-core activities with Service Level Agreements (SLAs) with infusion of new blood.
- The reduction in debt through monetization of land/buildings will relieve the organization from the interest and debt burden leaving it to focus only on its core activities.
- The debt free company with reduced Staff cost and with the measures adopted for revenue enhancement customer services and organizational restructuring will pave the way for the revival of MTNL in the coming years”.

92. Regarding the total outstanding debt of BSNL and MTNL as on date, the Department in their written submissions have stated as follows:-

A: **BSNL:** As on 30.06.2024 the external debt of BSNL are Rs 16,392 Crore.

(In Rs Crore)

| | |
|-------------------------|--------------|
| Term Loans from Banks | 128 |
| Bonds – Series I * | 10503 |
| Bonds – Series II * | 4182 |
| Bank Overdraft | 1580 |
| Total Borrowings | 16392 |

* Sovereign Guarantee Bond

It may be noted that above borrowings are excluding 9% non-cumulative preference shares of Rs 7500 Crore. The amount of external debt is net of unamortized portion of processing fees as required under Ind AS reporting.

B: **MTNL:** Total Debt of MTNL as on 31.08.2024 is Rs.31,996 crore.

93. When the Department was asked about the timeline for completion of the entire process of procurement of indigenous 4G equipment that is likely to be rolled out and made functional, the following information was submitted:

“BSNL floated an Expression of Interest (Eoi) for ‘registration cum Proof of Concept’ (PoC) on 01.01.2021 to enable Indian companies to participate in its upcoming 4G tender. M/s TCS deployed its equipment for PoC. Subsequently, BSNL issued the Tender for 4G requirement on 22.10.2022 to M/s TCS and M/s ITI (for 20% quantity under Reservation Quota). The techno-commercial bids of M/s TCS and M/s ITI were opened by BSNL on 23.11.2022. Subsequently, the financial bids were opened on 13.01.2023. As per the Cabinet approval of July, 2022, the Group of Ministers (GoM) will approve the process of procurement. Thereafter, BSNL will finalize the procurement. Due to indigenous development of 4G stack for the first time in the country and issues in supply chain of chipsets, the deployment will gradually start and completion of project of all 1 lakh sites is likely to take 2 years”.

94. When asked about the status of implementation of revival plan of BSNL and its impact so far, the Ministry in their written submissions stated as follows:-

(I) BSNL: The status of implementation of Revival package of BSNL as on 30.06.2024 is given below:

(A) Revival Package 1 (Year 2019)

The Union Cabinet in its meeting held on 23 Oct 2019 considered and approved the proposal of DoT for “Revival of BSNL and MTNL”.

(i) The revival package includes reduction in employee cost by immediately offering Voluntary Retirement Scheme (VRS) to the employees of age 50 years and above, with payment of ex-gratia to be supported through budgetary allocation of Government of India, administrative allotment of spectrum for providing 4G services through capital infusion by the Government, Sovereign bonds for a tenure of 10 years or more for the purpose of debt restructuring, monetization of land/ building following DIPAM guidelines, monetization of tower and fibre assets with the aim to maximize the return, in-principle approval of merger of BSNL and MTNL.

(ii) VRS has been implemented by BSNL. It has successfully floated Sovereign guarantee Bonds of Rs 14744 cr at competitive rates. Land monetization is in progress in keeping with DIPAM guidelines. Efforts are ongoing for monetisation of

tower and fibre assets. As regards the matter of merger of MTNL into BSNL, the same is under deliberations with the Department of Telecom.

(B) Revival Package 2 (Year 2022)

Cabinet has approved another revival package on 27.7.2022, which is under implementation. The package includes, i) Issue of Sovereign Guarantee Bonds of Rs 22,828 crore over 3 years from 2022-23 to 2024-25. ii) capex funding of Rs. 22,471 crore in the form of equity infusion; iii) Viability Gap Funding to address the losses incurred in the rural wireline telephony for 2014-15 to 2019-20 Rs 13,789 crore, and Rs 7200 crore for 2020-21 to 2025-26; iv) Reissue of Preference Share Capital of Rs 7500 crore; v) Allotment of spectrum in 900MHz /1800MHz band through equity infusion of Rs 44,993 crore; vi) Settlement of AGR dues through equity infusion of Rs 33,404 crore, and vii) BBNL to be merged into BSNL.

95. Further, it was added:

Union Cabinet in its meeting held on July 27, 2022, approved revival measures having focus on infusing fresh capital for upgrading BSNL services, allocating spectrum, de-stressing its balance sheet, and augmenting its fibre network by merging Bharat Broadband Nigam Limited (BBNL) with BSNL. The important measures, inter-alia, are as follows:

- i) Allotment of Spectrum in 900/1800 MHz band through equity infusion ;
- ii) Financial support of Rs 22,471 cr for capex in the form of equity infusion;
- iii) The Viability Gap Funding of Rs 13,789 cr, for the period 2014-15 to 2019-20, and Rs 7,200 cr for 6 years (for FY 20-21 onwards);
- iv) Authorised Capital to be increased to Rs 1,50,000 cr to accommodate the infusion of capital;
- v) Sovereign Guarantee to be provided to BSNL to raise long term bonds for an amount of Rs 22,828 cr for debt restructuring;
- vi) AGR dues upto March 31, 2022, alongwith GST thereupon to be settled by conversion into equity, and AGR dues for next 5 years to be settled on same principle;

- vii) 9% Non-cumulative Preference Share of Rs 7500 cr be reissued to the Government; and
- viii) Merger of BBNL with BSNL.

96. Furthermore, the Department has also submitted that:

(i) Spectrum frequencies of 106 MHz (w.e.f. Feb 29, 2020) and 22 MHz (w.e.f. Oct 27, 2022) in 20 LSAs in the band of 900 MHz has been done for a validity period of 20 years, on Oct 27th 2022, through equity capital infused of Rs 23,373 cr (Cost of Spectrum being Rs 19,808 cr and the amount of GST being Rs 3,565 cr) in F.Y. 2022-23.

(ii) Funding of Rs 3013 cr has been received during the F.Y. 2022-23 and Rs 5,651 cr received in current year 2023-24 in the form of equity infusion for Capital Expenditure.

iii) Viability Gap funding of Rs 16,189 cr has been received during the f.y. 2022-23 for the period upto FY 21-22, Rs 1,200 cr for F.Y. 2022-23 has been received on Aug 3, 2023 and Rs 1,200 cr for FY 2023-24 has been received on 02.07.2024.

(iv) The necessary compliance with Registrar of Companies, for increase of Authorised Share Capital was completed on Oct 04, 2022.

(v) The Bonds amounting to Rs 4,185 cr (7.72%, on Dec 22, 2022), Rs 475 cr (7.55%, on 20 Mar 2024), Rs 1,308 cr (7.51%, on 20 Mar 2024), and Rs 276 cr (7.51%, on 26 Mar 2024) have been raised with Sovereign Guarantee.

(vi) The settlement of AGR dues upto 2021-22 has been done.

(vii) The Gol infused Rs 26,984 cr (AGR dues Rs 22,521 cr plus GST Rs 4,463 cr) for funding of AGR dues upto 2021-22 and Equity Shares were duly allotted on May 12, 2023 to the President of India (existing shareholder of the Group) by way of right issue . The company has paid AGR dues of Rs 22,521 cr to DoT on May 12, 2023. On Feb 1, 2024, the Government of India provided funds totaling Rs 1,667 cr (comprising AGR dues of Rs 1,413 cr and GST of Rs 254 cr) for the settlement of AGR dues for FY 2022-23, through equity infusion. Accordingly, equity shares were issued on Feb 13, 2024 to the President of India. The AGR dues for the

FY 2022-23 amounting Rs 1,413 cr has been paid centrally on Feb 13, 2024.

(viii) The Scheme of Amalgamation of BBNL with BSNL has been approved by the Board of both the Companies, and application for amalgamation scheme has been filed with BSE on Aug 18, 2023, for NOC and approval, which has been received on 11.12.2023 with no adverse comments on the scheme.

(ix) Thereafter, the BSNL jointly with BTCL, has submitted the application for approval to the Ministry of Corporate Affairs (MCA) on Jan 23, 2024, in accordance with Sections 230-232 of the Companies Act, 2013.

97. Elaborating further, the Department submitted that:

C. Revival Package 3 Year 2023

The Union Cabinet in its meeting held on June 7, 2023, approved the proposals of DoT for reservation and allotment of spectrum worth Rs 89,048 cr to BSNL for roll-out of 4G/5G services(Cabinet Note dated 06.06.2023) through equity infusion in F. Y. 2023-24 to 2025-26. This includes allotment of spectrum in 900 MHz, 700 MHz, 1800MHz and 2500 MHz bands for Rs 56,299 cr in FY 2023-24, 3300-3700 MHz band for Rs 26,184 cr in FY 2024-25 and in 26 GHz band for Rs 6,565 cr in FY 2024-25 / FY 2025-26.

The Authorized Capital has been increased from Rs 150,000 cr to Rs 210,000 cr in the AGM held on September 27, 2023.

98. Regarding revival plan of MTNL and its impact so far, the Department submitted that:

(II) **MTNL:** The revival plan has started being implemented. Monetization of Land, Tower and Fibre assets, and in-principle merger of BSNL and MTNL are the major thrust areas of the Revival Plan. It will take some time for revival plan to have an impact on revenue receipts of MTNL. However, following is submitted:

- MTNL has issued Sovereign Guarantee Bonds of Rs 24070.99 crore (Rs 6500 crore in FY 2020-21, Rs 10910 crore in FY 2022-23 and Rs 6660.99 crore in FY 2023-24).

MTNL implemented VRS in 2019-20. 14387 employees opted for the same. No of employee reduced by 80%. Thereby resulting in saving in MTNLs employee cost accordingly. The employee cost was reduced from Rs. 2124 crore in FY 19-20 to Rs 413 crore in FY 2020-21 as per annual accounts.

99. The Department when asked about its short term and long term strategy for gradually treading the path towards achieving self reliance of BSNL/MTNL had stated as follows :

Apart from providing affordable Telecom services to all, BSNL is also instrumental in the execution of various ambitious projects of Govt of India, eg NOFN, BharatNet Phase I & Phase II & LWE. The details of BSNL Growth plan for improvement of Network is as under:

A. Transforming towards 4G Network

- Under 'AtmaNirbhar Bharat' mission, BSNL has planned for deployment of 100K 4G sites in BSNL network on PAN India basis. The equipment of 4G is upgradable to 5G. Beta launch of Swadeshi 4G network in Punjab Circle done in July, 2023. Total 31,949 sites have been on-aiored as on 30.09.2024
- The deployment of 4G technology will spur economic growth by enabling various digital services and applications. This includes e-commerce, telemedicine, online education, and smart city projects, which collectively contribute to the GDP. Additionally, the project will create significant employment opportunities during the installation and operational phases, boosting local economies.
- The 5G NSA is a deferred feature and will be implemented after the roll out of 4G services. The project supports the development and deployment of indigenous technology, promoting self-reliance in the telecom sector. This aligns with the government's atmanirbhar Bharat (self-reliant India) vision. Supporting indigenous R&D efforts also positions India as a leader in telecom innovation globally.

- Initially, BSNL has planned 5G network as NSA with upgradation of existing 4G core and minimal hardware changes and software upgradation. Total, 38825 4G sites are planned to be upgraded to 5G.
- Keeping in view the advancement of 5G technology, as a long term plan, BSNL is planning to move 5G NSA functionality with radio of 32T32R & 8T8R configuration.
- BSNL is engaged in the 4G saturation project for uncovered village.

100. The Financial Projections for BSNL as submitted by the Department are as follows:-

(in Rs crore)

| Particulars | 2024-25 | 2025-26 | 2026-27 |
|--------------------------------------|---------------|---------------|---------------|
| Revenue from operations | 24,428 | 28,476 | 33,553 |
| Land monetization (profit from Sale) | 800 | 900 | 1,000 |
| Other Income | 1,300 | 1,400 | 1,500 |
| Total Income (a) | 26,528 | 30,776 | 36,053 |
| Employees Remuneration and Benefits | 8,177 | 8,422 | 8,633 |
| Depreciation (x) | 7,406 | 7,826 | 8,126 |
| License Fee and spectrum charges | 2,095 | 2,442 | 2,877 |
| Admin, operating and Other Expenses | 11,257 | 12,646 | 13,500 |
| Financial Expenses (y) | 2,657 | 2,594 | 2,359 |
| Total Expenditure (b) | 31,592 | 33,930 | 35,495 |
| EBITDA z= (a-b+x+y) | 4,999 | 7,266 | 11,043 |
| Profit/ (Loss) (a-b) | -5,064 | -3,154 | 558 |

Note: Projections have been taken according to the Cabinet Note for revival package

Indian Telephone Industries (ITI) Ltd

101. ITI Limited was established in 1948 as the first Government Departmental factory of independent India. Started with the vision of attaining self-reliance in the field of telecommunications needs of the country, the first manufacturing plant was set up at Bangalore. The Government of India holds majority equity stake (Govt. of India – 89.97% & Govt. of Karnataka- 0.03%) in the Company.

The details of the income and expenditure in r/o ITI are provided as under:

(Rs. in crore)

| Year | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Total Income target | 2600.00 | 2723.00 | 2569.00 | 2244.00 | 3245.62# |
| Total Income | 2523.00 | 2115.00 | 1448.00 | 1308.00 | 535.01* |
| Total Expenditure | 2512.00 | 1995.00 | 1808.00 | 1877.00 | 626.09* |
| Net profit/loss | 11.00 | 120.00 | (360.10) | (569.06) | (91.08)* |

Estimated for the FY 2024-25

*** Actual Audited as on 30 June 2024**

102. The Department has mentioned the following as major impediments being encountered in the implementation of the Revival Plan:

- Shortage of working capital as the same was not provisioned in the Revival Plan.
- High finance costs.
- Non availability of raw materials, long lead-time for procurement of components, Logistic constraints.

103. Further, the Department has submitted that it is making effort to infuse the working capital in the company through Grant-in-Aid and asset monetization so that M/s ITI Ltd is able to complete their order books. The proposals have already been sent to Department of Expenditure and Department of Public Enterprises respectively, in this regard. Apart from that M/s ITI Ltd is taking following measures to get new businesses and to achieve better financial position:-

- ITI is executing major projects like ASCON-IV, TANFINET, BSNL 4G manufacturing Supply Installations & Commissioning, Indian Air Force Orders to achieve the projected turnover.
- Focused marketing of ITI products like SDWAN, Battery Regeneration, Micro PC, Laptop, HDPE, OFC and undertaking EPC (Engineering, Procurement, and Construction) activities of Solar panels for rooftop solar projects.
- Development of new products with huge market demands like Electronic Voting Machine (EVM), Digital Mobile Radio (DMR) and Encryptors.
- ITI is actively venturing into business with private operators like for providing HDPE, OFC to Vodafone, Airtel.
- Manufacturing of 4G Radios for various opportunities like BSNL, Railway, Defence and Enterprise customers.
- Electronic assembly and manufacturing service to enterprises and PSUs.
- Enhanced service offerings through ITI Data Centre like cloud based and Security service.
- ITI is undertaking and associating with Leading Technology Partners like TCS (Tata Consultancy Services) for 4G/5G, C-DOT for futuristic technology / product, JANDK BharOS for indigenous Operating systems OLT &ONTs.
- Technology absorption and product manufacturing from Startups who occupied space in ITI Startup Hub.

104. The Department also submitted that:-

“The shortfall in achieving the IEBR target indicates that the company is not able to achieve the desired level of performance due to shortage of working capital, non-availability of raw materials resulting in long lead time for procurement of components with resultant delay in completion of

proof of Concept (POC) for ASCON Ph IV Project and further delaying the rollout of the project. This also gets largely impacted due to delay in payment realization from various customers. However, we are hopeful to achieve the target by the end of FY 2024-25 since project execution of national importance has taken pace with the clearance of Proof of Concept (POC) for ASCON Phase IV project and also with BSNL placing the PO for its 4G execution the performance of the Company is likely to show significant improvement during the year “.

105. As regards the Revenue target for the year 2023-24, the Department stated that Revenue target for the year 2023-24 was Rs 2,244 Cr (exclusive of taxes). Achievement was Rs 1,264 Cr (exclusive of taxes) as on 31 March 2024. When asked about the reasons for not meeting the target, the Department has furnished the following reasons:

- Delay in the availability of raw material due to long lead time
- Shortage of working capital
- Delay in completion of PoC (Proof of Concept) in ASCON-IV project
- Higher rate of obsolescence of products in Telecom technologies

106. About challenges being faced to increase Revenue earning by ITI, the Department has submitted as follows:

- “Limited cash flow and Shortage of working capital.
- Due to delay in the availability of raw material, long lead time in procurement, non-availability of manpower and constraints in transportation and logistics
- Delay in realization of payment receivables.
- Competition in the market from private telecom vendors.
- Higher rate of obsolescence of products in Telecom technologies.
- Entry Level barriers due to lack of requisite experience in place of Proof of Concept demonstration to qualify for a tender”.

107. When asked about the Projected Revenue and expenditure for the year 2024-25 and measures being taken to achieve the revenue targets for ITI, the Department has furnished the following details:

Reply:

| Projected Performance | (₹ in Crs) |
|-----------------------------------|-------------------|
| Turnover Including GST (A) | 3,824.15 |
| Revenue from operations (NET) (B) | 3,245.62 |
| Other Income (C) | 45.00 |
| Total Revenue (D= B+C) | 3,290.62 |
| Material Cost | 2,647.51 |
| Employee Cost | 209.00 |
| Other Expenses | 96.00 |
| TOTAL OPERATING EXPENSES | 2,952.51 |
| EBITDA | 293.11 |
| Finance Cost | 214.00 |
| Depreciation | 52.00 |
| TOTAL EXPENSES (E) | 3,218.51 |
| Net Profit (D- E) | 72.11 |

108. Details of utilization of funds under ITI is as below. Budget Allocated to ITI for Capex is as under:-

(Rs. in crore)

| Proposed/BE/RE/Actual | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Proposed | 385.00 | 300.00 | 400.00 | 220.00 | 168.00 |
| BE | 105.00 | 80.00 | 200.00 | 160.00 | 168.00 |
| RE | - | 80.00 | 187.00 | NIL | N.A. |

109. The Utilization of funds by ITI under CAPEX since 2014-15 is as under (in Rs. Cr.):-

| Year | Amount sanctioned | Cumulative amount sanctioned since 2014 | Actual Expenditure (Utilization done) | Cumulative expenditure since 2014 (cumulative utilization) | % achievement (cumulative expenditure/cumulative amount sanctioned) |
|--------------------|--------------------------|--|--|---|--|
| 2014-15 to 2018-19 | 664 | 664 | 96.83 | 308.41 | 46.44% |
| 2019-20 | 105 | 769 | 40 | 348.41 | 45.30 % |
| 2020-21 | 105 | 874 | 70 | 418.41 | 47.87% |
| 2021-22 | 71.56 | 945.56 | 288.15 | 706.56 | 74.72% |
| 2022-23 | 187 | 1132.56 | 71.11 | 777.67 | 68.66 % |
| 2023-24 | NIL | 1132.56 | 53.36 | 831.03 | 73.37% |

110. When the Committee enquired about the reasons for increase/decrease in allocation of funds at RE from BE during 2023-24, the Department has submitted the following :

“The fund proposed for BE 2023-24 was Rs 220 Cr. Against the fund request of Rs 220 Cr, Capex fund of Rs 160 Cr was allocated in BE 2023-24. Out of Rs 160 Cr allocated in BE 2023-24, it was planned to establish Mono PERC Solar Module Manufacturing Plant with Annual Capacity of 500 MWp (Rs.80 Cr) and enhance the OFC manufacturing Capacity by 15,000 Km (24 F OFC Loose Tube type), Patch Cord and FTTH drop cables (Rs.80 Cr).

Total Project Cost for Mono PERC Solar Module Manufacturing Plant was Rs 110 Cr. As against this requirement, Rs 80 Cr was planned in BE 2023-24 and balance Rs 30 Cr was to be planned in RE 2023-24. Total project cost for enhancement of the OFC manufacturing Capacity

by 15,000 Km (24 F OFC Loose Tube type), Patch Cord and FTTH drop cables was Rs 88 Cr. As against this requirement, Rs 80 Cr was planned in BE 2023-24 and balance Rs. 8 Cr was to be planned in RE 2023-24.

However, in the absence of requisite working capital (adverse cash flows and high borrowing costs for the project in the region of 11.3% p.a) it would have been very difficult for ITI to execute these 02 mega projects only with the capex support from DoT during 2023-24. The finance cost for sourcing working capital vis-à-vis the return margins envisaged was not advantageous. Therefore, after considering the challenges, ITI has forgone the CAPEX amount allocated and has projected Nil requirement at RE 2023-24”.

111. On the investment plan for 2024-25 the Department has submitted the following proposed and allocated at BE:

“For BE 2024-25, Rs. 168 Cr. has been allocated for ITI”. Projects planned against Capex amount of Rs 168 Cr is as given below:-

| Sl. No. | Projects | Unit | BE 2024-25 Capex requirement in Rs Cr |
|---------|---|------|---------------------------------------|
| 1 | Implementation of Mono Crystalline (PERC) Solar Module Manufacturing Facility | NNI | 80.00 |
| 2 | Manufacturing Infra for Digital Mobile Radio – DMR | BGP | 15.00 |
| 3 | Electric Vehicle Charger | BGP | 5.00 |
| 4 | SD WAN (Software-Defined Wide Area Network) | BGP | 5.00 |

| Sl. No. | Projects | Unit | BE 2024-25 Capex requirement in Rs Cr |
|----------------|----------------------------------|-------------|--|
| 5 | EMI/ EMC for Automotive | BGP | 7.00 |
| 6 | Optical Ground Wire Cable (OPGW) | RBL | 56.00* |
| | Total | | 168.00 |

* The ITI Board has approved all the above projects amounting to Rs 112 crore except Optical Ground Wire Cable Manufacturing amounting to Rs 56 crores. Additional Rs. 15 Cr. have been projected by ITI for CAPEX projects (Rs. 10 Cr. for EV Charger and Rs. 5 Cr. for EMI/EMC) which are under consideration in ITI. For RE, 2024-25, ITI has projected Rs. 127 Cr”.

Part-II

OBSERVATIONS/RECOMMENDATIONS

DoT Budget

In adherence to the annual budgetary exercise, the Department of Telecom (DoT) under the Ministry of Communications laid their Demand No. 13 seeking allocation for the financial year 2024-25 on 31.07.2024 in the Lok Sabha. The Department Related Standing Committee on Communications and Information Technology in accordance with their mandate have thoroughly examined the Demands for Grants 2024-25 pertaining to the Department of Telecommunications (DoT) and have made certain Observations/ Recommendations which are detailed in the following paragraphs:

Budgetary Allocations and Utilizations during 2024-2025

1. The Committee note that the Department of Telecommunications have laid the Detailed Demands for Grants (2024-25) of the Department on 31.07.2024 for a total amount of Rs.131627.98 crores. While the Department had proposed for a total grant of Rs. 127970.72 crores for 2024-25, there has been an increase of 2.86 per cent in total allocation (131627.98 Cr) under BE 2024.25. The Committee note that during 2023-24 the BE was Rs. 108153.25 Crores, which was increased to Rs. 114385.13 crores at RE 2023-24, whereas the actual expenditure had been Rs. 95508.60 crores constituting 83.50 % fund utilization leaving Rs. 18876.53 Crores unutilized. The Committee, while appreciating the significant increase in fund allocations for 2024-25, call upon the Department to expedite implementation of important schemes and projects undertaken by the Department. Given the fact that the availability of requisite funds is critical for effective and smooth implementation of various schemes of the Department, the Committee desire that every effort be made to fully utilize the allocations made during the current financial year. The Committee urge the Department to make earnest efforts to adhere to the expenditure control guidelines issued by the Ministry of Finance and optimally utilize the earmarked amounts. The Committee trust that all prudent measures would be taken by the Department to utilize the amount granted to the Department in 2024-25. The Committee would

like to be informed of the measures taken in pursuance of this recommendation.

2. Out of the total allocation of Rs.131627.98 crores under BE-2024-25, Revenue section accounts for Rs. 38475.54 crores and Capital section accounts for Rs. 93152.44 Cr. The amount is Rs. 23474.73 crores more than the allocation made at BE for the year 2023-24 which was 108153.25 crores. There is a decrease of Rs 2985.89 crore under Revenue Section and also an increase of Rs. 26460.62 crore under Capital Section when compared with the previous year. The Budget Estimate for 2023-24 under the Capital Head was Rs 66691.82 Crores and for 2024-25 it has been enhanced to Rs 93152.44 Crores, an enhancement of 39.68 percent. The Department have stated that in this, Rs. 82,916 Cr. is for revival of BSNL out of which Rs. 8,609 Cr. is for Capex and Rs. 74,307 Cr. is for spectrum allotment and is cash neutral and Rs. 8,500 Cr. is for Digital Bharat Nidhi (DBN) (BharatNet).

During 2023-24, the total outlay under Capital section in BE was Rs 66691.82 Cr, which has been increased to Rs 75099.43 crore in RE 2023-24. An amount of Rs 52937.00 Cr which was allotted in BE 2023-24 for Capital Infusion in BSNL and MTNL has been increased to Rs. 64787.17 Cr in RE 2023-24 and Rs. 82916.20 Cr is allotted in BE 2024-25. Taking both Revenue and Capital sections together, the overall outlay for BE 2023-24 of the Department was Rs.108153.25 Cr, which has been increased to Rs. 114385.13 Cr at the RE stage. The increase was mainly on account of enhancement under Capital Infusion in BSNL and MTNL.

3. The Committee further examined the revenue expenditure pattern of the Department for FY 2023-24 and observed shortfall in expenditure under Revenue Section in the Budget of the Department for the year 2023-24. The Revenue Expenditure in the year was estimated to be Rs 41461.43 Cr in BE 2023-24 which was reduced to Rs 39285.70 Cr in RE 2023-24. The Department could not spend even reduced budget and actual Revenue Expenditure during FY 2023-24 stood at Rs 33052.88 Cr. When the Committee asked the Department about the reasons for such a shortfall, the Department informed that in the Revenue Section, the decrease in the allocation made at RE stage

during 2023-24 was mainly on account of reduction in the allocation in pension which was estimated according to expenditure incurred. Decrease in actual utilization is mainly due to less expenditure in compensation to service providers for USOF on account of less utilization in 4G saturation project. The Department proposed Rs 53832.02 Cr as Revenue Expenditure in the Budget 2024-25 . However, the proposed expenditure was scaled down and Rs 38475.54 Cr has been included in the Demands for Grants. Taking into consideration that the Revenue expenditure in 2023-24 was not as anticipated, the Committee would call upon the Department to expend the allocated amount effectively by utilising them and in a time bound manner.

4. The Committee have noted that there has been a steep increase in the estimated Capital expenditure in FY 2024-25. According to the Department, the main reason for such an increase was because of the spectrum cost infused into the BSNL. The spectrum cost provided last year was Rs. 22,483 crore which has been increased to Rs. 72,379 crore as the Department anticipates that the 4G roll-out will happen during this year, and BSNL will start using that spectrum. Further, the Department stated that since the technology advanced and domestic R&D got delayed in terms of the development, the spectrum could not be taken. Hence, the money provided could not be utilised effectively. In light of the above, the Committee recommend that the Department of Telecommunications (DOT) should strengthen their R&D Wing to keep pace with the technological advancements and take prudent steps to ensure timely spectrum rollout, optimal use of capital expenditure allocations and avoid non-utilization of funds in future.

5. Regarding Budget Estimates 2024-25 and expenditure incurred under various heads from 01.04.24 to 15.10.24 it is seen that only 6 percent of BE has been spent under the head Revival Plan of BSNL / MTNL, 23 percent under DBN(Bharat Net), 8 percent expenditure incurred on Prevention of Spoofing International Calls System (CIOR) , and zero percent on OFC Network for Defence Services. Further under the Revenue Expenditure , the Committee find that only 23 percent of BE 2024-25 has been spent during the period from 01.04.24 to 15.10.24 under the head DBN(Other than Bharat Net) , 1 percent on

Production Linked Incentive Scheme and only 2 percent on Champion Service Sector Scheme . The Committee observe that the percentage of expenditure under these heads of Capital and Revenue Section is not commensurate with the expenditure projected under the BE 2024-25. In view of the foregoing, the Committee would like that the Department of Telecommunications (DOT) should take necessary measures to expedite the utilization of allocated funds under key capital and revenue expenditure heads. Taking note that the current spending patterns are significantly lower than projected in the Budget Estimates for F.Y. 2024-25, the Committee desire like the Department to prioritize timely execution of projects like the Revival Plan for BSNL/MTNL, Bharat Net and the Prevention of Spoofing International Calls System (CIOR) and also ensuring that delays in execution do not lead to underutilization of funds. A detailed review and action plan should be put in place to address the low expenditure under the OFC Network for Defence Services and Production Linked Incentive Scheme. Furthermore, DOT should strengthen monitoring mechanisms, track progress closely, and ensure that expenditure is aligned with set timelines and deliverables. The Committee may be apprised of the measures taken to achieve the targets and completion status of these projects.

6. Under-utilization has also been noticed by the Committee under vital Head/schemes viz Secretariat Economic Services and other Heads/ schemes under major Head 34(5), where it is observed that, RE 2023-24 was Rs 1051.89 cr but Expenditure of FY 2023-24 was Rs 911.72 cr only. Similarly, under Wireless and Planning Coordination, RE during F.Y. 2023-24 was Rs 32.65 cr but Expenditure of FY 2023-24 was Rs 18.93 cr only, Compensation to Service Providers for USOF RE 2023-24 was Rs 10600.00 cr whereas Expenditure of FY 2023-24 was Rs 5276.48 cr only, Compensation for Research & Development (R&D) RE 2023-24 was Rs 100.00 cr but Expenditure of FY 2023-24 was Rs. 28.48; Champion Service Sector Scheme RE 2023-24 was Rs. 68.46cr at the same time Expenditure of FY 2023-24 was Rs. 47.82; Production Linked Incentive Scheme RE 2023-24 was Rs. 366.56cr but Expenditure of FY 2023-24 was Rs. 291.63cr .Operational Cost of Mandatory Testing and Certification of Telecom Equipment (MTCTE)RE 2023-24 was Rs 1.20 cr but Expenditure of FY 2023-24 was Rs 0.66cr. Under the Head Capital Infusion for BSNL/MTNL RE

during FY 2023-24 was Rs 64787.17 Cr while expenditure in FY 2023-24 was only Rs 56785.04 Cr. OFC Based Network for Defence Services, the figure was Rs 3751.74 Cr and Rs 1093.44 Cr. Though the Department has assured that the utilization of funds is being constantly monitored at the highest level to ensure complete utilization, the Committee would like to impress upon the Department to leverage their spending pattern on those schemes/ Heads where the utilisation percentage are considerably low so as to ensure optimal achievement of the 2024-25 budgetary allocations by 31st March, 2025. The Committee may be enlightened about the efficacious steps taken by the Department in this regard.

Revenue Receipts

7. According to the Department, the primary sources of revenue include the Annual License Fee, which is calculated as 8% of the Adjusted Gross Revenue (AGR) of Telecom Service Providers (TSPs), and includes the Universal Service Obligation (USO) Levy, currently set at 5% of AGR. Other significant sources of revenue include receipts from Spectrum Auctions, Spectrum Usage Charges (SUC), which are levied as a percentage of AGR earned by TSPs from their use of spectrum. Additionally, the Department generates revenue through other mechanisms such as payments made during spectrum liberalization, mergers and acquisitions, spectrum assignments to captive users, and from broadcasting services.

The Committee during the detailed examination of the subject observe that the Spectrum Usage Charges (SUC) revenue initially rose from Rs. 5,859.31 crores in 2020-21 to Rs. 13,065.18 crores in 2023-24 but then drops significantly in the 2024-25 projections to Rs. 3,000 crores (Proposed) and Rs. 3,000 crores (BE).

With regards to Spectrum Auction/Administratively Allotted Spectrum, it has been found that Spectrum auction revenue fluctuated dramatically with a major spike from Rs. 21,918.48 crores in 2020-21 to Rs. 60,814.06 crores in FY 2021-22. This was followed by a decline in 2022-23 (Rs. 37,816 crores) and 2023-24 (Rs. 42,617.89 crores). In 2024-25, the revenue from spectrum auctions is expected to be Rs. 80,766.31 Crores.

The Committee further understand that when the revenue from other sources has remained relatively stable, ranging from Rs 2449.27 crores in 2020-21 to -Rs. 1386.98 crores in 2023-24, projections for FY 2024-25 show to Rs. 1000 Crores.

As regards total revenue receipts, it increased sharply from Rs. 45500.65 crores in 2020-21 to Rs. 90659.26 crores in 2023-24. However, the projections for 2024-25 is Rs. 110267.31 crores (proposed), with BE estimates being Rs. 110267.31 crores.

The decline in revenue receipts estimates for the year 2024-25 attributed to several factors, including market saturation, which limits the growth potential for Telecom Service Providers (TSPs) in terms of new customer acquisition and service expansion. Additionally, the implementation of new regulatory reforms, such as the reduction of Spectrum Usage Charges (SUC) for spectrum acquired through recent auctions, may reduce the financial burden on TSPs but also decrease the revenue generated from these charges. Furthermore, the ongoing financial challenges faced by certain operators, including deferred AGR payments and debt restructuring, could impact the overall revenue inflows from license fees and spectrum-related charges. The Committee observe that these factors suggest a more cautious outlook for revenue growth in the coming year.

The Committee understand that the Department is taking steps to achieve the targets during 2024-25 by regular Telecom meets with licensees to improve financial compliance, settlement of representations and disputes and by conducting Spectrum auctions and monitoring Receipt of spectrum deferred installment & SUC. The Committee observe fluctuating Spectrum Revenue make the revenue receipts unpredictable. The Department may face challenges in managing its finances and planning long-term policies if the trend of unpredictable spectrum revenues continue. The Committee desire to be apprised of the steps taken by the Department to deal with the issue.

8. As regards over dependence on One-time Auction of Spectrum, for generating large amounts of revenue the Committee learn it to be irregular.

The Committee feel that heavy reliance on one time Spectrum auctions for financial need could lead to revenue gaps in years when auctions are not held or when the spectrum supply decreases.

The Committee further observe that owing to Limited Diversification in Revenue Streams, revenue from "Other Sources" remains relatively low. This could pose grave risks in case telecom revenues face a downturn or if external factors results in reducing license fee or spectrum revenue streams. In view of the above, the Committee strongly desire that the Department should focus on Diversification of Revenue Streams on the following points:

(i) The Committee recommend that the Department should explore new and innovative sources of revenue beyond the traditional spectrum auctions and license fees. For instance, monetizing data services, expanding into satellite broadband, and capitalizing on emerging technologies like 5G and IoT could provide consistent and diverse income streams. Similarly, expanding the rollout of 5G services across urban and rural markets could significantly boost revenue through increased demand for new spectrum and data services. Supporting Public / Private Sector telecom operators in upgrading to 5G infrastructure could also lead to higher SUC revenues as the market expands.

(ii) The Committee recommend that the Department should focus on strategic planning of spectrum auctions to avoid large fluctuations in auction revenues. This may involve adjusting auction timelines based on market demand, introducing auctions for newer bands, or leveraging secondary market mechanisms to ensure a steady flow of spectrum-related income.

(iii) The Committee recommend that the Enhanced Monetization of Telecom Infrastructure should be looked into leveraging the telecom infrastructure (such as towers, fiber, and other assets) so as to explore additional revenue. Privatizing certain assets or enabling commercial leasing and sharing arrangements of Department's infrastructure could provide a sustainable revenue source, reducing reliance on spectrum auctions.

(iv) As regards Regulatory and Policy Adjustments, the Committee recommend that Department should consider reviewing and possibly revising

the structure of SUC to make it more predictable and less volatile. Introducing measures such as multi-year spectrum charges or adjustable rates linked to the inflation index could stabilize the revenue inflow from SUC. This may involve revising the SUC structure, particularly to align it with future spectrum demand and market realities.

(v) So far as Strategic Spectrum Auctions are concerned, the Committee recommend that the Department should carefully manage the timing and frequency of spectrum auctions to ensure a stable revenue stream. It could explore advanced planning for auctions and provide incentives to bidders in certain areas to ensure consistent bidding activity.

(vi) Regarding Long-term Diversification of revenue, the Committee recommend that the Department should prioritize revenue diversification, particularly by exploring new avenues like satellite broadband, IoT services, and digital infrastructure leasing. A clear roadmap for early capitalizing on 5G and other future technologies could open up new revenue channels.

9. Further the Committee understand that the factors affecting revenue receipts for the Department of Telecom (DoT) are Corporate Insolvency of Telecom Service Providers (TSPs), Moratorium for Spectrum Auction Dues (Vodafone Idea, Bharti Airtel & Reliance Jio): Moratorium for AGR Dues (Vodafone Idea, Airtel, Tata Teleservices, etc.), Reduction of Spectrum Usage Charges (SUC) to Zero, and Variability in AGR of Telecom Service Providers(TSPs). The Committee believe that Telecom Reforms introduced in 2021 were designed to make it easier for Telecom Companies to operate and attract foreign investments. These reforms aim to reduce the financial burden on telecom companies, which in turn helps them become more profitable. As telecom companies become more profitable and self reliant, they are expected to generate higher revenues. This increase in their revenue should also lead to an increase in the revenue the Government collects from them, benefiting overall Government receipts.

The Committee believe that while the temporary moratorium on spectrum and AGR dues is a necessary relief for struggling TSPs, the Department should

develop a clear strategy to gradually phase out these moratoriums. This could involve setting clear timelines for when payments will resume and a more stringent monitoring mechanism to ensure that deferred payments (including interest conversions into equity) do not negatively affect future revenue receipts. The Department could also explore alternative methods to secure future payments, such as setting aside a portion of spectrum or revenue earnings to guarantee repayment. With the reduction of Spectrum Usage Charges (SUC) for spectrum acquired through auctions, the Department should consider diversifying revenue streams from the telecom sector. Additionally, the Committee recommend that the DoT could imbibe best global practices for telecom taxation to identify new opportunities for raising Government revenue without burdening the industry excessively.

Hence, in order to tackle the Challenges in Revenue Receipts, the Committee recommend strategic monitoring and accelerated recovery from Insolvency-afflicted TSPs. The Department should implement a proactive monitoring mechanism to track and support telecom companies currently undergoing Corporate Insolvency Resolution Process (CIRP), especially where recovery of dues is delayed. The Committee may be apprised of the steps taken in the matter.

Universal Service Obligation Fund (USOF) renamed as Digital Bharat Nidhi(DBN) - Fund allocation and utilization

10. In accordance with the Indian Telegraph Act, 1885, License fee includes Universal Access Levy, which is charged @ 5% of the Adjusted Gross Revenue (AGR) of the telecom licensees. The fund collected under UAL goes to the Consolidated Fund of India and it is non-lapsable in nature. The outflow from this fund to USOF is through budgetary provision by the Ministry of Finance each year, based on the requirement of USOF.

Since inception of USOF, i.e. 2002-03, UAL amounting to Rs. 1,62,872 crore has been collected upto 31.03.2024. The balance of UAL amount available as on 31.03.2024 is Rs. 83,468 crore against which Government has approved committed expenditure of Rs. 1.39 Lakh Cr. for Amended BharatNet

Scheme for next 10 years on 04.08.2023 along with other committed liabilities and other ongoing schemes.

The Committee, note that even though substantial amount is in the reserve under DBN, the Department have not been able to do much in terms of spending. During the year 2023-24, an amount of Rs. 10,400 crore had been allocated at BE 2023-24 which was increased to Rs.15700 crore at RE and actual utilization in 2023-24 has been only Rs. 8380.50 crore. Hence, there is an urgent need to work on their strategies to improve utilization. For the Financial year 2024-25, the Department have proposed an amount of Rs. 25500 crore and an amount of Rs. 19000 cr has been allocated at BE 2024-25, including funds allotted under Research & Development viz. Rs. 400 crore for FY 2023-24. The Committee are pleased to note that there is an enhancement of Rs. 8600 crore over the previous year. The Committee are aware, there are several prioritized ongoing schemes lined up under DBN, which include BharatNet for provision of broadband connectivity to all 6 lakh villages across India, Comprehensive Telecom Development Plan for North Eastern Region, Comprehensive Telecom Development Plan for Islands including laying of submarine cable from Kochi to Lakshadweep and Mobile connectivity in Andaman and Nicobar Islands, scheme for Mobile Services in uncovered villages of Himalayan States, Western border areas, scheme for Mobile services in Aspirational Districts and scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas, etc. These capital intensive infrastructure projects with timely and effective implementation will greatly help improving the telecom connectivity in areas which are uncovered and inaccessible currently. The Committee emphasize that availability of funds should not be a constraint for implementation of various schemes under DBN, considering that sufficient balance is already available as potential fund under DBN. The Committee are of the view that reduction of budgetary amount, year after year at the revised stage reflects improper planning that needs to be avoided. The Committee recommend that the Department ought to make efforts for optimum utilization of funds allocated at BE for implementation of various schemes under DBN during FY 2024-25. The Committee may be apprised of the action taken in the matter.

Fund allocation and Utilization under BharatNet

11. The Committee note that the BE and RE under BharatNet for FY 2023-24 was Rs. 5,000 crore. However, the expenditure has been to the tune of 61% only i.e. Rs. 3075.54 crore upto 31.03.2024. While furnishing the reasons for reduction from BE to RE during FY 2023-24, the Department have stated that it was due to slow implementation under State Led Model and non-receipt of responsive bid in PPP tender of BharatNet. However, during the current financial year, the Department have been allocated Rs. 8,500 crore. The Committee are of the considered view that allocations are based on the projections which have been prepared relying on the physical progress of projects that are in the pipeline and the fund would be utilized. Further, the Committee hope that the projects would be completed in a time bound manner as planned. The Committee may be apprised of in this regard.

Progress of Implementation of BharatNet

12. The Committee note that BharatNet is one of the biggest rural telecom projects of the world and is being implemented in a phased manner to provide broadband connectivity to all Gram Panchayats (GPs) (approx 2.6 lakh) in the country. Phase-I was completed in December, 2017 with the implementation of over 1 lakh GPs Phase-II is under implementation. Regarding utilization of network, the Department have stated that the status of usage of infrastructure created under BharatNet as on 30.09.2024 included provision for 1,04,574 Wi-Fi Hotspots, provision for 11,51,590 FTTH connections, leasing of 94,234 kms of BharatNetfibre, leasing of 2,69,206 Mbps of BharatNet bandwidth and fiberization of 1690 Mobile towers. The Committee view that the pace of implementation of BharatNet Phase-II during FY 2023-24 was slower as compared to the target. The Gram Panchayats (GPs) are widely dispersed across the country in rural and remote areas. The Committee are pleased to note that 96% GPs planned under BharatNet Phase-I/II has been completed. The balance work of BharatNet Phase-I/II largely pending in Chhattisgarh, Maharashtra, Telangana, Tamil Nadu under State Led Model and UP (East/West) under CPSU Model is likely to be completed shortly. The project is facing challenges on account of covering difficult terrains (including hilly/ rocky), Right of Way (RoW) issues and also difficulty in accessing Left Wing

Extremism (LWE) affected areas. Further, BharatNet connectivity in remaining 42,000 GPs has been planned under Amended BharatNet Program for which RFP is under progress in BSNL. (pg 24 budget doc)

Taking into consideration the constraints being faced by the Department, the Committee are of the view that proactive measures be initiated towards removal of bottlenecks, which are hampering the progress of the scheme. The Committee would like to prevail upon the Department to make all out efforts to provide Wi-Fi hotspots to all the service ready GPs.

Revised Implementation Strategy of Amended Bharat Net Programme to connect villages

13. The Committee note that Amended BharatNet Programme intends to provide high speed broadband connectivity to all inhabited villages in the country and BSNL has put Notice Inviting Tender (NIT) for selection of Project Implementing Agency (PIA) for Development (creation, upgradation, operation & maintenance) of middle mile network of BharatNet on Design Build Operate and Maintain (DBOM) model for sixteen packages on 15.02.2024. As informed by the Department, under the current scope of the BharatNet, the Gram Panchayats (GPs) are primarily connected in linear structure because of which the reliability of the network is low. However, under the amended programme an estimated 2.65 lakh GPs are proposed to be connected in ring network. The remaining 3.8 lakh villages are proposed to be connected on demand basis. The network shall be maintained by professional agencies specialized in optical fibre network, selected through bidding process by BSNL. These agencies will maintain network for a period of 10 years at high defined standards of availability. It is also proposed to engage a professional private sector partner for the Network Operations Center (NOC) to design, build, operate and maintain the NOC for 10 years. The last mile network will be managed through BharatNet Udyamis (BNU) who would be a village level entrepreneur, Internet Service Provider, Self Help Group etc. BNUs will be given a one-time financial incentive for activating new home fibre connections. To incentivize continuity of services, BNUs will also receive a share of the monthly revenue (on established market practice). It is proposed to eventually provide 1.50 crore rural home fibre connections using the BNU model over the next five

years. In order to fast track last mile connectivity, about 100 districts are identified for prioritizing expenditure on upgradation of infrastructure and subsidy to home fibre connections. BSNL will provide Internet Leased line (ILL) to all 7,269 blocks with sufficient bandwidth to ensure minimum 25 Mbps download speed to every home fibre subscriber.

In this context, the Committee, expect the Department to take necessary measures to address the concerns faced during previous phases of Bharat Net Project. Further, the development and targets achieved under the amended Bharat Net Project be submitted to the Committee within 6 months of presentation of this Report. The Department may also, if need be, consider to conduct the performance audit of the BharatNet Udyamis (BNU) and the Amended Bharat Net Project.

Implementation status of other ongoing activities under DBN (USOF):

14. Under USOF, the Department has prioritized to provide access to mobile services, broadband connectivity and creation of infrastructures like OFC to remote and rural areas of the country. The Department has several prioritized ongoing schemes lined up which include Comprehensive Telecom Development Plan for North Eastern Region, Comprehensive Telecom Development Plan for Islands including laying of submarine cable from Kochi to Lakshadweep and Mobile connectivity in Andaman and Nicobar Islands, scheme for Mobile Services in uncovered villages of Himalayan States, Western border areas, scheme for Mobile services in Aspirational Districts and scheme for Mobile Communication Services in Left Wing Extremism (LWE) affected areas, etc.

The Department have informed in detail about Mobile Services in Uncovered villages in Assam, Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (National Highways only) of NER and seamless coverage along National Highway. As per initial scope, mobile connectivity was to be provided by setting up 2004 towers in the uncovered villages and along National Highways of Assam, Manipur, Mizoram, Nagaland, Tripura, Sikkim, and Arunachal Pradesh (National Highways only) of North-East region. The Agreements were signed with Bharti Airtel Ltd. and Bharti Hexacom Ltd. on

08.12.2017 for implementation of the project at a total project cost of Rs. 1655.56 Crore. As on 10.09.2024, a total of 1,358 sites have been installed and are providing services. The project has completed roll-out and is under operation and maintenance stage.

The Committee upon perusal of State - wise progress of the scheme find that as per the agreement, the total number of towers to be installed was 2004 in the seven states of Assam, Sikkim, Manipur, Mizoram, Nagaland, Tripura, and Arunachal Pradesh but only 1358 towers have been installed and are providing services. The Committee call upon the Department to expedite the progress of work and install all towers and make them fully functional as agreed upon. The Committee may be apprised of the same.

15. As regards the Mobile Services in Uncovered villages of Meghalaya and seamless coverage along National Highway, the Department enlightened the Committee that the work has been awarded to M/s Bharti Hexacom Ltd for 1,164 uncovered villages and 11 sites along National Highways in Meghalaya on 04.09.2020 for provisioning of 4G mobile services at a total project cost of Rs. 804.37 Crore. However, 323 sites covering 406 villages & 2 NH sites have been dropped due to pre-existence of mobile coverage. Further, additional 528 sites covering 723 villages have been added on the request of State Government. After physical survey of all the villages and NH locations including additional villages, the revised scope is 443 sites covering 631 villages & 3 NH locations. Survey of all sites (except 03 villages from additional scope) has been completed. Roll out period was Sep 2022 which has been further extended upto Sept 2024 for remaining sites of original scope. Further, 18 months rollout has been provided for 528 additional sites i.e. upto 24.05.2024 and further extension of 06 months is under consideration for remaining sites of additional scope. The Committee desire the targets under the project be completed without any delay and the Department may apprise the Committee about the outcome and completion of targets within specific time limit.

Further, w.r.t Mobile Services in Uncovered Villages of Arunachal Pradesh and 2 Districts of Assam, the Department have submitted that Executable scope of Towers was 531 and 239 in Arunachal Pradesh and Karbi

Anglong & Dima Hasao Districts of Assam but only 392 and 222 towers have been commissioned in the States respectively. The Committee desire the work be expedited and mobile services in uncovered villages be provided as per timelines and apprise of the progress made in this regard. The Committee would also like to be enlightened about the current status of the project in Andaman & Nicobar Islands, wherein it was informed that as per agreement signed between USOF & M/S RJIL on 15.03.2021, 82 towers were to be set up for providing 4G Technology in identified 85 uncovered villages and 42 towers for providing mobile connectivity along uncovered NH-4 by September, 2024.

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

16. The Committee were informed that a Scheme for 502 uncovered villages across 112 Aspirational Districts over four States (namely Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan) for provisioning of 4G based Mobile services has been finalized. Agreements have been signed and work has been awarded to M/s Reliance Jio Infocomm Ltd for UP and MP States, M/s Bharti Hexacom Ltd for Rajasthan and M/s Bharti Airtel Ltd for Bihar after tendering process in March, 2021. The Department have informed that the total project cost is Rs. 414 Crores as per the agreement and the revised cost of the Project is Rs. 233 Crores. The Roll out period of the project was March 2022 which has been extended upto June, 2024 and further extension of 6 more months is under consideration.

In addition to above, 27 villages of Madhya Pradesh have been added in the scheme against deleted village vide letter dated 22.08.2022 having Roll out period till 21.08.2023 which has been extended upto 21.08.2024 and further extension of 6 more months is under consideration. The Committee desire that the project be completed within the timelines and enlighten them about completion status of the project.

Further, out of the 250 Towers to be completed, only 192 have been completed and out of the total villages to be covered in Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh only 227 villages have been covered. As regards the remaining 7,287 Aspirational District villages (Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Odisha) out of 3664 only 1935

towers and only out of 4779 sites only 19 sites have been commissioned. The Department should accelerate the work and inform the Committee about the reasons for delay and ensure timely completion of the project.

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

17. As regards LWE Phase II, the Department submitted that the project entails provision of 2,542 towers to provide 4G mobile services for its implementation. Tender was floated and agreements have been signed with Reliance Jio Infocomm Ltd and Bharti Airtel Ltd in Sept/Oct 2021 at a cost of Rs. 2211.11 Crores. The revised cost of the Project is Rs. 1578 Crores. Reliance Jio Infocomm Ltd as to implement the project in Chhattisgarh, Madhya Pradesh, Maharashtra and Odisha (1602 towers) and Bharti Airtel Ltd in Andhra Pradesh, Bihar, Jharkhand, Telangana, Uttar Pradesh and West Bengal (940 towers). Target for completion of this project was March, 2023 but extended upto September, 2024. The Committee learn that out of 1279 towers to be installed in 10 states of Andhra Pradesh, Bihar ,Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Telangana, Uttar Pradesh and West Bengal only 1020 towers have been commissioned. Department have submitted that survey in 197 locations is pending owing to security and also villages not being traceable. The Committee would like that survey in pending 197 locations may be completed with the help of State machinery/ MHA, as Mobile Connectivity to these areas is essential for addressing the problems holistically. Further, the Committee would also like to be apprised of the reasons for delay in commissioning of towers State- wise.

Bharat Sanchar Nigam Limited: Roadmap to roll-out its 4G services

18. A critical component of the revival of BSNL and MTNL is continued capital infusion. The Government has already committed substantial funds through various sovereign guarantee bonds, but the challenge remains in ensuring that these funds are deployed efficiently and effectively. The current focus on debt restructuring through the issuance of bonds and equity infusions must be complemented by targeted efforts to improve cash flow management and reduce financial strain. The Department should ensure that

the funds raised are prioritized for upgrading the telecom infrastructure and implementing 4G/5G technologies. Further, the ongoing land monetization and the sale of tower and fibre assets must be strategically managed to maximize returns. This can include leveraging public-private partnerships or collaborations with real estate developers for land development, as well as exploring joint ventures for tower infrastructure. The merger of BSNL and MTNL, a critical long-term objective, should be expedited with clear timelines to ensure synergies and cost savings are realized quickly. A thorough review of the existing debt portfolio, along with measures to restructure or defer high-interest debt, would provide short-term relief and long-term financial stability. The Committee urge the Department to take proactive and concrete actions to advance in this direction. It is essential that these steps are implemented systematically, and the Committee would appreciate being kept informed of the developments, with a clear timeline for their execution and progress report.

19. The Department have informed the Committee that under 'Atma Nirbhar Bharat' mission, BSNL has planned for deployment of 100K 4G sites in BSNL network on PAN India basis. The Department have also stated that the 5G NSA is a deferred feature and will be implemented after the roll out of 4G services. The project supports the development and deployment of indigenous technology, promoting self-reliance in the telecom sector which aligns with the Government's Atmanirbhar Bharat (self-reliant India) vision supporting indigenous R&D efforts positioning India as a leader in telecom innovation globally. The Department have also informed about the allotment of spectrum in 900 MHz, 700 MHz, 1800MHz and 2500 MHz bands for Rs 56,299 Crores in FY 2023-24, 3300-3700 MHz band for Rs 26,184 Crores in FY 2024-25 and 26 GHz band for Rs 6,565 Crores in FY 2024-25 / FY 2025-26.

In light of the foregoing, the Committee observe that BSNL plans to deploy 100,000 4G sites and move towards 5G is central to its growth strategy, especially in underserved rural areas. The Government's support for the purchase of spectrum and infrastructure funding must be efficiently translated into on-the-ground improvements. The Committee understand that the Department should streamline the process of acquiring spectrum in the

required bands (900 MHz, 700 MHz, 1800 MHz, 2500 MHz) to prevent any further delays in network rollouts. BSNL's ability to successfully deploy 4G and transition to 5G will depend on the speed at which infrastructure is set up and operationalized. This will require not just funding but also a concerted effort to resolve regulatory and logistical hurdles. A fast-tracked clearance process for tower installations, permissions for laying optical fiber, and other network rollout approvals will be essential for meeting timelines. Additionally, BSNL should focus on leveraging indigenous technologies in the development of its 5G infrastructure, promoting self-reliance in line with the Atmanirbhar Bharat initiative. The successful deployment of 4G, followed by an efficient 5G rollout, will open up new revenue streams, particularly through data-driven services such as e-commerce, telemedicine, and e-education. These initiatives would also help position BSNL as a key player in the country's digital transformation. The Committee would desire the Department to take concrete steps in this direction and apprise the outcomes to the Committee of the same.

20. One of the ongoing challenges for BSNL and MTNL remains the management of operational costs, particularly given the scale and legacy infrastructure these companies manage. According to the Department, the Voluntary Retirement Scheme (VRS) has significantly reduced employee costs at MTNL since the implementation of the scheme in 2019-20. 14387 employees opted for the same and number of employee were reduced by 80% thereby resulting in savings in employee cost in MTNL accordingly. The Committee believe that staffing levels in BSNL at present and projections of employees in future in both BSNL and MTNL need to be strategically identified keeping in view efficient operation and cost saving. The Department should explore further cost-saving measures, including a more aggressive rationalization of workforce deployment and continued use of automation in operations. BSNL and MTNL must adopt modern tools for network management, customer service, and billing, which can help reduce administrative costs in the long term. Additionally, these companies should revisit their marketing and sales strategies to focus on high-margin services such as enterprise solutions, broadband, and 4G/5G data services. While traditional voice services remain an important part of their portfolio, focusing on newer, value-added services can

help offset the decline in basic services. BSNL and MTNL should also work to streamline procurement processes and optimize vendor management to reduce costs in network expansion and maintenance. Lastly, the existing management structure should be re-evaluated to ensure that leadership is aligned with the company's future growth strategy. A streamlined, results-oriented management structure will be vital in driving the company's turnaround. The Committee emphasize the need for the Department to move forward with tangible and well-defined steps in this regard. The Committee look forward to being informed about the specific measures taken and the outcomes achieved as part of this ongoing effort.

21. The revival of BSNL and MTNL should not be viewed in isolation, but rather as a part of a broader strategic shift towards fostering collaboration with private sector players. For example, BSNL could enter into joint ventures or strategic alliances with leading telecom players to share infrastructure, reduce costs, and expedite the rollout of services. Public-Private Partnerships (PPPs) in infrastructure projects, such as fibre optic networks, can help leverage private sector efficiency and technological expertise, while maintaining public ownership over critical national assets. BSNL and MTNL should also consider partnerships with technology companies for the development of next-generation services such as smart city solutions, Internet of Things (IoT) applications, and cloud-based services. Moreover, the companies should expand their focus on providing telecom services for large public sector projects like BharatNet and other rural broadband initiatives, which are not only essential for national growth but can also provide a steady stream of income for BSNL. These collaborations can enable BSNL and MTNL to access cutting-edge technologies, reduce the time to market, and offer innovative services that appeal to both consumers and businesses. The Committee recommend that the Department should explore option of forming these alliances so that BSNL and MTNL can position themselves as leaders in telecom innovation while leveraging private sector expertise and financial resources.

22. To remain competitive in a rapidly changing telecom environment, both BSNL and MTNL must place greater emphasis on improving customer

experience. This includes investing in customer support technologies such as chatbots, AI-driven help desks, and automated billing systems that can enhance service quality and reduce churn. Additionally, improving network reliability and coverage, especially in rural and remote areas, will play a critical role in customer retention. BSNL's efforts to provide 4G connectivity to villages and underserved regions will significantly improve the quality of service and help it tap into new customer segments. The companies should also explore bundling telecom services with other digital solutions, such as cloud services, cyber security, and data analytics, to create more value-added offerings. A system of constant improvement in performance customer-centric approach like quick settlement facilities etc will help both BSNL and MTNL strengthen their brand presence and ensure a loyal customer base, particularly as competition from private telecom operators remains intense. The Committee would strongly emphasise the Department to focus on taking measurable and concrete actions to achieve the desired outcomes. In order to ensure effective implementation, the Department should provide a comprehensive plan of action, and evaluate the success of the steps taken in this regard.

23. The Committee while examining the Department ascertained whether it had established a clear timeline for reducing the accumulated losses of BSNL and MTNL over the years. In response, the Department replied that BSNL had set a revenue target of Rs. 19,052 crores for the fiscal year 2023-24, and has successfully exceeded this target, achieving Rs. 19,344 crores. However, for MTNL, which had set a revenue target of Rs. 1,750 crores, only Rs. 1,301 crores could be realized.

The Committee understand that success of the BSNL and MTNL revival will depend on the ability to become self-reliant and reduce their dependence on Government funding. This will require a dedicated and clear, long-term business plan that focusses on sustainable growth, diversification of revenue streams, and innovation. Both companies should invest in next-generation technologies such as 5G, edge computing, and Artificial Intelligence (AI) at the earliest so as to ensure that they remain at the forefront of the telecom industry.

Additionally, fostering a culture of commitment and innovation within the workforce will be key to adapting to rapidly changing market conditions. To support this vision, BSNL and MTNL should continue to align their goals with national priorities, such as digital inclusion, rural connectivity, and the development of smart cities. Over a period of time, as the companies improve their financial performance and technological capabilities, they should work towards achieving operational autonomy and gradually move towards a self-sustaining model. The ultimate goal should be for BSNL and MTNL to thrive as competitive, innovative players in the global telecom market, driven by a strong focus on customer satisfaction and technological advancement. The revival measures for BSNL have brought about encouraging results. The Committee would like to impress upon the Department to analyse the impediments in MTNL revival and take necessary steps which can bring about the desired results. The outcome of such measures may be submitted to the Committee.

The Committee have also been made aware that rapidly evolving technologies in the telecom sector have posed significant challenges, particularly for MTNL. As both Delhi and Mumbai are key commercial hubs, MTNL is encountering intense competition in these markets. The fierce competition in basic services, coupled with the fast pace of technological advancements, has created substantial hurdles for MTNL. Despite these challenges, MTNL continues to make efforts to retain its customer base. The Committee recognize that MTNL have played a crucial role in the telecommunication growth of the financial and capital cities, Mumbai and Delhi, since its inception.

The Committee observe that the difficulties faced by MTNL stem from a combination of factors, including stiff competition from private operators, a legacy of outdated infrastructure, and delayed entry into the GSM market. In both Delhi and Mumbai, MTNL's competitors have already rolled out 4G and 5G networks effectively meeting the growing demand for data services. This has left MTNL at a technological disadvantage, as it could not launch these services till. The Committee highlight the urgent need for MTNL to upgrade its existing network infrastructure and deploy new network elements to offer competitive, market-ready services.

Furthermore, the Committee note that BSNL has been allocated Rs. 1,851.2 crores in Capex funding for MTNL's requirements during FY 2022-23 to FY 2024-25. BSNL is expected to roll out 4G and 5G networks across India, including in its Delhi and Mumbai circles, which could significantly improve the operational capabilities of both BSNL and MTNL. In light of the above, the Committee urge BSNL and MTNL to take concrete steps to address these issues and enhance the financial health of the organizations so that they can tread independently. The Committee desire that they be kept apprised of the creative measures taken in this regard.

Review of functioning of PSUs

Indian Telephone Industries (ITI) Limited

24. The Committee note that for the financial year 2023-24, ITI reported a total income of Rs 536.01 Crore against a total expenditure of Rs 626.09 crore, resulting in a loss of Rs. 91.08 crore. While the revenue target for the year was Rs 2,244 crore (exclusive of taxes) ITI could achieve only Rs 1,264 crore (exclusive of taxes) as of 31 March 2024, falling short by Rs 980 crore. The Department explained that the shortfall was due to several key factors, including delays in the availability of raw materials owing to long lead times, a shortage of working capital, and delays in completing the Proof of Concept (PoC) for the ASCON-IV project, which impacted the overall execution timeline. Additionally, the high rate of obsolescence in telecom technologies was highlighted as a factor contributing to the delay in meeting the revenue target.

The Committee understand that the company's inability to meet the Intended External Budgetary Resources (IEBR) target reflected broader challenges in performance, particularly stemming from financial constraints, including non-availability of raw materials and delayed customer payments. This combination of factors led to delayed project rollouts and reduced revenues. However, the Department expressed optimism for FY 2024-25, citing that progress in the ASCON-IV PoC and BSNL's order for 4G infrastructure could significantly improve ITI's performance by the end of the fiscal year.

While ITI faces significant challenges in terms of working capital, procurement delays, and obsolescence of technology, the Department's strategic focus on national projects like the ASCON-IV and BSNL's 4G rollout provides a promising outlook for FY 2024-25. Regarding capital expenditure, ITI was allocated Rs 160 crore for FY 2023-24, with plans to establish a Mono PERC Solar Module Manufacturing plant and expand Optical Fiber Cable (OFC) manufacturing. However, due to company's cash flow issues, including high borrowing costs (11.3% per annum), ITI was unable to utilize the full Capex allocation and revised its requirement to Nil in the Revised Estimates (RE) for 2023-24. For FY 2024-25, a Capex allocation of Rs.168 crore has been made, earmarked for several key projects, including the Mono Crystalline Solar Module Manufacturing Facility, Digital Mobile Radio (DMR) infrastructure, Electric Vehicle chargers, and SD-WAN technologies. However, immediate steps are needed to resolve liquidity issues, improve project execution efficiency, and ensure that Capex allocations are utilized effectively.

The Committee observe that the primary challenge for ITI is the shortage of working capital. The Committee recommend the Department to:

(i) Explore alternative financing options, including equity infusion, preferential loans, or Government-backed financial support to ensure smooth project execution. Additionally, ITI should implement measures to expedite payment collections from Government and public sector clients to improve cash flow.

(ii) Raw material procurement: In order to mitigate delays in raw material procurement, the Department should consider developing strategic partnerships with suppliers to ensure a steady supply of critical components. The adoption of just-in-time inventory management and long-term contracts with key suppliers could help reduce lead times and improve project timelines.

(iii) Phased Capex Implementation: Given the financial constraints, the Committee suggests that ITI may adopt a more proactive and phased approach in the execution of large projects, starting with the most critical

components and gradually scaling up based on available resources. By this approach, the challenges associated with large upfront investments could be mitigated and improve the company's financial health and sustainability.

(iv) **Leveraging Technological Advancements:** With obsolete telecom technology posing risks, the Department should prioritize Research and Development (R&D) to innovate and introduce next-generation solutions. Further, partnerships with academic institutions or private sector players could be explored to fast-track technological upgrades and mitigate obsolescence risks.

(v) **Capex Allocation Strategy for 2024-25:** The Committee appreciate the Capex allocation of Rs.168 crore for FY 2024-25 but emphasize that needful attention be paid to utilize allocation optimally and effeciently. The focus should be on timely execution of high-priority projects (such as the Mono Crystalline Solar Module Manufacturing Facility and Electric Vehicle chargers), while aligning with national priorities like renewable energy and infrastructure development.

(vi) **Monitoring and Evaluation:** The Committee recommend the establishment of a robust monitoring and evaluation mechanism to track the progress of key projects, particularly those funded by the Government. Regular performance reviews be conducted to ensure that milestones are met, and adjustments are made where necessary to avoid time and cost overruns.

New Delhi;

16 December, 2024

25 Agrahayana, 1946 (Saka)

DR. NISHIKANT DUBEY,

Chairperson,

Standing Committee on

Communications and Information
Technology.

**STANDING COMMITTEE ON COMMUNICATIONS AND
INFORMATION TECHNOLOGY (2024-25)**

MINUTES OF THE SECOND SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 16th October, 2024 from 1100 hours to 1245 hours in Committee Room No. '62', Samvidhan Sadan, New Delhi.

PRESENT

Dr. Nishikant Dubey - Chairperson

MEMBERS

Lok Sabha

2. Dr. Rabindra Narayan Behera
3. Shri S. Supongmeren Jamir
4. Shri Appalanaidu Kalisetti
5. Shri G. Kumar Naik
6. Dr. M.K. Vishnu Prasad
7. Shri Ramasahayam Raghuram Reddy
8. Shri Devesh Shakya
9. Shri Rajesh Verma

Rajya Sabha

10. Shri Saket Gokhale
11. Smt. Priyanka Chaturvedi
12. Shri V. Vijayendra Prasad
13. Shri S. Niranjana Reddy
14. Shri Lahar Singh Siroya
15. Shri K.T.S. Tulsi

Secretariat

1. Smt. A. Jyothirmayi - Director
2. Shri Rajesh Mohan - Deputy Secretary

LIST OF WITNESSES

MINISTRY OF INFORMATION AND BROADCASTING (MIB)

| Sl. No. | Name | Designation |
|----------------|--------------------------|----------------------|
| 1. | Shri Sanjay Jaju | Secretary |
| 2. | Shri Deepak Narain | AS&FA |
| 3. | Ms. Neerja Sekhar | Additional Secretary |
| 4. | Shri Rabindra Kumar Jena | Sr. Economic Advisor |
| 5. | Shri C. Senthil Rajan | JS (IP&A) |
| 6. | Shri Sanjiv Shankar | JS (B-I) |
| 7. | Shri Prithul Kumar | JS (B-II) |
| 8. | Ms. Vrunda Manohar Desai | JS (Films) |
| 9. | Dr. Ajay Shanker Singh | CCA |

MEDIA UNITS OF MIB

| | | |
|-----|---------------------------|---------------------------------------|
| 10. | Shri Dharendra Ojha | Pr. DG, PIB |
| 11. | Shri Gaurav Dwivedi | CEO, Prasar Bharati/ Member (Finance) |
| 12. | Ms. Kanchan Prasad | DG: Doordarshan |
| 13. | Dr. Pragya Paliwal Gaur | DG: AIR |
| 14. | Shri. Yogesh Kumar Baweja | DG: CBC |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to examine Demands for Grants (2024-25) related to the Ministry of Information and Broadcasting (MIB).

(The witnesses were then called in)

3. After welcoming the representatives of the Ministry of Information and Broadcasting (MIB) to the sitting of the Committee, the Chairperson appreciated the fact that for the last few years, the overall expenditure has been above 90 per cent of the allocation made at the Revised Estimate stage and expect that the same trend will be continued during the Financial Year 2024-25 and in coming years also. The Chairperson made an observation that under the Information Sector in Secretariat Expenditure, separate budget line entry has been created for *Principal Accounts Office* from Financial Year 2024-25 onwards, which was earlier included in the

allocation of *Main Secretariat* till Financial Year, 2023-24. Similarly, the allocation of *Private FM Radio Station* under Broadcasting Sector has *been* merged within the allocation of *Main Secretariat* as a separate Detailed Head from Financial Year 2024-25. The Committee wished to be apprised of the reason for such a change.

4. Thereafter, the representatives of MIB introduced themselves to the Committee and made a Power Point presentation highlighting the Organizational Structure, Schemes, Budget, expenditure trends for last few years, physical and financial achievements, etc.

5. Thereafter, the Members raised queries and sought reasons on myriad issues such as adverse impact of reduced allocations on the 'Central Sector Schemes'; reasons for non-utilisation of allotted funds and the roadmap for its effective and optimum utilisation especially for BIND Scheme; issues related to Prasar Bharati, Community Radio Stations, the observation of the Judiciary on the Fact Check on Gol information since June 2024; decriminalization of the Cable Television Networks (Regulation) Act, 1995; amendments to the Cinematograph Act; progress made in FM Radio Phase – III Policy; announcement of World Audio Visual & Entertainment Summit (WAVES); letter of Intent for FTII and SRFTI as Deemed University; starting of two PG Courses after IIMC declared deemed to be University in Jan,2024; and initial activities for setting up National Centre of Excellence (NCoE) in AVGC Sector etc.

6. The representatives of Ministry of Information and Broadcasting responded to most of the queries raised by the Members. The Chairperson, then, directed that written replies to points on which information were not readily available may be furnished to the Committee within ten days.

7. Thereafter, the Chairperson thanked the representatives of MIB for deposing before the Committee.

The witnesses then withdrew.

A copy of verbatim record of the proceedings was kept on record.

**STANDING COMMITTEE ON COMMUNICATIONS AND
INFORMATION TECHNOLOGY**

(2024-25)

MINUTES OF THE SEVENTH SITTING OF THE COMMITTEE

The Committee sat on Monday, the 16 December, 2024 from 1015 hours to 1045 hours in Committee Room No. 'C', Parliament House Annexe, New Delhi.

PRESENT

DR. NISHIKANT DUBEY- Chairperson

MEMBERS

Lok Sabha

2. Dr. Rabindra Narayan Behera
3. Shri Anup Sanjay Dhotre
4. Shri S. Supongmeren Jamir
5. Shri G. Kumar Naik
6. Dr. M.K. Vishnu Prasad
7. Shri Ramasahayam Raghuram Reddy
8. Shri Devesh Shakya
9. Shri Vishnu Datt Sharma

Rajya Sabha

10. Shri Amar Pal Maurya
11. Dr. Sasmit Patra
12. Shri V. Vijayendra Prasad
13. Shri Lahar Singh Siroya
14. Shri K.T.S. Tulsi

SECRETARIAT

1. Shri Y.M. Kandpal - Joint Secretary
2. Smt. A. Jyothirmayi - Director
3. Shri Rajesh Mohan - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the Sitting of the Committee convened to consider and adopt one draft Action Taken Report on Fifty-Seventh Report (17th Lok Sabha) relating to the Department of Posts and four draft Reports on Demands for Grants (2024-25) relating to the Ministries/Department under the jurisdiction of Committee.

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

(i) XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX

(ii) XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX

(iii) XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX

(iv) XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX

(v) Draft Report on Demand for Grants (2024-25) relating to the Ministry of Communications (Department of Telecommunications).

4. The Committee adopted the Reports without modifications.

5. The Committee authorized the Chairperson to finalize the draft Action Taken Reports and present the same to the House during the current Session of Parliament.

6. XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX *

The Committee, then, adjourned.

* Matter not related to the Reports