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**STANDING COMMITTEE  
ON COMMUNICATIONS  
(1996-97)**

**ELEVENTH LOK SABHA**

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

**DEMANDS FOR GRANTS (1997-98)**

**ELEVENTH REPORT**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1997/Chaitra, 1919 (Saka)*

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STANDING COMMITTEE ON  
COMMUNICATIONS  
(1996-97)

(ELEVENTH LOK SABHA)

MINISTRY OF COMMUNICATIONS  
(DEPARTMENT OF TELECOMMUNICATIONS)

DEMANDS FOR GRANTS (1997-98)

*Presented to Lok Sabha on 22.4.1997*

*Laid in Rajya Sabha on 22.4.1997*



LOK SABHA SECRETARIAT  
NEW DELHI

*April, 1997/Chaitra, 1919 (Saka)*

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COMPOSITION OF STANDING COMMITTEE ON  
COMMUNICATIONS  
(1996-97)

Shri Somnath Chatterjee — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri K.L. Sharma
3. Shri Harin Pathak
4. Dr. S.N. Jatiya
5. Prof. Rasa Singh Rawat
6. Smt. Sheela Gautam
7. Smt. Bhavna Chikhalia
8. Shri Mahesh Kanodia
9. Shri Pankaj Chaudhary
10. Shri Harpal Singh Sathi
11. Shri Tarachand Bhagora
12. Shri Th. Choaba Singh
13. Shri Girdhar Gamango
14. Smt. Sukhbuns Kaur
15. Shri Somjibhai Damor
16. Shri Mrutyunjaya Nayak
17. Shri Mohanbhai Delkar
18. Shri Thomas Hansda
- \*19. Shri Neil Aloysius O' Brien
20. Shri Dinesh Chandra Yadav
21. Shri T. Veera Bhadram
22. Shri R. Devadas

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\* Appointed as Member *w.e.f.* 26.2.1997 in place of Shri M.P. Veerendra Kumar, who ceased to be Member of the Committee on his appointment as Minister *w.e.f.* 19 February, 1997.

23. Dr. Shafiqur Rehman Barq
24. Shri V.P. Shanmuga Sundram
25. Shri Kothapalli Subbarayudu
26. Shrimati Geeta Mukherjee
27. Shri Budh Sen Patel
28. Shri Keshab Mahanta
29. Shri Joachim Baxla
30. Shri Churchill Alemao

*Rajya Sabha*

31. Shrimati Veena Verma
32. Shri Iqbal Singh
33. Shri S.S. Ahluwalia
34. Shri Ahmed Patel
35. Shrimati Jayanthi Natarajan
36. Shri Govindram Miri
37. Shri O. Rajagopal
38. Shri Shatrughan Prasad Sinha
39. Shri Narendra Pradhan
40. Dr. Ramendra Kumar Yadav Ravi
41. Shri Md. Salim
42. Shri S. Austin
43. Shri Ish Dutt Yadav
44. Shri Satish Pradhan
- \*45. Vacant

SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri J.P. Ratnesh — *Joint Secretary*
3. Shri Ram Autar Ram — *Director*
4. Shri S.K. Sharma — *Deputy Secretary*

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\* Vacancy caused due to retirement of Shri R.K. Karanjia from Rajya Sabha *w.c.f.* 10 January, 1997.

## INTRODUCTION

I, the Chairman, Standing Committee on Communications (1996-97) having been authorised by the Committee to submit the Report on its behalf, present this Eleventh Report, on the Demands for Grants 1997-98 relating to Ministry of Communications (Department of Telecommunications).

2. The Standing Committee on Communications (1996-97) was constituted on 2 August, 1996. 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 concerned Ministry/Department and make a Report on the same to the Houses.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications (Department of Telecommunications) for the current year *i.e.* 1997-98 which were laid on the Table of the House on 19.3.1997. Thereafter the Committee took evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on 31.3.1997.

4. The Committee wishes to express its thanks to the Officers of the Department of Telecommunications for placing before its detailed written notes on the subject and for furnishing the information, that the Committee desired in connection with the examination of the subject.

5. The Report was considered and adopted by the Committee at its sitting held on 17.4.1997.

NEW DELHI;  
18 April, 1997  

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28, Chaitra 1919 (Saka)

SOMNATH CHATTERJEE,  
*Chairman,*  
*Standing Committee on Communications.*

## REPORT

### MINISTRY OF COMMUNICATIONS (DEPARTMENT OF TELECOMMUNICATIONS)

#### DEMAND NO. 14

The Budget Estimates for the Department of Telecommunications (DoT) for 1997-98 showing Plan and Non-Plan Expenditure separately has been stated to be as follows :

(Rs. in thousand)

		Revenue	Capital
Voted	Plan	155,85,00	10,769,00,00
	Non-Plan	14873,09,00	219,99,00
	Total	15028,94,00	10,988,99,00
Charged	Plan	—	—
	Non-Plan	5,00	1,00

#### I. Financial Provision and Utilisation

2. After scrutinising the Demands for Grants 1997-98 the Committee pointed out that under the Head Telegraphs office for General Area, Tribal Area and Rural Area the Budget Estimates (1997-98) has been drastically cut down to Rs. 12 crores 26 lakhs, Rs. 1 crore 33 lakhs and Rs. 1 crore 51 lakhs from the 1996-97 Revised Estimate amount of Rs. 62 crores 50 lakhs, Rs. 9 crores 25 lakhs and Rs. 7 crores 55 lakhs respectively. Thus the total plan expenditure on Telegraph Office has been reduced to Rs. 15.10 crores in 1997-98 (BE) from Rs. 79.30 crores in 1996-97 (RE). The Committee queried why such a drastic cut was made for 1997-98.

3. The Department of Telecommunications (DoT) in reply has stated that the reduction in Budget Estimate 1997-98 over the Revised Estimate 1996-97 is due to reduction in overall plan allocation for Telegraphs and Telex Systems from Rs. 150 crores to Rs. 26 crores. Correspondingly the BE 97-98 under General Area, Tribal Area and Rural Area is also

reduced. It has further been stated that the Department has stopped expansion of Telex System as there is a declining demand for the service. The Telegraph service is also stated to be on a declining trend.

#### *Tribal Sub-Plan*

4. The Committee then desired to know the reason for which under the head Telephone Exchange (Automatic) the BE 1997-98 has been substantially increased in respect of General Area and Rural Area whereas it has been reduced in case of Tribal Area.

5. DoT has replied that the reduced BE 1997-98 provision in respect of Tribal Area under the head Telephone Exchange (Automatic) is due to the reduction in the BE provision from the RE 1996-97 provision. Although Rs. 539.8 crores have been provided for Tribal Area Plan in RE 1996-97 based on demand from circles, actual expenditure during this period is likely to be less. Therefore, the BE 1997-98 provision of Rs. 450 crores is based on more realistic assessment of requirements of tribal areas. However, this might be stepped up at 1997-98 RE stage in case there is increased demand from the field units.

6. The Committee drew attention of the DoT to the objectives of the Tribal Sub-Plan (TSP) formulated by it which envisaged to provide telephone facilities on demand in rural and tribal areas, to provide NSD facility to all exchanges in Tribal Areas by 1 April, 1997 and to provide Public Telephones in all tribal areas. In this context, the Committee enquired about the physical achievements so far as tribal areas are concerned. In reply, the DoT in a written note has stated that as regards physical achievements, during 1.4.1992 to 31.12.1997 of the 8th Plan, against the 2.7 lakh DELs, Department has provided 3.41 lakh lines in tribal areas which is more than 26 percent of the targets. However, due to increased availability and concessional tariff, demand for telephones has increased resulting in waiting list of 1.9 lakhs as on 31.12.1996 in tribal areas.

7. As regards to NSD facility, the DoT has stated that out of 2474 telephones in the tribal areas 2143 were provided with STD facilities till 31.12.1996.

8. A target of providing 24850 Village Public Telephones (VPTs) was set for the Eighth Plan period. The achievement upto 31.12.1996 was 18586 which is 75 percent.

9. The Committee also pointed out that under the heads Microwave Radio Relay Systems, Open Wire and Carrier Systems, Satellite Schemes and Optical Fibre Cable the BE 1997-98 has been fixed for Tribal Areas at Rs. 16.61 crores, 4.53 crores, 3.44 crores and 16.21 crores respectively which are much less than the 1996-97 RE. The Committee wanted to be apprised of the reasons for the same.

10. The Department in reply has stated that the reduction in the 1997-98 BE for the above mentioned Schemes in Tribal Areas is due to less allocation in the overall Tribal Plan than what it was in 1996-97 RE. These have also stated to be based on more realistic assessment.

11. When asked why in respect of STD and other Trunk Dialling Systems the BE 1997-98 has been substantially reduced as against the RE 1996-97 in General Area and Tribal Area, it was replied that the above mentioned reduction is due to substantial reduction in demand.

12. The Committee then queried why the Budget Estimate 1997-98 under the Head Telephone Exchange (Manual) has been increased to Rs. 24.81 crores from Rs. 17.03 crores of 1996-97 RE amount. In reply, it was stated that the above mentioned increase was made to meet the increased demand from circles.

13. Under the head Village Panchayat Telephone the BE (1997-98) has been reduced to Rs. 417 crore from Rs. 585 crores (1996-97) for villages and the total estimate being reduced to Rs. 498 crores from Rs. 650 crores. In this connection the Committee desired to know how DoT proposed to instal 83,000 VPTs with Rs. 498 crores in 1997-98 more so when the plan allocation for installing 75,000 VPTs during 1996-97 was Rs. 650 crores.

14. In reply DoT clarified that there is no reduction in Village Panchayat Telephone (VPT) in the BE 1997-98 if alternate financing of equipment worth Rs. 200 crores during 1997-98 is also taken into account. The total plan availability for VPT in BE 1997-98 would thus be Rs. 698 crores against Rs. 650 crores in RE 1996-97.

15. Being not satisfied the Committee during evidence queried where was the reflection of Rs. 698 crores proposed for 1997-98 BE and how could the Department achieve a higher target with a reduced allocation. To this the representative of DoT submitted that Rs. 498 crores was the capital requirement and Rs. 200 crores was for lease financing which did not get reflected in the capital Budget.

16. To a specific query of the Committee regarding the schemes for which targets could not be achieved during the 8th Plan period and the amount of funds surrendered therefor, it was stated that for Telex capacity, Microwave UHF and Village Public Telephones (VPTs) targets could not be achieved during the 8th Plan period for which funds were surrendered. For Telex capacity the Department has not mentioned how much fund was surrendered due to non-fulfilment of target. For Microwave systems out of the budget provision (1992-96) of Rs. 1764 crores, Rs. 608 crores were surrendered. Under UHF category Rs. 871 crores were surrendered out of the 1992-96 budget provisions of Rs. 1638 crores. The DoT stated that these figures are for the first four years i.e. 1992-96 of the 8th plan period.

17. So far as under-utilisation of funds allocated for installation of VPTs is concerned, the Department, stated that upto 1995-96 there was no separate allocation of funds for the purpose and it was clubbed alongwith transmission equipment. Hence, the total funds surrendered under this transmission Head is not known. It was added that the financial year 1996-97 was yet to close and the picture would be clear only when the final report from various circles were received.

18. When the Committee wanted latest clarifications in this regard, A representative of DoT submitted that an amount of Rs. 100 crores was surrendered on account of shortfall in target of VPTs. He elaborated :

“In the Budget Estimates for the year 1996-97 we did not make any separate provisions. During the course of the year when we realised that the programme was slipping away, we decided to make a provision and it was done on an *ad-hoc* basis. We thought that Rs. 650 crores would be necessary (But) on more careful calculations, we surrendered Rs. 100 crore.”

19. The Committee notes that due to the declining trend in the Telegraph service and on restricting expansion of Telex system there has been reduction in overall plan allocation for Telegraphs and Telex systems from Rs. 150 crores to Rs. 26 crores and correspondingly, the BE 1997-98 under General Area, Tribal Area and Rural Area is also reduced. Since expansion of Telex systems has been stopped and the BE 1997-98 has been reduced in Tribal and Rural areas also alongwith General areas, the Committee feels

that drastic reduction in the BE 1997-98 towards this service especially in Rural and Tribal Areas will have a negative impact. The Committee, therefore, desires the Department to take stock of the situation and propose an adequate amount towards this important service in Rural and Tribal Areas.

20. The Committee is constrained to note that under the Head Telephone Exchange (Automatic) the BE 1997-98 has been reduced to Rs. 450 crores as against the RE 1996-97 amount of Rs. 539.8 crores in Tribal areas whereas in General Area and Rural Area the BE 1997-98 has been substantially increased for the purpose. The reasoning of the Department that provision of Rs. 450 crores in the BE 1997-98 is based on more realistic assessment of requirements of Tribal Areas is not convincing. Submission of the DoT that the 1996-97 RE provision of Rs. 539.8 crores based on demand from circles was curtailed to Rs. 450 crores in 1997-98 TE and this amount (Rs. 450 crore) would be stepped up at 1979-98 RE stage in case of increased demand from field units are two diametrically opposite statements. The Committee, therefore, desires the Department to reconsider increasing the provision of Rs. 450 crore towards Telephone Exchange (Automatic) in Tribal Area keeping in view the demands from circles, realistic assessment of the actual requirements as well as the Department's endeavour to convert the manual Exchanges into Automatic ones.

21. The Committee is also unhappy to note that due to less allocation in the overall Tribal Plan as well as due to more "realistic assessment", the BE 1997-98 for Microwave Radio Relay Systems, Open Wire and Carrier systems, Satellite Schemes and Optical Fibre cable has been reduced. The Committee would like DoT to pay proper attention towards the above mentioned important aspects and ensure that expansion of Telecom Network does not suffer in Tribal area on account of reduction in the BE provisions for important sectors like Microwave Radio Relay Systems, Open Wire Carrier Systems, Satellite Schemes and Optical Fibre Cable.

22. The Committee is not at all impressed by the statement that telephone demand in tribal area has increased because of concessional tariff and increased availability resulting in a wait list of 1.9 lakh as on 31.12.1996. In fact, it is of the view that suppressed demand has been unleashed and telephone has become a necessity everywhere

because of economic development. The Committee desires the Department to step up its activities with a view to accelerate the growth of telephones so that the objectives of the Eighth Plan to provide telephone on demand, NSD facility in all exchanges and public telephones in all tribal areas are achieved at least in the 1st year of the Ninth Plan i.e. 1997-98.

23. The Committee observes that the Budget Estimate 1997-98 under the head Telephone Exchange (Manual) has been increased to Rs. 24.81 crores from Rs. 17.03 crores of the 1996-97 RE provision. The reasoning that it was done to meet the increased demand from circles is hardly satisfactory keeping in view the statement of the Department that in some cases, as mentioned earlier, the actual expenditure was less than the demand. The Committee, therefore, recommends the DoT to make a realistic assessment as has been done in other cases, towards this aspect more so in view of the fact that DoT plans to convert the Manual Exchanges into Automatic Exchanges. The Committee would like the Department to divert the surplus amount, after a proper assessment, towards the Automatic Exchanges, especially in Tribal Areas where the BE 1997-98 has been reduced.

24. The Committee is distressed to note that for providing 83,000 Village Public Telephones (VPTs) during 1997-98 a BE provision of Rs. 498 crores has been proposed whereas during 1996-97 an amount of Rs. 650 crores was provided for installation of 75,000 VPTs. Although during evidence it was clarified that an additional amount of Rs. 200 crores is contemplated to be spent through alternate source of financing of equipments (Lease finance) thus making the amount available to Rs. 698 crores for installing 83,000 VPTs during 1997-98, the Committee is constrained to observe that in none of the materials furnished to the Committee there was any mention that Rs. 200 crores would be arranged through lease financing. The Committee would like the Department to be more specific in future so that the facts and figures submitted by the Department are not incomplete, if not misleading. Again, even if the Department succeeds in getting lease finance to the extent of Rs. 200 crores during 1997-98, the proposed amount of Rs. 698 crores for installing 83,000 VPTs during the year appears to be inadequate. Under the circumstances, the Committee can not help urging the DoT to make a realistic BE provision for 83,000 VPTs so that this important sector of Telecom

Network which had tardy progress in the past does not receive further setback.

25. The Committee is disturbed to note that in four important sectors i.e. Telex capacity, Microwave systems, UHF systems and Village Public Telephones (VPTs) funds were surrendered due to slow progress in the first four years (1992-96) of the 8th Five year plan. The Committee deprecates that for Microwave systems an amount of Rs. 608 crores out of the budget provision of Rs. 1764 crores, for UHF systems Rs. 871 crores out of Rs. 1638 crores has to be surrendered during the year 1992-96 due to tardy progress. The Committee would like to be apprised of the amount surrendered in Telex capacity during 1992-96 as the physical achievements have been below the target. The Committee fails to understand the perceptions of the Department in earmarking funds towards the aforesaid schemes in first four years of the 8th Plan when almost fifty percent of the Budget provisions for microwave and UHF systems were to be surrendered. Obviously Budgetary principles were not followed strictly. The Committee is also surprised to observe that for VPTs where the achievement of target is far from satisfactory, the Department has surrendered Rs. 100 crores during 1992-96. The Committee feels disturbed that plan provision are negated by failure to achieve targets. The Department owes a detailed explanation on this account.

## II. Physical Target and Achievement

26. As regards the 8th Plan physical target and achievements, the following information has been furnished to the Committee.

Sl. No.	Item	Unit	8th Plan Target (1992-97)		Achievement from 1.4.92 to 28.2.1997
			Original	Revised	
1.	Net Switching capacity	lakh	93.0	93.0	96.65
2.	Direct Exchange Lines (DELS)	lines	75.0	75.0	77.71
3.	TAX capacity	K lines	2.72	27.0	638
4.	Coaxial Cable	R. Kms.	3000	3000	3641
5.	Microwave Systems	R Kms.	20,000	20,000	14,797
6.	UHF System	R Kms.	150,000	90,000	35,673
7.	Optical Fibre System	R Kms.	20.00	40,000	36,951
8.	Village Public Telephones	Numbers	3,09,000	3,38,00	1,68,834

27. Another statement showing the targets and achievements with regard to TAX capacity (lines), Microwave systems and Village Public Telephones (VPTs) during 1995-96 and 1996-97 was furnished to the Committee which is as under :

	1995-96		1996-97	
	Targets	Achievement	Targets	Achievement (Anticipated)
TAX capacity (K Lines)	3,70,000	1,97,200	3,50,000	3,50,000
Microwave System (R Kms)	5,500	3,050	4,000	4,000
Village Public Telephones (numbers)	1,05,000	31,496	75,000	45,000

28. It is seen from the above statement that during 1995-96 the physical target for TAX capacity was 3,70,000 K Lines whereas the achievement was only 1,97,200 K Lines. Similarly the target for Microwave systems for the same year was 5,500 RKms. and the achievement was 3,050 Rkms. In the case of Village Public Telephones, out of a target of 1,05,000 numbers during 1995-96 the achievement was only 31,496 numbers. In this context, the Committee desired to know the precise reasons for which the target could not be achieved during 1995-96 in each of the aforesaid categories. In reply, it has been stated that the physical target for TAX capacity could not be fully achieved because of delay in the issuance of Purchase orders due to price negotiation with the suppliers. It was further stated that the shortfall in the target in respect of Microwave Systems was due to non-receipt of equipments due to cancellation of tender. Non-supply of MARR equipment and matched accessories in phased manner within the stipulated time frame and default of supplier under lease agreement for their inability to arrange lease financing were stated to be the two main reasons for the huge shortfall in the achievement of VPTs during 1995-96.

29. Referring to the 1996-97 figures in this regard the Committee enquired why the column achievement is shown as 'anticipated achievement' in the performance Budget (1997-98) and wanted clarification in this regard. The Department replied that at page 40 of the Performance Budget (1997-98) under item B i.e. Anticipated Physical achievements of 96-97, the achievements indicated are the anticipated achievements and not the actual achievements which would be available only after the completion of the financial year 1996-97. Anticipated

achievements are usually the target set for each scheme so that every effort is being made to achieve the same. The Committee desired that instead of a misleading column. "Anticipated Achievements" the latest information regarding the actual achievements made in different categories should be shown and furnished to the Committee.

30. Subsequently, the Department furnished a statement showing the achievements actually made up to 28.02.1997 for various schemes. From there it has been observed that for TAX capacity out of a target of 3,50,000 lines fixed for 1996-97 the achievement is 2,25,000 lines, in Microwave systems the achievement is 819 RKms against the target of 4,000 RKms.

### **Village Public Telephones (VPTs)**

31. In the statement referred to above, it has been reported that in Village Public Telephones (VPTs) the achievement is 26,661 upto 28.2.1997 against the target of 75,000.

32. Pointing out that anticipated achievement in installing Village Public Telephones (VPTs) during 1996-97, has been reported only 45000 in the Performance Budget the Committee asked why it was so low against a target of 75,000. In reply, the Secretary, DoT submitted that although the anticipated achievement shown in the Performance Budget is 45,000, after taking a fresh stock of the situation, the achievement during 1996-97 would be to the extent of 60,000. "This is because the position goes on changing everyday with the receipt of equipments and all that". However, the DoT in a subsequent note has stated that achievement during 1996-97 was only 56,719 VPTs.

33. Clarifying, the position in this regard, the Secretary, DoT stated that there was huge slippage in the achievement of target because of non-receipt of equipments, defects in MARR systems, short-supply of overhead line materials, change of frequency plan from VHF to UHF and the consequential change in infrastructure for production.

34. In this context, the Committee has been informed in evidence that out of Rs. 650 crores provided in Budget Estimates last year, Rs. 100 crore was surrendered and only Rs. 550 crores were kept for the target of 75000 VPTs. Asked if these constraints could not be contemplated earlier and why there has been slippages every year in providing VPTs, the Secretary, DoT stated in evidence that in the entire

Eighth Plan, 3,38 lakh Villages were to be covered with VPTs, but by the end of the Plan, it would be 1.75 lakh or 1.80 lakh. In the initial stages DoT had a mix of MARR, overhead alignments and integrated cables. If a village has been at a distance, MARR technology comes in. Initially, there was a lot of problems in getting supplies of MARR equipment because producers were gearing up for infrastructure. There were manufacturing defects also. Short supply of overhead line material has also contributed to the shortage in 1995-96. The target was increased all of a sudden to 1,05,000 VPTs but the order was placed for only 3984 VPTs. Within this there was a shortfall to the extent of 19908. The reason was change of frequency plan from VHF to UHF and the consequential change in infrastructure, the witness submitted.

35. Asked about the number of actual number of VPTs in working condition, the DoT in a subsequent note has furnished the following details:

No.	Circle	Faulty VPTs	Disconnected due to non-payment
1.	A&N	NIL	NIL
2.	A.P.	429	1168
3.	Assam	225	*
4.	Bihar	3432	*
5.	Gujarat	23	1649
6.	Haryana	226	255
7.	H.P.	44	39
8.	J & K	205	*
9.	Karnataka	123	22
10.	Kerala	NIL	NIL
11.	Maharashtra	199	3731
12.	M.P.	2857	1000
13.	N.E.	359	*
14.	Orissa	1413	69

\* Data will be supplied later on.

No.	Circle	Faulty VPTs	Disconnected due to non-payment
* 15.	Punjab	41	1639
16.	Rajasthan	250	1194
17.	T.N.	43	187
18.	U.P. (E)	780	498
19.	U.P. (W)	604	*
20.	W.B.	599	NIL
Total		11852	11401

\*Data will be supplied later on.

36. It would thus be seen that 11852 telephones have been faulty and 11401 disconnected in various circles excluding Assam, Bihar, J&K, North-East and U.P. (West) for which information was not readily available.

37. Asked about the monitoring of the functioning of working telephones, the Chairman, Telecom Commission stated in evidence that because of wide difference in the perception of the Department and that of the hon'ble members, he would get it investigated by an independent agency.

38. The Committee enquired about the future plan of action for providing VPTs during IX Plan. In reply, Secretary DoT stated that with outside support as well as with its own effort the Department would be able to provide VPTs to all the villages by the end of the Ninth Five Year Plan. Asked what would be the share of Private Sector and how many States these Private Operators would cover, the representative of DoT replied that as per the tender conditions the ten per cent of their capacity would be for villages and they would cover eight states i.e. Gujarat, Madhya Pradesh, Andhra Pradesh, Maharashtra, Karnataka, Punjab, Bihar and Tamil Nadu. The Committee enquired about the DoT's plan and projections towards the States/circles which are not covered by the Private Operators. To this the Member (Services), Telecom Commission replied that in the remaining circles, other than the eight mentioned above, DoT would be doing the needful.

39. The Committee asked whether the detailed chart has been drawn in this regard, the DoT in a subsequent note furnished a note indicating circle-wise projections of VPTs to be provided by DoT and Private Operators during 1996-97; 1997-98 and 1998-99. It also contains separate details of those private operators who have signed license agreement and of these with whom license is yet to be signed. These details are as under :

S.N.	Circle	Target 96-97	Achievement 96-97	Target DOT	97-98 PVT Oper.
1.	Andaman Nicobar	200	75	181	0
2.	Andhra Pradesh	3000	2619	3000	0
3.	Assam	2000	1665	4000	0
4.	Bihar	6000	3326	12000	0
5.	Gujarat	4000	1505	0	4200
6.	Haryana	1700	1204	508	0
7.	Himachal Pradesh	1000	1034	2500	0
8.	Jammu & Kashmir	600	730	1200	0
9.	Karnataka	3000	4120	3000	0
10.	Kerala	0	0	0	0
11.	Madhya Pradesh	7350	7355	5500	5500
12.	Maharashtra	5000	4727	3000	0
13.	North-East	1000	644	2000	0
14.	Orissa	5000	3423	8819	0
15.	Punjab	4750	3506	1245	0
16.	Rajasthan	6500	5051	5000	0
17.	Tamil Nadu	3200	2608	1000	0

S.N.	Circle	Target 96-97	Achievement 96-97	Target DOT	97-98 PVT Oper.
18.	Uttar Pradesh (E)	9000	5702	14000	0
19.	Uttar Pradesh (W)	6300	4000	8000	0
20.	West Bengal	5000	2860	8000	0
21.	Calcutta Tel	400	365	47	0
	<b>Total</b>	<b>75000</b>	<b>56719</b>	<b>83000</b>	<b>9700</b>

Note : Achievements are subject to written confirmation from circles.

S.N.	Circle	A		B	
		98-99 Dot	Pvt. Opera Licence Signed	98-99 DOT	PVT Operator Tentative as Licence not Signed
1.	Andaman Nicobar	0	0	0	0
2.	Andhra Pradesh	0	0	0	5188
3.	Assam	5225	0	5225	0
4.	Bihar	15000	0	15000	100
5.	Gujarat	0	0	0	0
6.	Haryana	0	0	0	0
7.	Himachal Pradesh	4000	0	4000	0
8.	Jammu & Kashmir	1500	0	1500	0
9.	Karnataka	3200	0	3200	4000
10.	Kerala	0	0	0	0
11.	Madhya Pradesh	9000	5500	9000	5500
12.	Maharashtra	4100	0	4100	4000
13.	North-East	2500	0	2500	0
14.	Orissa	4000	0	4000	0

S.N.	Circle	A		B	
		Dot	98-99 Pvt. Opera Licence Signed	DOT	98-99 PVT Operator Tentative as Licence not Signed
15.	Punjab	0	0	0	0
16.	Rajasthan	2000	0	2000	0
17.	Tamil Nadu	1000	0	1000	0
18.	Uttar Pradesh (E)	20000	0	20000	0
19.	Uttar Pradesh (W)	2000	0	2000	0
20.	West Bengal	7000	0	7000	0
21.	Calcutta Tel	0	0	0	0
Total		80525	5500	80525	19438

40. Asked about the plans for those circles where no private operator would operate, the Secretary DoT submitted that an organisation called world Tel has approached the Department and assured that they would come forward to operate in those states which have not attracted the attention of other Private Companies. But World Tel. wanted to have revenue sharing method which would cause legal complications. Secondly, it wanted repatriation i.e. taking back all the royalty etc. which was not strictly permitted as per the policy of the Department.

41. When asked what would be DoT's role in case privatisation did not go through the Secretary, DoT replied :

"We have to think of definite course of action."

42. On being asked to elaborate the specific action contemplated by DoT to provide VPTs to all the villages during the Ninth Plan the Secretary, DoT submitted that a number of initiatives had been taken by DoT to do the needful. Firstly, package Tendering system which was not in vogue till 1995-96 has been introduced to ensure that progress of work is not held up due to non-receipt of any particular item. Secondly, provision of solar Battery System has been introduced to avoid/reduce maintenance problems. Thirdly, all the circles have

been instructed to have an "Annual Maintenance Service" Contract with the companies so that the after sales and services are upto the mark. As a result of this measure Andhra Pradesh, Gujarat and U.P. (East) circles have entered into Annual maintenance contracts and tenders for such contracts are in process in West Bengal and Orissa Circles. In the rest of the circles the DoT will be making efforts to get it done. Fourthly, the Department has set up MARR repair centers in Tamil Nadu and Madhya Pradesh so that the repair work is attended to promptly. Another important step taken recently by the Department in this regard is that the field staff have been authorised to scrap the outdated equipments for which no spare parts have been available.

43. It was further stated that in the Ninth Plan proposals submitted to the Planning Commission, it has been estimated that an additional 237 lakh telephone connection would be required to be provided during the five years from 1997-98 to make the telephone available on demand. (This assumes a demand growth rate of 16.5% per annum which is the average for the past 7 years). Out of the 237 lakh connections DoT proposes to provide 185 lakh telephones with a plan outlay of Rs. 83, 250 crores is to be met without any budgetary support, only through internal resources and IEBR. However, the plan proposals require a mid term review to assess the extent of private sector participation so that it is suitably modified. DoT may have also to step up its provisioning of Direct Exchange Line (DELs) to meet the additional demand of about 50 to 55 lakh lines which would require a capital investment of about Rs. 15,400 crores for which provisions are stated to have already made in the plan proposals. During the Ninth Plan for providing an additional 3.6 lakh villages with VPTs, DoT has proposed to provide 2.39 lakhs. The balance of about 1.2 lakh villages will also have to be taken up if the private sector fails on this front.

44. The additional funds requirement for 55 lakh DELs and 1.2 lakh VPTs will be about Rs. 16,300 crores which may have to come through budgetary support since DoT may not be able to meet the additional funds from its own internal resources.

45. **The Committee is distressed to note that for three important schemes i.e. TAX capacity, Microwave systems and UHF systems the 8th Plan revised target was fixed at 700 K Lines, 20,000 R Kms. and 90,000 R Kms. respectively whereas the achievements in these categories upto 28.2.1997 are 638 K Lines, 14,797 R Kms. and 35.673 R Kms. respectively. It is more disheartening to note that the target**

fixed for TAX capacity during the year 1996-97 is 3,50,000 K Lines. The anticipated achievement is stated to be hundred percent whereas the actual achievement during the year (upto 28.2.1997) is only 2,250,00 K Lines. Similarly, in Microwave systems the actual achievement during 1996-97 (upto 28.2.1997) is 819 R Kms. against a target of 4,000 R Kms. whereas the Department has claimed in its Performance Budget that the anticipated achievement would be cent percent during the year. The Committee is of the opinion that since upto 28.2.1997 the achievement of the Department in the above mentioned schemes is far below the targets, the Department by the end of the 8th Five year plan i.e. 31.3.1997 would not be able to reach the target. The Committee, therefore, likes the DoT to make proper projections and provisions keeping in view the actual performance of DoT by the end of the year as well as for the 8th plan period so that there may not be any confusion and misleading figures in the budgetary papers.

46. Delay in issuance of purchase orders due to price negotiation with the suppliers and non-receipt of equipments due to cancellation of tender-the reasons advanced by the Department in not achieving the target in the aforesaid schemes is clearly caused by malfunctioning as in the opinion of the Committee these constraints can easily be overcome with foresight and timely action. The Committee, therefore, recommends DoT to discard any casual attitude and to make all out efforts to see that the target fixed during the Ninth Plan in the aforesaid schemes is achieved without shortfall.

47. The Committee is at a loss to note that out of the revised 8th Plan target of 3,38,000 village Public Telephones (VPTs) the achievement upto 28.2.1997 is only 1,68,834, thereby leaving a staggering shortfall of more than fifty percent. The Committee also takes a serious note of the fact that in the Performance Budget, achievements have been reported as 45000 during 1996-97 against the target of 75000 which was on Committee's interrogation during evidence later on corrected as 60,000 even though the actual achievement has been only 56,719 in the second week of March, 1997 Member production had deposed before the Committee that target of 75000 would be achieved. The Committee deprecates such confusing statements. In the opinion of the Committee serious efforts have not been made at all to achieve plan targets even though various reasons have been advanced for shortfalls.

48. The Committee also recommends the Department to always furnish the latest information regarding the actual achievements made in different spheres and not what the department anticipated to achieve.

49. Non-receipt of equipments, defects in MARR systems short-supply of overhead line materials, change of frequency plan from VHF to UHF and the inability of the suppliers to arrange for lease financing are the reasons advanced by the Department for the huge slippage in the achievement of VPTs which seems to have become eternal with DoT and therefore, totally unacceptable to the Committee. Instead of making efforts to do away with the aforesaid constraints through foresight and timely remedial steps the Department is repeating the same mistakes as is evident from the projections made for providing 83,000 VPTs during 1997-98. The Committee, therefore, urges the Department to come out with a pragmatic approach with regard to the 9th Plan targets of VPTs.

50. The Committee draws some satisfaction to note that a number of new initiatives like introduction of Package Tendering and Solar Battery systems, instruction to all the circles to have Annual Maintenance Service contracts with the suppliers, setting up of MARR repair centre etc. have been taken by the Department to provide VPTs to all the villages during the Ninth Plan. The Committee feels that these measures should have been initiated much before with a view to removing the continuous constraints faced by the Department in achieving the target in VPTs. However, it would like the Department to adhere to the above initiatives and also strengthen monitoring mechanism. The Committee desires the DoT to advise the other circles, which have not yet entered into annual Maintenance contract, to do the same on the lines of Andhra Pradesh, Gujarat and U.P. (East) with the suppliers. The Committee also recommends that MARR repair centres as set up in Tamil Nadu and Madhya Pradesh, be set up in other circles also where MARR technology is being used for providing VPTs.

51. The Committee notes that as per the tender conditions the Private Companies would devote ten percent of their capacity for rural areas and they would cover eight States i.e. Gujarat, Madhya Pradesh, Andhra Pradesh, Maharashtra, Karnataka Punjab, Bihar and Tamil Nadu. But from a post evidence note the Committee observes

that for the year 1997-98 Private operators will be providing services in respect of two States only *i.e.* for Gujarat and Madhya Pradesh as the licence agreement have been signed by them. The total picture is therefore, gloomy uncertain and contradictory. Under the circumstances the Committee would like to impress upon the Department to draw up a definite plan of action immediately to provide VPTs in all the States during the Ninth plan, keeping in view that privatisation process is wholly uncertain and in any event will cover, if at all, only a few States.

52. However, considering the gestation period ranging from 12 to 18 months and the fact that only 2 Private operators who will be operating in Gujarat and Madhya Pradesh have entered into agreement and another one is expected to be signed shortly, the emerging picture is that unless DoT takes time-bound action, the target for VPTs will never be reached.

53. The Committee is distressed to note the statement of the Secretary, DoT that 12000 Village Public Telephones (VPTs) are faulty. Out of them, as many as 9,685 VPTs are not functioning in the States of Bihar (3432), Madhya Pradesh (2857), Orissa (1413), U.P. (E) (780), U.P. (W) (604) and West Bengal (599). The Committee, therefore, strongly recommends DoT to take immediate measures to put in order the faulty VPTs so that the very purpose of installation of VPTs is not defeated. The Committee would like DoT to pay greater attention that proper monitoring be done and timely action be taken for carrying out repairs of defective or non-functioning VPTs.

54. The Committee is also distressed to note that as many as 15,000 VPTs have been disconnected due to non-payment of dues. The Committee urges upon the Department to evolve a suitable mechanism and intensify the monitoring system to see that payment of dues of VPTs installed all over the country is received in time. The States of Maharashtra, Gujarat, Punjab, Rajasthan and Madhya Pradesh are to be specially looked into where large number of VPTs are disconnected due to non-payment of dues. The Committee desires that the matter may be taken up with the respective State Governments with a view to arrive at an early settlement.

55. Thus the Committee's examination has clearly brought out the fact that of the 1.75 lakh VPTs provided during Eighth Plan

against the target of 3.38 lakhs, hardly 1.50 lakhs VPTs are in working condition. This is a matter of grave concern. Urgent steps should be initiated not only to rectify non-working VPTs but the programme should also be accelerated to cover all the villages as early as possible, so as to achieve the target of covering all the Villages with VPTs by 2000 AD as envisaged now.

#### *Fault Rate*

56. After a perusal of the Annual Report (1996-97) the Committee pointed out that the number of faults per month per 100 phones was 28.5 during 1986-87 and after almost a decade the number of such faults has been stated to be 15.8 during 1995-96. In this context the Committee asked whether the pace is not too slow in this regard. The Department in reply has stated that the Electro-Mechanical Exchanges used to contribute major percentage of faults due to mechanical wear and tear whereas in Electronic Exchanges the number of faults are very less. Therefore, a large number of Electro-mechanical Exchanges have been converted to Electronic Exchanges and as on date more than 90% capacity of telephone system is electronic thereby substantially bringing down the fault rates in indoor Network.

57. Major faults in telephones lie in outdoor Network where underground cables spread in all lanes and streets in cities and towns are prone to damage due to digging by various road using Agencies. The Outdoor plan also consists of long spans of overhead lines which are subject to damages by various factors including environmental problems. The Department is, therefore, looking at different ways and means including improvement of specification and quality of material so that the fault rate in outdoor Network is reduced at a faster pace.

58. The Committee takes a serious note of the fact that the number of faults per month per 100 phones is still as high as 15.8 though it has come down from 28.5 over the last decade. Earlier fault rate was very high because of Electromechanical Exchanges which have now been converted into electronic exchanges. As on date there are more than 90 percent electronic exchanges. As the electronic exchanges are almost trouble free, the fault rate should have been much lower. The Committee therefore urges the Department to reduce the fault rate in the outdoor network at a faster rate. Special attention is required to be paid towards the

**specifications and quality of underground cables, overhead lines and other materials used for outdoor Network with a view to prevent them from being easily damaged.**

*Allotment of PCOs*

59. The Committee has been informed that the number of applications received from allotment of PCOs during the last three years is not readily available with the Department. However, the number of applications pending in different Telecom Circles/Metro Districts is 89,648. The number of PCOs allotted during the last three years (93-94, 94-95 and 95-96) is 1,40,705 including Local, STD and highway Public Telephones, Number of PCOs provided during the current year (upto 31.1. 1997) is stated to be 45,819.

60. As regards the composition and the periodicity of the meetings of the Advisory Committee set up to decide allotment of PCOs the Committee has been informed that one STD/PCO allotment Committee has been constituted for each Secondary Switching Area which consists of two official and Non-official Members, one each nominated by sitting Members of Parliament of the Area. The periodicity of meetings of this Committee is one month or when there is spare capacity available for allotment of PCOs.

61. The Committee is anguished to note that the number of applications received for allotment of PCOs during the last three years is not available with the Department. Needless to mention, it is sheer carelessness and negligence on the part of the Department. The Committee, is at loss to understand how such a reckless reply has been furnished. The Committee will like to be apprised of the procedure prescribed in dealing with applications received for allotment of PCOs.

62. The Committee is also unhappy to note that for allotment of PCOs a large number of applications *i.e.* 89,648 to be precise, are pending in different Telecom Circles/Metro districts. The Committee recommends the Department to take an early action to dispose of these pending applications so that the needy applicants get employment and public at large is benefitted.

63. The Committee notes that STD/PCO Allotment Committees have been constituted for each Secondary Switching Area to decide allotment of PCOs. The Committee also notes that the periodicity of

meetings of these allotment Committees is one month or when spare capacity is available for PCOs. The Committee would like the Department to ensure that meetings of the Allotment committees do take place invariable keeping in view the large number of applications pending with the Department.

*Staff-Telephone Ratio*

64. As regards the staff-telephone ratio for various circles as on 1.4.1996 the following information was furnished to the Committee.

**Staff-Telephone Ratio as on 1.4.1996**

S.No.	Unit	No. of DELs	Sanction Str.	Ratio	Working Str.	Ratio
1.	MINL BY	14,40,785	39,518	27.4	35,082	24.3
2.	CID	4,45,514	18,750	42.1	16,617	37.3
3.	MINL DI	11,67,010	31,440	26.9	29,428	25.2
4.	MID	3,42,382	11,919	34.8	11,504	33.6
5.	A&N	5,077	347	68.3	175	34.5
6.	AP	7,97,326	40,682	51.0	35,030	43.9
7.	Assam	1,07,051	6,572	61.4	5,794	54.1
8.	Bihar	2,80,431	11,767	42.0	10,663	38.2
9.	Gujarat	9,15,563	31,363	34.2	26,355	28.8
10.	Haryana	2,94,514	7,537	25.6	6,001	20.4
11.	HP	1,10,258	4,495	40.8	2,644	24.0
12.	J&K	52,598	3,537	67.2	2,716	51.6
13.	Karnataka	7,83,697	27,452	35.0	25,362	32.4
14.	Kerala	6,81,234	23,473	34.0	21,564	31.7
15.	MP	6,22,551	19,255	30.9	17,767	28.5

S.No.	Unit	No. of DELs	Sanction Str.	Ratio	Working Str.	Ratio
16.	Mah.	9,84,698	42,928	43.6	31,726	32.2
17.	N.E.	75,393	4,031	53.5	3,055	40.5
18.	Ori.	1,66,415	7,178	43.1	7,000	42.1
19.	Punjab	5,70,966	13,560	23.7	11,618	20.3
20.	Raj.	4,94,410	15,337	31.0	13,190	26.7
21.	TN	6,71,512	33,073	49.3	24,290	36.2
22.	UP (E)	3,93,284	20,400	51.9	19,856	50.5
23.	UP (W)	4,16,645	12,546	30.1	12,397	29.8
24.	W.B.	1,59,181	10,236	64.3	10,046	63.1
25.	All India	1,19,78,395	4,79,324	40.0	4,12,640	34.4

65. The Committee asked whether the DoT has adequate maintenance staff commensurate with the increased number of DELs. In reply, it has been stated that staff-telephone ratio in the DoT is very high compared to other countries. DoT has been making efforts to bring down this ratio by expanding the net-work rapidly with minimum addition in the staff strength. The ratio has been brought down to about 35 per 1000 as on 1.4.1996. The objective of the Department is to bring down the staff telephone ratio to 25 per 1000 by the end of 2000 A.D. The ratio in other countries is stated to be 10 staff per 1000 telephone.

66. During evidence the Secretary, DoT supplemented that reduction of staff strength is due to the fact that the new and modern technology does not require much manpower. But the induction of new technology has also posed some problems. Because in some areas where the Exchanges are automatic, there is shortage of staff whereas in purely manual areas there is a surplus.

67. In reply to another query the witness stated that DoT has stopped all recruitments. The Committee then pointed out that there

are reports that in some cases plant and machinery are ready but because of shortage of adequate manpower, the commencement of projects has been stalled. To this the representative, DoT responded that although there has been no recruitment for the last 12 years against vacancies of certain categories and casual labourers, the DoT is still recruiting people in two critical areas-one is Group 'A' level officers through UPSC and the other is Junior Telecom Officers. To a specific query it was replied that every year around 100 Group 'A' level officers and 2000 Junior Telecom Officers are recruited.

68. The Committee then pointed out that due to less recruitment by the DoT energetic and talented young people would not be there in the DoT and that it would adversely affect the operation and functioning of the DoT in future years. In reply the Secretary, DoT stated that the age profile of the work force is definitely a matter of concern. DoT cannot afford to lag behind in this aspect and it will try to avoid the kind of situation that is going to erupt.

69. In a post evidence note the Committee has been apprised that DoT is going to review the need for inducting young people in view of the forthcoming competition with the private sector.

70. The Committee observes from a statement furnished to it that the sanctioned strength of manpower on All India basis is 4,79,324 for 1,19,78,395 Direct Exchange lines. However, the actual working strength is 4,12,640, the shortfall in manpower thus being 67,000 approximately. The most distressing fact is that in none of the 24 circles of DoT the working strength is commensurate with the sanctioned strength. The reasoning of the Secretary DoT that the reduction of staff strength is due to the fact that the new and modern technology does not require much manpower is far from convincing in light of the fact that the Secretary DoT himself admitted before the Committee that in many areas there is shortage of staff. Moreover the fault rate still continues to be very high. Thus, the plea of reduction of staff due to modernisation of technology is self-defeating and unacceptable to the Committee. The other reasoning advanced by the Secretary, DoT that the ratio in other countries is 10 staff per 1000 telephone and hence DoT's plan to bring down the staff-telephone ratio to 25 per 1000 by the end of 2000 A.D. is equally unacceptable to the Committee taking into consideration the

performance of its telecom network 'vis-a-vis' the foreign countries. Keeping in view all the above factors the Committee would like DoT to make a realistic approach in ascertaining the total manpower needs.

71. The Committee notes that although there has been no recruitment since the last 12 years against vacancies of certain categories and casual labourers, DoT is still recruiting people every year in two critical areas i.e. around 100, Group A level officers through UPSC and 2000 Junior Telecom Officers. The Committee feels that the number of people recruited as Group 'A' officers and JTOs every year is inadequate and will not help much in accelerating the stalled projects in view of the fact that since the last 12 years there has been no recruitment by DoT. The onus, therefore, lies with the Department to ensure that commencement of projects do not suffer due to want of manpower. The Committee would like to be apprised of the detailed plan and projections of DoT in this regard.

#### *Leakage of Revenue*

72. The Committee has been apprised that DoT has been seriously affected by the malpractices of unauthorised diversion of telephones resulting in leakage of revenue. The unauthorised diversion of telephone by miscreants can take place both within the telephone exchange and outside. Such unauthorised diversion results in the use of such lines for passing of long STD/ISD calls for which either the user does not pay or some other subscriber whose line is misused by diversion is made liable to pay for calls not actually made by him. Leakage of revenue can also take place when, by use of certain devices, the meter registering the calls is either cut out or bypassed. These cases are not registered and the subscriber is not properly billed.

73. To a specific query it was replied that during the years 1995-96, and 96-97 (Upto 3.12.1996) 79 and 40 case of leakage of revenue were detected respectively all over the country.

74. On being asked the arrangements made to check and minimise such malpractices it was replied that the vigilance units in the field conduct regular and surprise inspections at sensitive points in the network to detect and prevent cases of unauthorised diversion of telephones and initiate action against delinquent officials. Secondly, as

an experimental measure dedicated cells of CBI have been set up in the metropolitan cities of Delhi, Mumbai, Chennai and Calcutta. Each of these cells is under the charge of a Deputy Superintendent of Police assisted by three Inspectors of Police. The cells came into operation with effect from 1st October, 1994. Thirdly, the recommendations of a Departmental Committee which was set up in 1995 to look into various aspects of unauthorised diversion of telephones are under implementation.

75. Recently, another Departmental Committee has been set up on the directives of the Cabinet to further examine the question of leakage of revenue and suggest effective steps to check the malpractices. This Departmental Committee's deliberations are in progress.

76. The Committee observes that DoT has been concerned about the malpractices of unauthorised diversion of telephones resulting in leakage of revenue. In order to check and minimise such malpractices, the Department is taking a number of measures like conducting regular and surprise inspections at sensitive points in the network, setting up of dedicated cells of CBI in the Metro cities of Delhi, Mumbai, Chennai and Calcutta, implementing the recommendations of a Departmental Committee set up in 1995 for the purpose etc. The Committee commends these steps which are in right direction but would like to know of the results achieved and desires that such steps should also be taken in other big cities.

77. The Committee is unhappy to note that during 1995-96 as much as 79 cases of unauthorised diversion of Telephones were detected by the Department. During 1996-97 (upto 31.12.1996) 40 such cases were also detected. The Committee is of the opinion that most stringent steps should be taken to stop all malpractices particularly, by taking prompt action if any employee of the Department is involved.

78. In this context, the Committee notes that recently another Departmental Committee has been set up and its deliberations are in progress to further examine the question of leakage of revenue and to suggest effective steps to check the malpractices. The Committee recommends the Department to expedite the matter and apprise it of the detailed suggestions made by the Department Committee in plugging leakage of revenue and the action taken by the DoT thereon.

*Telecom Factories*

79. In the context of the problems of surplus labour and inadequate orders being faced by the Telecom Factories, the Committee desired to be apprised of the steps taken by DoT to modernise/revitalise these units. In reply, it was stated that the Department has taken several steps to modernise/revitalise the Telecom factories. A number of new items viz. DP boxes, CD Cabinets, Line Jack Units, Self supporting Masts etc. have been introduced in lieu of conventional products for electro-mechanical/manual local and Trunk Exchanges which have become obsolete.

80. It was further stated that a Trade Review Committee was set up to recommend restructuring of industrial cadres to take up the production of new items. Most of the recommendations of this Committee have been approved and implemented. The remaining recommendations are expected to be implemented shortly.

81. Another Committee was also constituted to examine and recommend the restructuring of Telecom factories to accord them necessary autonomy within the Government set up. The recommendations of this Committee are under consideration.

82. On being asked about the steps taken to redeploy the idle work force in the Telecom factories it was stated that only in Bombay and Calcutta Telecom factories there has been idle work force for which training of industrial staff has been carried out as and when required to make them suitable for diversified jobs. Manufacture of new items in place of obsolete items and enhancement of product capacity in certain items has also helped in redeployment of certain surplus work force.

83. The surplus work force in Bombay and Calcutta Telecom factories was stated to be 333 and 209 respectively. Thus there are a total number of 542 idle workers in the factories which is about 9% of their total strength.

84. As regards the steps taken to promote/encourage the export of products manufactured by Telecom factories, the Committee has been informed that in accordance with the existing rules, the Telecom factories are authorised to offer quotations at reduced rates in response to tender enquiries received from foreign Government/parties etc. Secondly, Telecom factories are participating in major telecom

exhibitions in the country and abroad. Thirdly, Research and Development activities have been geared up and marketing cells have been constituted in Telecom factories at Calcutta, Bombay and Jabalpur, USA in 1995-96.

85. The Committee notes with some satisfaction that in order to modernise/revitalise the Telecom Factories in view of what is perceived to be surplus labour and inadequate orders the DoT is taking a number of steps like introduction of a number of new items in place of conventional and obsolete products, setting up of a Trade Review Committee, recruitment of Assistant Manager (Group A) in Electrical, Electronics and Telecom disciplines besides in Mechanical Engineering discipline as a result of which the Telecom Factories have been enabled to have a sustained growth of about 15% per annum. The Committee also notes that in recent years more stress has been laid on utilisation of available infrastructure and human resources with marginal investment in order to diversify into new areas/products. The Committee feels that these are steps in right direction.

86. The Committee, however, is constrained to note that there are 333 and 209 idle workers in Bombay and Calcutta Telecom factories respectively. It also notes that with a view to redeploying these idle work forces, the Department has been conducting training courses as and when required to make them suitable for diversified jobs and certain surplus workers of Calcutta Telecom Factory have been deputed to Calcutta Telephone for miscellaneous jobs in some of the Exchanges. The Committee recommends that the training courses conducted by the Department to redeploy the idle work forces in Telecom factories be conducted more frequently and systematically. The Committee would also like the Department to avoid deputing the idle work force of Telecom factories to far flung areas and totally unrelated fields as it might create unrest among the employees. The Committee desires the Department to create sufficient work in the Factories itself so that available infrastructure and valuable assets are optimally utilised.

87. The Committee is glad to note that in order to promote/encourage the export of products manufactured by Telecom Factories the DoT is taking a series of measures like authorising the Telecom

factories to offer quotations at reduced rates, participation of the factories in major Telecom exhibitions in the country and abroad, gearing up of Research and Development activities and constitution of Marketing cells in Calcutta, Bombay and Jabalpur factories. The Committee is also happy to be apprised of the fact that Telecom factories have been able to export alloy steel castings to USA in 1995-96 besides being successful in exporting certain items to Gulf countries through TCIL a few years ago. The Committee would like to insist the Department to keep on encouraging the Telecom Factories to expand their export activities through its support and patronage. The Committee also recommends the Department to explore further ways and means, in addition to the existing ones, in this regard.

*Printing of Telephone Directory in Calcutta*

88. The Committee during evidence, pointed out that the Department had promised during last year's budget discussion that they would print the Telephone Directory of Calcutta departmentally which they could not do earlier due to lack of advertisement. The Committee desired to know the latest position in this regard.

89. The Secretary, DoT in reply stated that about three months back the Calcutta circle had been authorised with necessary financial assistance to print the Directory and they were in process of doing it.

90. To a further query whether it is not unfortunate that a big metropolitan city like Calcutta does not have a proper Telephone Directory, the Secretary DoT submitted :

"Sir, I agree that this is a very sad state of affairs. I assure you that we are willing to give all the relaxation."

91. The Committee is extremely concerned to note that Telephone Directory of Calcutta is not being printed on the plea of lack of advertisements which appears to be a strange phenomenon and in any event can not be a valid ground. The Committee, however, hopes that the Department should make all out efforts to see that Telephone Directory of Calcutta is printed immediately.

### III. Public Undertakings

#### Indian Telephone Industries (ITI) LTD.

92. ITI Ltd. under the administrative control of the DoT manufactures a wide range of Transmission equipments, V-SAT equipments and Telephone instruments of various types. Almost everything relating to Telecommunications is manufactured by it. Since the liberalisation of the economy ITI Ltd. has been losing its eminent position in the field of Telecom and has incurred a loss of Rs. 283.96 crores during 1995-96 against a loss of Rs. 81.91 crores during the previous year. As per the revised estimates the company is expected to incur a loss of Rs. 113 crores during 1996-97. The company is expected to show an improved performance during 1997-98 with reduce loss of Rs. 71 crores. The Committee learnt that because of competitive environment, the company has lost price preference treatment years ago and would lose order preference position also which it has enjoying as an undertaking of DoT. Because of the high social cost and setting up of various units in backward and difficult areas coupled with surplus labour force, the company has become a sick unit.

93. Various staff unions of the ITI Ltd. represented to the Committee that ITI is not being given sufficient order and reasonable price by DoT and the company is being referred to BIFR. In this context the Committee desired to know the detailed measures taken by DoT for the revival of ITI Ltd. It has been stated in reply that the following steps are taken by DoT for revival of the Company.

#### 1. Reservation of Orders

20% to 30% of DoT orders outside the tender are kept reserved for ITI.

#### 2. Advances against Orders

To facilitate making payment to the company expeditiously, arrangements were made for making the payments through the Pay and Account Offices located in the company itself.

#### 3. Ad-hoc Payment

An ad-hoc amount of Rs. 47 crores was released to the company against certain financial and pricing issues pending with DoT for finalisation.

#### **4. Reimbursement and Waiver of Liquidated Damgl. D. Charges**

An amount of Rs. 115.28 crores has been reimbursed to the company by waiving off the liquidated damages.

#### **5. Compensation for losses of Srinagar (J&K) Unit**

An amount of Rs. 2.05 crores has been paid to ITI during 1996-97 for the losses suffered by the Company in running their Srinagar Unit. The total amount paid for VRS so far is Rs. 10.5 crores.

#### **6. Enhancement of Equity and Grant of Soft Loan**

A proposal for enhancement of equity of the company by Rs. 200 crores and soft loan of Rs. 150 crores is being processed in consultation with the concerned Ministries/Departments.

#### **7. Government Guarantee for Bonds**

Government guarantee extended for issue of bonds aggregating to Rs. 100 crores by the company.

#### **8. Setting up of a Committee for Compensation Towards Social Costs**

A Committee has been set-up to examine the proposal of ITI for compensation towards social costs incurred by it due to location of some of their units in backward/hilly areas. As regards issuance of Bonds, the Committee has been informed in evidence that the company issued bonds in the third week of March for an amount of Rs. 100 crores. But the response was not good due to the in appropriate timing as the issue was delayed due to late sanction.

94. To a specific query of the Committee regarding the weightage given to ITI in tender process, the representative submitted that 35 percent of the orders are reserved for ITI and HTL. The CMD, ITI Ltd. responded that except in two tenders ITI is well placed to get extra orders.

95. However, the staff unions of ITI Ltd. in a joint memorandum submitted to the Committee have stated that in the absence of level playing field on the one hand and insympathetic approach on the other as has been amplified in the following paragraph has pushed the ITI before the BIFR.

- (i) Competitors of ITI Ltd. have been quoting unrealistic prices for the various products which in many cases was even lower than the raw material cost which ITI had to pay for manufacturing the same equipment. Thus there has been cases of under quoting.
- (ii) Instead of investigating this unfair trade practice, DoT has been asking ITI to supply at L-1 rate against reserved quota of 30 percent of a purchase order even though the price happened to be upto 25 percent lower than material cost. Such cases of dumping though brought to the notice of DoT and Ministry of Commerce have not been investigated.
- (iii) Some of the competitors after becoming L-1 vendors did not supplied the material partly or wholly. However, ITI Ltd. was forced to supply at these unremunerative rates 30 percent of the tendered material against reserve quota.
- (iv) In certain cases, when ITI Ltd. secured L-I position on the basis of rates quoted by it, either orders were not issued within the stipulated time-frame or tenders were reissued/ revised or even cancelled.
- (v) ITI has been given unrealistic time schedule.
- (vi) Orders placed on ITI has been often irregular.
- (vii) There has been unusual delay in granting approval to ITI for transfer of technology agreements.
- (viii) Although ITI has incurred an expenditure of over Rs. 55 crores on voluntary retirement scheme, yet has been reimburseed only about 6 crore rupees which has cast a heavy financial burdon on ITI.

96. Asked in this context to clarify the position, the Secretary DoT stated in evidence :

“I propose to hold a meeting with all the Public Sector Undertakings under the control of the Department of Telecommunications and I want to assure them right at the beginning of the financial year that there would be no uncertainty about the quantum of orders.”

97. The Secretary, further stated that a two-pronged strategy i.e. a short term and a long term strategy is being adopted to prevent ITI from coming within the jurisdiction of BIFR. In the short term strategy the above mentioned measures are being taken whereas in the long term strategy a Cabinet Note has been prepared in which the details of assistance to be given to ITI keeping in view the long term perspective plan has been worked out and will be placed before the full commission.

98. The Committee pointed out that the BE for ITI during 1996-97 was Rs. 1916 crores, the revised estimate came down to Rs. 80 crores and for 1997-98 there is a budget provision of Rs. 1 crore and the Department contemplates a capital outlay of Rs. 72 crores. The Committee desired to know how would this amount of Rs. 72 crores be made available. The representative of DoT replied:

“Our present thinking is to go to the government and ask either for a regular or a soft loan”

99. In reply to a further query in this regard, the Secretary, DoT submitted that the most important problem is on account of the fact that the equity base in ITI is not adequate, the quantum of the borrowings has increased over the years and the interest burden itself is becoming unbearable. So one of the most important proposals to revive ITI is to increase the equity of the Government in the company. He further added that DoT has not been getting assistance from the National Renewal Fund though the labour was in a mood to cooperate.

100. Asked about the Budgetary Support to ITI, the witness stated that ITI had projected a requirement of 566 crores for 1996-97 at RE stage and Rs. 310 crores for 1997-98 BE. However, in keeping with the present approach a token provision of Rs. 1 crore has been made.

101. As regards any price preference being given to ITI the Secretary, DoT during evidence submitted that as per the Government orders no price preference can be given. In a post evidence information it was added that as per the new Industrial Policy announced by the Government in 1991, it was decided by the Government in January, 1992 to withdraw the policy of granting price preference to the Public Sector Undertakings. Accordingly, DoT withdrew price preference to ITI & HTL.

102. The Committee is concerned to note that Indian Telephone Industries (ITI) Ltd. which manufactures various equipments relating to Telecommunications has been incurring heavy losses in the absence of level playing field as much as due to the inaction of the Department in lending it due support and patronage. The high social cost and setting up of various units in backward and difficult areas coupled with heavy surplus labour force have made the company a sick unit for which the company is being referred to BIFR. The Committee also notes that although the Department is taking a number of steps like reservations and advances of orders, ad-hoc payment, reimbursement and waiver of liquidated damage charges etc. there are still a lot of constraints to be removed and new initiatives are required to be taken to revive the company as has been represented to the Committee by different staff unions of ITI Ltd. There are lot of irregularities in placement of orders with ITI, unrealistic quotation of prices, unfair competition etc. The Committee also notes that the price preference which was earlier given to ITI has been withdrawn since 1992 as a part of liberalisation process which had a crippling effect on the functioning of this company. Another deplorable aspect is that during 1997-98 there is a token Budget provision of just Rs. 1 crore for ITI for the year 1997-98. Moreover, ill timed issuance of bonds worth Rs. 100 crores failed to generate adequate public response and as such the opportunity has also been lost to the Company by bureaucratic bungling which delayed the sanction to issue bonds. Taking all the above factors into account, the Committee impresses on the Department to go into depth of the problems faced by ITI and take all out measures expeditiously to revitalise ITI Ltd. The Committee will like the Department to keep in mind that this company has been for years an instrument of social transformation and Government has invested heavily in it. Its loss will not only bring miseries to thousands of workers employed directly and indirectly but the Governemnt itself would lose the services of one of the most important Central PSUs.

*HTL Ltd.*

103. HTL Ltd. formerly known as Hidustan Teleprinters Ltd. has been pioneer in the manufacture of Teleprinters in India since 1960. The company has now made rapid changes in technological innovation and product diversification. The gross income of HTL Ltd. for the year 1995-96 amounted to Rs. 15115.00 lakhs as against Rs. 10264.00

lakhs during the previous year (1994-95). The Company has targetted sales turnover of Rs. 22100.00 lakhs for the 1997-98.

104. The capacity utilisation of HTL Ltd. in various production lines during 1995-96 and 1996-97 was stated to be as follows:

HTL Limited				
Sl. No.	Product	Installeed Capacity	Production 1995-96 upto Dec. '96	1996-97
1.	MDF	6 lakh lines	812016	285492
	%Capacity Utilisation (95-96)		135%	47.5%
2.	Switching (C-Dot)	2 lakh lines	115600	113168
	%Capacity Utilisation (95-96)		57.8%	56.58%
3.	Switching	project State (5 lakh lines ultimate)	236000 Lines	10000 Lines

105. For the year 1997-98, the following physical targets has been fixed for HTL.

(i)	C-DoT switching/MAX-L Exchanges	—	1,50,000 lines
(ii)	EWSD Local Exchanges	—	3,00,000 lines
(iii)	Transmission Equipments	—	Rs. 5,300.00 lakhs
(iv)	Main Distribution Frames	—	4,50,000 lines
(v)	Fax/DOV, Modems, Power plants CIS-messaging and other products LJU/charge indication	—	Rs. 2,100.00 lakhs

106. During evidence the Committee desired to know whether HTL Ltd. is getting all the support it required from DoT. The CMD, HTL Ltd. replied :

“We have had some problem of getting the orders this year. Otherwise, we are trying to do well.”

107. The Committee appreciates that HTL Ltd. has taken steps to diversify at the appropriate time and as such is able to earn profits. However, the Committee notes with concern that the capacity

utilisation of its main products has been far from satisfactory ranging from 47.5 percent for Main Distribution Frames to 56.6 percent for switching (C-DoT). For other switching equipments the Company could produce only 10,000 lines against the installed capacity of 5 lakh lines. The reason for lower utilisation of capacities in 1996-97 as compared to 1995-96 requires to be looked into.

108. The Committee further notes that of late HTL Ltd. had some problems in getting orders from DoT. The Committee would like the DoT to look into the grievances of HTL Ltd. so that it is not denied due support from the Department.

NEW DELHI;  
18 April, 1997  

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28 Chaitra, 1919 (Saka)

SOMNATH CHATTERJEE,  
Chairman,  
Standing Committee on Communications.

MINUTES OF THE TWENTY-SEVENTH SITTING OF THE  
COMMITTEE ON COMMUNICATIONS (1996-97)

The Committee sat on Monday, the 31 March, 1997 from 11.00 to 13.05 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

Shri Somnath Chatterjee — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri K.L. Sharma
3. Dr. S.N. Jatiya
4. Prof. Rasa Singh Rawat
5. Smt. Sheela Gautam
6. Shri Harpal Singh Sathi
7. Shri Tarachand Bhagora
8. Shri Somjibhai Damor
9. Shri Mrutyunjaya Nayak
10. Shri Neil O' Brien
11. Shri Dinesh Chandra Yadav
12. Shri T. Verra Bhadram
13. Shri R. Devadas
14. Dr. Shafiqur Rehman Barq
15. Shri V.P. Shanmuga Sundram
16. Shri Kothapalli Subbarayudu

17. Shrimati Geeta Mukherjee
18. Shri Budh Sen Patel
19. Shri Keshab Mahanta
20. Shri Joachim Baxla

*Rajya Sabha*

21. Shrimati Veena Verma
22. Shri S.S. Ahluwalia
23. Shri Ahmed Patel
24. Shri Govindram Miri
25. Shri Shatrughan Prasad Sinha
26. Shri Md. Salim
27. Shri S. Austin
28. Shri Ish Dutt Yadav
29. Shri Satish Pradhan

SECRETARIAT

1. Shri Ram Autar Ram — *Director*
2. Shri S.K. Sharma — *Deputy Secretary*

REPRESENTATIVES OF DEPARTMENT OF TELECOMMUNICATIONS

1. Shri A.V. Gokak — Secretary, DoT & Chairman, Telecom Commission
2. Shri G.C. Iyer — Member (Finance)
3. Shri P.S. Saran — Member (Services) Telecom Commission
4. Shri P. Khan — Member (Production) Telecom Commission
5. Shri N.K. Sinha — Member (Technology) Telecom Commission

2. At the outset, the Chairman welcomed the Secretary, Department of Telecommunications and officials accompanying him.

3. The Committee sought certain clarifications on the issues relating to the Demands for Grants for 1997-98 as well as on points arising out of the written replies to the questionnaire furnished by the Department on Demands for Grants 1997-98.
4. A verbatim record of sitting has been kept.

*The Committee then adjourned to meet again at 15.00 hrs.*

MINUTES OF THE TWENTY-EIGHTH SITTING OF THE  
COMMITTEE ON COMMUNICATIONS  
(1996-97)

The Committee sat on Monday, the 31 March, 1997 from 15.00 to 16.30 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri K.L. Sharma
3. Dr. S.N. Jatiya
4. Prof. Rasa Singh Rawat
5. Smt. Sheela Gautam
6. Shri Harpal Singh Sathi
7. Shri Tarachand Bhagora
8. Shri Somjibhai Damor
9. Shri Mrutyunjaya Nayak
10. Shri Neil O' Brien
11. Shri Dinesh Chandra Yadav
12. Shri T. Veera Bhadram
13. Shri R. Devadas
14. Dr. Shafiqur Rehman Barq
15. Shri V.P. Shanmuga Sundram
16. Shri Kothapalli Subbarayudu
17. Shrimati Geeta Mukherjee
18. Shri Budh Sen Patel
19. Shri Keshab Mahanta
20. Shri Joachim Baxla

*Rajya Sabha*

21. Shrimati Veena Verma
22. Shri S.S. Ahluwalia
23. Shri Ahmed Patel
24. Shri Govindram Miri
25. Shri Shatrughan Prasad Sinha
26. Shri Md. Salim
27. Shri S. Austin
28. Shri Ish Dutt Yadav
29. Shri Satish Pradhan

## SECRETARIAT

1. Shri S.K. Sharma — Deputy Secretary

## REPRESENTATIVE OF DEPARTMENT OF TELECOMMUNICATIONS

1. Shri A.V. Gokak — Secretary, DoT & Chairman, Telecom Commission
2. Shri G.C. Iyer — Member (Finance)
3. Shri P.S. Saran — Member (Services) Telecom Commission
4. Shri P. Khan — Member (Production), Telecom Commission
5. Shri N.K. Sinha — Member (Technology)/Telecom Commission

2. The Committee took up further examination of the Demands for Grants (1997-98) and sought clarifications on some other points.

3. A verbatim record of the sitting has been kept.

4. The Chairman thanked the officials of the Department of Telecommunications for furnishing valuable information to the Committee and for the free and frank views expressed on various points raised by the Members.

*The Committee then adjourned.*

MINUTES OF THE THIRTY-THIRD SITTING OF THE  
COMMITTEE ON COMMUNICATIONS  
(1996-97)

The Committee sat on Thursday, the 17 April, 1997 from 15.00 to 16.00 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri K.L. Sharma
3. Dr. S.N. Jatiya
4. Prof. Rasa Singh Rawat
5. Smt. Sheela Gautam
6. Shri Harpal Singh Sathi
7. Shri Th. Choaba Singh
8. Shri Girdhar Gamango
9. Shri Neil O' Brien
10. Shri R. Devadas
11. Shrimati Geeta Mukherjee
12. Shri Churchill Alemao

*Rajya Sabha*

13. Shrimati Veena Verma
14. Shri Iqbal Singh
15. Shri S.S. Ahluwalia
16. Shri Govindram Miri
17. Shri O. Rajagopal
18. Shri Shatrughan Prasad Sinha

## SECRETARIAT

1. Shri J.P. Ratnesh — *Joint Secretary*
2. Shri Ram Autar Ram — *Director*
3. Shri S.K. Sharma — *Deputy Secretary*

The Standing Committee on Communications placed on record its profound sorrow on the sad demise of Shri Biju Pattnaik, a sitting member of Lok Sabha and Chairman of the Standing Committee on Finance. The Committee eulogised Shri Pattnaik as a well known freedom fighter who held high positions in public life such as Chief Minister of Orissa and Union Cabinet Minister. The Chairman on behalf of the Committee as well as on his own behalf conveyed their heart-felt condolence to the bereaved family.

The Committee decided not to transact any business as a mark of respect to the departed leader and authorised the Chairman to examine the draft Reports on demands for Grants (1997-98) relating to the Ministry of Information and Broadcasting and Department of Telecommunications and consider it as adopted by the Committee as the members have already given their suggestions separately.

The Committee then authorised the Chairman to finalise and present/lay the Reports in both the Houses of Parliament.

*The Committee then adjourned.*