

**13**

**STANDING COMMITTEE ON  
INFORMATION TECHNOLOGY  
(2004-2005)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF COMMUNICATIONS AND  
INFORMATION TECHNOLOGY**

**(DEPARTMENT OF TELECOMMUNICATIONS)**

*[Action taken by Government on the Recommendations/Observations of  
the Committee contained in their Third Report (Fourteenth Lok Sabha)  
on Demands for Grants (2004-05)]*

**THIRTEENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 2005/Phalguna, 1926 (Saka)*

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(DEPARTMENT OF TELECOMMUNICATIONS)

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on Demands for Grants (2004-05)]*

*Presented to Lok Sabha on .....*

*Laid in Rajya Sabha on .....*



LOK SABHA SECRETARIAT  
NEW DELHI

*March, 2005/Phalguna, 1926 (Saka)*

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COMPOSITION OF THE STANDING COMMITTEE ON  
INFORMATION TECHNOLOGY (2004-2005)

Shri M.M. Pallam Raju—*Chairman*

MEMBERS

*Lok Sabha*

2. Shri Nikhil Chaudhary
3. Shri Mani Cherenameti
4. Shri Sanjay Dhotre
5. Kunwar Jitin Prasad
6. Shri Kailash Joshi
7. Shri P. Karunakaran
8. Dr. P.P. Koya
9. Shri P.S. Gadhavi\*
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11. Smt. Nivedita S. Mane
12. Smt. P. Jayaprada Nahata
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15. Shri Ashok Kumar Rawat
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*Rajya Sabha*

22. Shri Vijay J. Darda
23. Shri Ashwani Kumar
24. Dr. Akhilesh Das
25. Shri Balbir K. Punj

\*Nominated *w.e.f.* 20.8.2004.

(iv)

26. Shri Dara Singh
27. Smt. Sarla Maheshwari
28. Shri N.R. Govindraj
29. Shri K. Rama Mohana Rao
30. Shri Motiur Rahman
31. Shri Sanjay Nirupam

SECRETARIAT

1. Shri P.D.T. Achary — *Secretary*
2. Shri Raj Shekhar Sharma — *Deputy Secretary*
3. Shri K.L. Arora — *Under Secretary*
4. Shri D.R. Mohanty — *Executive Officer*

## INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2004-05) having been authorised by the Committee to submit the Report on their behalf, present this Thirteenth Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in their Third Report (Fourteenth Lok Sabha) on Demands for Grants (2004-2005) relating to the Department of Telecommunications.

2. The Third Report was presented to Lok Sabha on 23.08.2004 and laid in Rajya Sabha on 24.8.2004. The Department furnished Action Taken Notes on the Recommendations/Observations contained in the Report on 23.11.2004.

3. The Report was considered and adopted by the Committee at their sitting held on 20.01.2005.

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

5. An analysis of Action Taken by Government on the Recommendations/Observations contained in the Third Report (Fourteenth Lok Sabha) of the Committee is given at Annexure-II.

NEW DELHI;  
5 March, 2005  

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10 Phalgun, 1926 (Saka)

M. M. PALLAM RAJU,  
*Chairman,*  
*Standing Committee on*  
*Information Technology.*

## CHAPTER I

### REPORT

This Report of the Standing Committee on Information Technology deals with action taken by the Government on the Recommendations/Observations of the Committee contained in their Third Report (Fourteenth Lok Sabha) on 'Demands for Grants (2004-2005)' pertaining to the Department of Telecommunications (DoT).

2. The Third Report was presented to Lok Sabha on 23 August, 2004 and was also laid on the Table of Rajya Sabha on 24 August, 2004. It contained 22 Recommendations/Observations.

3. Action Taken Notes in respect of all the Recommendations/Observations contained in the Report have been received and categorised as under:—

- (i) Recommendations/Observations which have been accepted by the Government:

Para Nos: 2, 3, 4, 5, 8, 9, 10, 12, 13, 15, 17, 20, 21 and 22

Total: 14

Chapter-II

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the reply of the Government:

Para Nos: 6, 7, 16, 18, and 19

Total: 5

Chapter-III

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para No: 11 & 14

Total: 2

Chapter-IV

- (iv) Recommendations/Observations in respect of which replies are of interim nature:

Para No. 1.

Total: 1

Chapter-V



4. The Committee trust that utmost importance would be given to the implementation of the Recommendations/Observations accepted by the Government. In cases, where it is not possible for the Department to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that Action Taken Notes on the Recommendations/Observations contained in Chapter-I and final action taken replies to the recommendations contained in Chapter-V of this Report should be furnished to them at an early date.

5. The Committee will now deal with action taken by the Government on some of the Recommendations.

#### **Financial Allocation to BSNL**

##### **Recommendation (Para No. 1)**

6. In their Third Report, the Committee had noted that the Plan outlay of BSNL for the year 2004-2005 was Rs. 8,809 crore, the breakup being Rs. 7,734 crore from internal resources, Rs. 1,074 crore from bonds/debentures and Rs. 1.00 crore as budgetary support. This proposed outlay did not include Rs. 5,968 crore *i.e.* Rs. 3,318 crore towards net receipt from Universal Service Obligation (USO) Fund. The actual requirement of BSNL for Annual Plan 2004-2005 was Rs. 14,777 crore.

The Committee were informed that the Government approved a package of measures for BSNL in February, 2002 which *inter-alia* included reimbursement of License Fee and Spectrum Charges for an initial period of three years *i.e.* upto 2002-2003. Later, the Government in September, 2003 approved extension of their package beyond 2002-2003 for a period of one year *i.e.* the financial year 2003-2004.

The Committee were further informed that during the year 2001-2002 and 2002-2003 BSNL invested Rs. 20,794 crore in rural telephony, but it was reimbursed only Rs. 5,491 crore. In the year 2003-2004, the Company was going to be deficit funded to the extent of Rs. 9,000 crore. Thus, within a span of three fiscals, BSNL had been deficit funded to the tune of approximately Rs. 15,303 crore on account of investment in the rural sector. Further, during the above mentioned three years BSNL had paid an amount of Rs. 9,439.31 crore as license

fee, but it has been reimbursed Rs. 6,900 crore only. Here also, the shortfall had been Rs. 2,539.31 crore. Thus, the total deficit on both the fronts was around Rs. 18,000 crore between the years 2001 to 2004.

In view of the fact that the Government had decided to reimburse the licence fee and spectrum charges to BSNL for deficits incurred on account of rural telephony and other socially desirable projects, the Committee felt that BSNL was justified in requesting the Government for reimbursement of Rs. 5,968 crore. In the above context, the Committee found that the matter had been taken up by the Minister of Communications & Information Technology with the Finance Minister and subsequently followed up by the Secretary, DoT.

The Committee felt that BSNL had rendered an important national objective by providing extensive rural telephony, an area of operation where the private operators had been reluctant to tread. The Committee, therefore, recommended that the Government should reimburse the License Fee and Spectrum Charges to BSNL at the earliest.

7. The Department of Telecommunications in their Action Taken Notes have replied that the matter is being taken up with the Cabinet.

**8. The Committee would like to be kept informed of the progress made in the matter and the Cabinet decision as soon as it is taken.**

#### **BSNL-Achievement of Target**

##### **Recommendation (Para No. 4)**

9. In their Third Report, the Committee had noted that in Switching Capacity the target for BSNL during the year 2003-2004 was 65 lakh lines whereas the achievement has been 49.66 lakh lines. Similarly, in Trunk Automatic Exchanges (TAX) and Village Public Telephones (VPT) the target for the same year was 1,058 Kilo Circuits and 7,135 (Nos.) while the achievement has been 903 Kilo Circuits and 4,737 (Nos.) respectively. Delayed supply of equipment, non-receipt of WLL Cordect systems and non-availability of Fixed Wireless Terminals (FWTs), were some of the reasons put forth by BSNL. The Committee found that they had in the past several years, been very emphatic on stressing the point that procedural delays in obtaining materials/equipment should be avoided with advance planning and timely measures. With the reasons enumerated above, it apparently appeared that the Committee's recommendations, in this regard, were not taken seriously and hence the same avoidable bottlenecks persisted.

Although the Committee appreciated that some unforeseen circumstances like insurgency, strike by transporters etc. were sometimes encountered which resulted in non-achievement of target, yet delay in finalisation of tendering process, late placement of purchase order etc. could never be construed as an excuse for shortfalls and that too persistently for several years. However, as an assurance had been given that action had already been initiated for timely procurement of material/equipment, the Committee believed that the targets set for various schemes for the year 2004-2005 would be optimally achieved.

10. The Department in their action taken notes have replied as under:—

The targets of TAX was 1058 Kilo Circuits for the year. The achievement was 903 Kilo Circuits. The shortfall of 155 Kilo Circuits was due to the following reasons:

In the TAX tender for the 2003-2004, the lowest quoted price was Rs. 3895.10 per circuit, which was much higher than the ordering price of Rs. 2575 per circuit in the previous TAX tender. In view of this, Price Negotiation Committee was formed and order for TAX equipment was placed in February, 2004. The equipment will be commissioned during 2004-2005 are being monitored so that there is no shortfall during the current financial year.

Achievement of VPTs for the year 2003-2004 is 4737 out of revised target of 7135. All the Circles, except Assam Circle have achieved the revised VPT target for the year 2003-2004. This target of Assam could not be achieved due to non-availability of FWTs.

BSNL took advance action and ordered for Cor-dect WLL during 2002-2003 from August 2002 to February 2003. Due to validation of new wall set developed by M/s Midas Communications who are the developers of the Cor-dect system, to improve the coverage and battery back-up, there was delay in the supplies of Cor-dect equipment. Hence most of the equipment was supplied during last quarter of 2003-2004.

Already BSNL has ordered for 10.26 lakhs of MSC based CDMA WLL from March 2004 to August 2004. These equipments are likely to be received and commissioned during the year.

In addition, tender for procurement of 10.50 lakhs of equipment is already under process for which NIT has already been issued.

4.5 lakhs of WLL CDMA equipments and 4.5 lakhs of FWTs are being ordered on PSU for supply during 2004-2005.

It is expected that on receipt of these equipments, the targets could be achieved.

11. The Committee find that for Trunk Automatic Exchange (TAX) a target of 1058 Kilo circuits was kept for the year 2003-2004 and presume that a single tender with uniform price might have been placed for the supply of the same. As there was a shortfall of 155 Kilo Circuits due to some pricing problem, price negotiation Committee was formed and order for TAX equipment was placed in February, 2004. In this context, the Committee would like to know the price fixed by the Price Negotiation Committee for the supply of the 155 Kilo Circuits of TAX equipment. The Committee also hope that as assured by the DoT/BSNL the equipment are received in time and the targets for the year (2004-05) are achieved.

#### Waiting List

##### Recommendation (Para No. 9)

12. In their Third Report, the Committee were concerned to note that as on 31 March, 2004 there were 17,54,965 people all over the country waiting for telephone connections out of whom 4,19,762 were in Kerala; 1,59,004 in Maharashtra; 1,44,226 in West Bengal; 1,38,019 in Rajasthan; 1,12,465 in Bihar; 92,284 in Punjab and 89,730 in Karnataka. In some other circles like Andhra Pradesh, Gujarat, Himachal Pradesh, Tamil Nadu and Uttar Pradesh (East) the waiting list has also been very high.

The Committee had been informed that the Department was planning to cater to the scattered demands in rural areas through WLL systems as the traditional land line were not cost effective. For that purpose, equipment ordering had been taken up on priority basis.

The Committee were concerned that with such a high level of demand and such a short supply, the credibility of the Department would gradually go down. How long BSNL would continue to bank upon being the only service provider in the rural area was the question in the mind of the Committee. The other fact before the Committee was that the scope of expansion, marketing and money was all in the rural areas and it had to be suitably tapped.

The Committee, therefore, cautioned the Department to be alert to the demands of the rural people and to take all measures to ensure that the momentum in the procurement of WLL equipment was periodically monitored so that the vast waiting list was reduced at the earliest.

13. The Department in their Action Taken Notes have stated as under:—

To wipe out the pending waiting list of 17.55 lakhs as on 31.03.2004 and to meet the demand likely to be generated during 2004-2005, a target of 30.00 lakh DELs was finalised for the year 2004-2005 (7.50 lakhs from fixed lines and 22.50 lakhs from WLL).

The guidelines of laying UG Cable have been relaxed from 2.5 KM from the exchange to 5 KM to cover a larger areas from existing exchange on wired lines, especially in rural areas.

Circle-wise target were fixed taking into account the pending waiting list in each circle. The target fixed for the circle *vis-a-vis* waiting list on 31.03.2004 is given below:—

Circle	Waiting list as on 31.03.2004	Finalized DELs Targets
Kerala	419,762	590,000
Maharashtra	159,004	246,000
West Bengal	144,226	218,000
Rajasthan	138,019	229,000
Bihar	112,465	160,000
Punjab	92,284	119,000
Karnataka	89,730	88,000
Andhra Pradesh	51,934	1,80,000
Gujarat	58,847	100,000
Himachal Pradesh	44,935	58,500
Tamil Nadu	58,995	126,000
UP (East)	101,771	130,000

It is expected that the present Waiting list of 17.55 lakhs will be cleared by March, 2005.

**14. The Committee would like the Department to ensure timely procurement of WLL equipment, besides continuing with the other measures already initiated, to progressively reduce the vast waiting list. Such procurement is imperative in view of the fact that out of the 30 lakh DEL target fixed for the year 2004-2005, as much as 22.50 lakh DELs are targeted through WLL.**

#### **Outstanding Arrears**

##### **Recommendation (Para No. 11)**

15. In their Third Report, the Committee were highly concerned to note the staggering amount of outstanding telephone bills which had reached Rs. 4,968.50 crore as on 31 March, 2004. BSNL's share was Rs. 3,807.04 crore and that of MTNL was Rs. 1,161.46 crore. In order to recover the outstanding dues, a number of measures were being taken, which included disconnection of telephone lines of the defaulters, setting and monitoring of targets for liquidation of outstandings, monitoring of collection efficiency etc. However, the above cited measures had apparently not yielded the desired results. This was corroborated by the huge outstanding dues and the fact that an amount of Rs. 53.60 crore had to be written off because it was irrecoverable. The Committee were of the view that additional prudent measures were required to collect the outstanding dues, more so when the viability of BSNL was under grave threat.

16. The Department, in their Action Taken Notes have stated as under:

Conventionally steps taken by the BSNL for realization of outstanding, dues include disconnection of telephones, issue of registered notices, reminding over telephone, disconnection of other working telephone/telephones of the defaulters, adjustment of deposits, and other administrative and legal action in justified cases.

In addition to above steps, CGMs of BSNL have been delegated with some powers in order to reduce the outstanding dues *viz.*, appointment of Private Recovery Agents, taking assistance of Department of Revenue and Police Department of the State Government concerned. Scheme of one time waiver of rentals for the period during which telephone remains disconnected on payment of outstanding dues has been extended from time to time.

The above-mentioned steps are being implemented and its effect is already being felt on the recoveries, as Net outstanding of Rs. 3,807 crore as on 31.3.2004 has been reduced to Rs. 3,075 crores at the end of June, 2004. Further out of this outstanding amount Rs. 178 crores, Rs. 28 crores and Rs. 124 crores pertain to State Government, Central Government and Defence respectively, whose chances of recovery are very strong.

17. The Committee noted that as a result of various steps taken by BSNL, an amount of Rs. 732 crore outstanding dues could be recovered by them in a period of 3 months from April 2004 to June 2004. Outstanding dues to the tune of Rs. 3075 crore was still to be recovered as on 1st July 2004. Further, out of this amount Rs. 178 crores, Rs. 28 crores and Rs. 124 crores pertained to State Governments, Central Government and Defence respectively whose chances of recovery were very strong.

The Committee feel that even if the above amount of Rs. 330 crore is recovered from Government Departments, still a staggering amount of Rs. 2,745 crore need to be recovered from other defaulters. In this connection, they desire that a complete list of defaulters circle-wise and amounts due from them and their age-wise analysis as on 31.12.2004 be compiled and provided to the Committee at the earliest. The Committee would also like to have a detailed statement of action taken by the CGMs of each circle to liquidate outstanding amount of more than Rs. 1 crore and also the outcome thereof. In this connection, the Committee would also like to know the number of legal cases filed, special measures taken for the recovery of outstanding dues and the success ratio thereof.

The Committee are of the strong opinion that the measures initiated to recover outstanding dues need to be intensified further as BSNL/MTNL in their prevailing financial requirements and the competitive scenario, can ill-afford to prolong the recovery or write off such a huge amount.

**MTNL—Achievement of Targets**

**Recommendation (Para No. 14)**

18. In their Third Report, the Committee were highly perturbed to note that during the year 2003-2004, achievement of MTNL in net new connections including WLL and cellular connections was minus

1.48 lakh lines out of the target of 3.50 lakh lines. According to the Department, reasons for such negative growth were surrender and migration of fixed phone subscribers to mobile phones, lack of sufficient capacity in MTNL's mobile services as well as stiff competition in Delhi and Mumbai. The Committee were not satisfied with such reasonings because MTNL had to withstand competition by improving the quality of its service. Secondly, as much as approximately 40 per cent cases of surrender and migration of MTNL subscribers did cast an aspersion on the efficiency of the Company and needed to be looked into with a sense of urgency. Moreover, the unexpected surge in demand for GSM and CDMA mobile services could have been foreseen much earlier.

The Committee were of the view that the negative growth in net new connections including WLL and cellular connections had primarily been due to lack of planning and foresightedness on the part of MTNL and quality of service provided. The bottomline was, therefore, MTNL had to be commercially as alive and competitive as the Private Operators, and improve its quality of service in the competitive environment so that commercial houses and other loyal subscribers of MTNL did not switch over to other operators.

19. The Department in their action taken notes have stated that:

(a) Both the units of MTNL are carrying out inhouse investigations regarding the surrender of telephones on a monthly basis. The details for the month of August, 2004 are as under:

Sl.No.	Item	No. of Surrendered		DEs Analysed	
		Delhi	Mumbai	Total	%
1	2	3	4	5	6
1.	Taking all India shift	564	268	832	3.86
2.	Shift within local	1037	2015	3052	14.71
3.	Additional Telephones	2078	1353	3431	15.93
4.	Closure of Company/Firm/ Financial conditions	1798	1899	3697	17.16
5.	Tariff high	1199	742	1941	9.01



1	2	3	4	5	6
6.	Surrender of OYT connections	141	459	600	2.78
7.	Taking telephone from other co.	547	295	842	3.91
8.	Not satisfied with the services				
	(i) Commercial	51	101	152	0.71
	(ii) Bulling	487	279	766	3.56
	(iii) Working of Telephone Connections	570	102	672	3.12
	<b>Total</b>	<b>1108</b>	<b>482</b>	<b>1590</b>	<b>7.39</b>
9.	Taking incoming facility	99	390	489	2.27
10.	Reasons not known	1029	2609	3638	16.89
11.	Any other reason	1077	120	1197	5.55
12.	Taken mobile	—	233	233	1.08
	<b>Total</b>	<b>10677</b>	<b>10865</b>	<b>21542</b>	<b>100.00</b>

It would be seen that surrender of telephones on account of service is only 8%. It may also be mentioned that surrender of telephones is a phenomena being faced by all Telecom Operators because alternate options of network and operator is now available to the customers. MTNL has the disadvantage of having a legacy network based on Copper Cables, Drop-wire Telephone Instruments etc. The problem of legacy network of MTNL/BSNL in providing good quality services to the customer *vis-a-vis* other operators having wireless network, has been appreciated by TRAI also in a meeting with the Chairman with TRAI on 5.7.2004. TRAI has agreed in principle to give due concession to MTNL with respect to QoS parameters.

(b) Nevertheless MTNL has added nearly 1,55,600 fixed lines phones from April, 2004 to August, 2004. In other words fixed line phones are still in great demand in MTNL.

- (1) Garuda Mobile connections are steadily increasing in Delhi during the year 2004-05. Also GSM cell phone connections are increasing during the year 2004-05.

- (2) In case of Mumbai, the surrender of WLL phones has been arrested. There is a positive growth in WLL connection. The capacity of GSM network is already full in Mumbai.
  - (3) After lot of efforts, MTNL has procured the CDMA, FWT and mobile terminals. The CDMA network in Delhi has improved considerably. Demand for CDMA connections under the brand name of Garuda FWT and Garuda mobile has picked up.
- (c) Further, the GSM network is being extended in Delhi and Mumbai by 4 lacs line each. It is expected that coverage of the network will be much better after new GSM network is in position.
- (d) MTNL has planned to go in a big way the Broad Band Services offering High Speed Internet, T.V., Video on Demand etc. in 2004-2005. Surrender of land line is expected to be arrested with the launch of Broad Band Services at low tariffs.
- (e) It is expected that with the expansion of GSM Network, availability of CDMA Terminals, launch of Broad Band, the negative growth in the DELs will be arrested and will become positive towards the end of 2004-2005.
- (f) Regarding planning of mobile network to fight competition.
- (1) MTNL was a late entrant in Cellular Mobile Service. License to operate GSM network to MTNL was given only in Oct., 1997. However, launch of services was delayed due to court case against MTNL by private operator. Consequently first GSM network were commissioned in 2000-01 only for one lac each in Delhi and Mumbai. The networks were expanded to 2.25 lacs by March, 2003 each.
  - (2) MTNL had planned long back the CDMA network for providing mobility to the subscribers. The first CDMA Mobile Network with limited mobility was commissioned in the year 1999 with 10,000 lines supplied by M/s Qualcomm inventor of CDMA Technology. Subsequently a 50,000 lines network with a mix of mobile and fixed subscribers was commissioned in Delhi and Mumbai in the year 2001-2002. Both the networks were expanded by another one lac lines each to 150K in the year March, 2003. The network in Delhi

was further upgraded to 2001X type (Family of 3 G network) in April, 2003. Another expansion of 4 lacs lines each at Delhi and Mumbai of CDMA is under implementation and likely to be completed by March, 2005. Initial CDMA and GSM networks suffered some deficiency in coverage & QOS. These have now been attended. Coverage has improved in both CDMA & GSM Network. GSM network is now full almost both in Delhi/Mumbai. A large number of subscribers are being added currently in CDMA also.

(g) Measure to improve quality, customer relation/marketing etc.

As already mentioned, MTNL is facing tough competition in the service areas of Delhi and Mumbai. MTNL has the disadvantage of having a legacy network based on Copper cables, Drop-wire, old type of Telephone Instruments which are prone to faults. The repair of faults also takes longer time. MTNL has taken up rehabilitation work on a large scale. This has helped in reducing the faults rate substantially. Further, MTNL is network modernisation marketing, customer relations, tariff balancing to retain the customers, increase the customer base and by giving new service at affordable rates etc. The fault rate has come down from 16.62 in 2001, 14.19 in 2002, 12.32 in 2003 and 10.28 up to July 2004 for entire MTNL. Fault rate in Mumbai is already in single digit.

**20. The Committee observe from the investigations carried out by MTNL regarding the surrender of telephones for the month of August 2004 that besides the following reasons (i) Taking all India Shift (3.86%), (ii) Closure of Company/firm/financial condition (17.16%) and (iii) reasons not know (16.89%) totalling 37.91%, rest of the 62.09% could have been taken care of by MTNL through better, efficient and competitive services.**

**The Committee feel that the telephone connections are surrendered only when the service of the service provider is not upto the mark or lacks efficiency and quality. They are of the opinion that MTNL has to come up to the needs and expectations of the modern day subscribers. In this context, the Committee would like to know the specific steps taken by MTNL to increase its market share and to arrest the decline in such share. The Committee would also like to know the framework of procedures to fix responsibility and accountability for such a decline.**

**The Committee, therefore, reiterate their earlier recommendation that MTNL should be commercially vibrant as well as fiercely competitive like the private operators and strive to improve their quality of service in the extant environment so that loyal subscribers of MTNL do not switch over to other operators.**

#### **Wireless Monitoring Organisation (WMO)**

##### **Recommendation (Para No. 22)**

21. In their Third Report, the Committee had noted that the total outlay for WMO in BE 2003-2004 was Rs. 9.36 crore which was reduced to Rs. 2.33 crore in the RE 2003-2004. Reasons for such variation had been stated to be non-availability of land for acquisition and other reasons. The Committee found that the total outlay for WMO had been increased to Rs. 14.27 crore in the BE 2004-2005 for procuring land and construction of office building for its field offices.

The Committee were concerned and desired to know whether WMO had identified any land for its field offices and whether all the administrative approvals prior to buying land had been obtained. The Committee recommended that all the measures in this regard should be taken in advance to utilise the 2004-2005 BE amount.

22. The Department in their action taken notes have stated that in BE 2003-2004 an amount of Rs. 9.36 crores was approved (i.e. for Civil Works Rs. 8.86 crore & for Tech. Schemes Rs. 50 lakhs totaling Rs. 9.36 crore). This amount was reduced to Rs. 8.21 crores in RE 2003-04 (i.e. For Civil Works Rs. 7.89 crores and for Tech. Schemes Rs. 0.32 crores) which was approved. It was expected that few plots of land under negotiation for acquisition with the State Governments/ their authorized bodies for establishing permanent Wireless Monitoring Stations could materialize any time. However the acquisitions could not materialize during the year 2003-04.

In BE 2004-05 the outlay for civil Works i.e. for undertaking construction works and acquisition of land was kept at Rs. 10.27 crores. The outlay for the Technical Schemes was kept at Rs. 4.00 crores and thus the total outlay became Rs. 14.27 crores.

The proposed acquisition of land form part of the objectives of the approved Tenth Five-Year Plan; hence with a view to fulfil this objective WMO needs land at the following places as tabled below and is

continuously trying to fulfil this objective. The land for which budget is provided in the Financial Year 2004-05 are already identified. Further all the existing procedures for land acquisition are being followed scrupulously.

Land required at places	Land identified at	Administrative Approval given or not
1. Bangalore	1 Bangalore (BSNL)	Yes
2. Mangalore	2 Mangalore (State Govt.)	Yes
3. Ranchi	3 Ranchi (BSNL)	Yes
4. Jammu	4 Jammu (State Govt.)	Yes
5. Dibrugarh (Govt. or BSNL land—Not available and suitable and safe Land within Municipal area also not available)		

**23. The Committee note with concern that during the financial year 2003-04 and till date, the land required for setting up field offices of WMO could not be procured. During the current year, in November 2004 WMO has identified land in 4 places and is continuously trying to fulfil its objective to acquire the land. Rs. 10.27 crore have been provided in the budget for acquisition of land as well as construction works thereon.**

The Committee trust that before the end of the financial year 2004-05, the land for the purpose will be procured and construction work started for field offices of WMO. They also hope that the amount provided for the purpose will be fully utilized.

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### UNIVERSAL SERVICE FUND

##### **Recommendation/Observation (Para No. 2)**

The Committee are concerned to note that for the year 2004-2005, the Ministry of Finance have provided Rs. 200 crore only to the Universal Service Fund (USF) against its requirement of as much as Rs. 2,700 crore. This requirement of USF is based upon the finalisation of tenders for all the activities covered under the policy as well as meeting the accrued liabilities for rural household DELs for the period 2002 to 2005. The Department has itself agreed that the allocation of Rs. 200 crore to USF will not be sufficient to meet the requirement for 2004-2005.

The Committee are told that the Universal Service Obligation Fund has been given statutory status with the Parliament passing the Indian Telegraph (Amendment) Bill, 2003. The Fund has come into effect from 01.04.2002. Credits to the Fund will be through Parliamentary Approval.

The Committee, therefore, impress upon the Department that the matter should be earnestly pursued with the Ministry of Finance for higher allocation of funds to USF, more so because, BSNL has put a condition that it will be able to replace 64,424 VPTs based on faulty MARR systems only if it gets adequate funds from USF.

The Committee simultaneously recommend that BSNL, which has been getting and will also hopefully continue to get a package of measures from the Government, mainly due to its commercially unviable activities, has to get its act together and optimise whatever resources it has in the face of stiff competition, while not losing sight of the fact that it has to continue with the commendable job of connecting rural India.

### **Action Taken by Government**

Ministry of Finance have been requested to allocate Rs. 2500 crores in addition to the already allocated Rs. 200 crores for the year 2004-05. Besides taking this up through our budget proposals, the matter has also been taken up at the highest level both by Secretary, DOT and the Hon'ble MOC & IT with the Ministry of Finance.

As per terms and conditions of the agreement signed with BSNL for replacement of MARR VPTs subsidy from USO Fund for such replaced VPTs would be provided only after replacement. Funds are being provided accordingly.

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

BSNL-EROSION OF CUSTOMER BASE

### **Recommendation/Observation (Para No. 3)**

The Committee observe that during the year 2003-2004, the target for BSNL in Direct Exchange Lines (DELs) was 60.61 lakh lines whereas the achievement has been 34.59 lakh lines. The Committee also observe that the gross achievement in DELs was actually 67.20 lakh lines, but the net achievement was less due to disconnection of approximately 32.60 lakh lines during the year 2003-2004. Such large number of disconnections were only in conventional fixed line DELs in major cities and towns where subscribers, with additional connections, surrendered the same due to reportedly increased reliability of telephone services and preference for a mobile phone. According to the Department, part of the disconnections were also due to non-payment of dues as well as availability of another operator.

The Committee also observe that as per the findings of a survey conducted by BSNL, 18 per cent subscribers surrendered their additional telephone lines, same percentage of subscribers switched over to GSM mobile services, 9 per cent preferred private operators and the remaining 55 per cent were BSNL's ex-subscribers who do not own any telephone at all.

The Committee cannot accept that as many as 55 per cent ex-subscribers of BSNL do not own any telephone at all, that too in major cities and towns. According to the Committee, BSNL should not be complacent and remain satisfied with having a mammoth subscriber base BSNL, in the present challenging scenario, should take things seriously and make an indepth study to find out the real causes for large scale surrenders/disconnections and try to get as many customers as possible back into its fold through better service quality and reliability, aggressive marketing, attractive packages, larger facilities etc. BSNL should learn from experience and check further erosion of its customer base as well as make all out efforts to achieve the DEL targets of 130 lakhs lines as fixed for the year 2004-2005.

#### **Action Taken by Government**

1. BSNL has taken the following steps to check the surrender of fixed line telephones and to attract the customers:
  - Provision of additional value added services on fixed lines like SMS.
  - Waiver of shifting charges both in local and intercity.
  - Special incentive scheme in the form of ITC card to fixed line customers.
  - Provision of additional concessional telephone for Internet.
  - Waiver of rental for period of disconnections, if disconnections are due to non payment.
  - Different rental packages to meet consumer usage pattern.
  - Provision of telephone with only incoming facility.
  
2. The figure shown has come out of a certified market survey. However as suggested by the committee BSNL is taking following additional steps to ensure that the churning is minimized:
  - (a) Special powers are entrusted to circle heads to waive off rental of intervening period to win back closed connections.
  - (b) BSNL has made year long Annual Marketing plan to get maximum visibility consistently throughout the year on TV/ radio/Magazines/Newspaper and internet to communicate existing network coverage & type of services being offered and tariff advantages *vis-a-vis* competition.



- (c) Special orders have been issued to improve visibility in local market places by giving glow sign board to all STD/PCO operators.
  - (d) A clear cut thrust has been given to reduce the hassles in customer services by offering free add on facilities. In fact facilities like Calling line Identification Provision (CLIP) have been made available to all customers without any request for the same.
  - (e) BSNL is present in every nook and corner of the country through its more than 36000 customer service centers. New arrangements to increase this foot place are being worked out *e.g.*:
1. BSNL has entered into an MoU with IOC to sell its recharge cash cards/India Telephone cars and other services from approximately 7000 petrol pumps and more than 4000 gas dealers.
  2. The new franchisee policy (under implementation) envisages tie up with more than 1000 franchisees who will have a network of more than 10000 sub franchisees with in six months to help BSNL services have a point of presence in every market/sub market and small towns.
    - (f) Full powers are delegated to circle heads to decide about basic services tariff to take competition head on.
    - (g) Special schemes in fixed line and internet are issued targeting student community.
    - (h) Feedback of those customers is being taken who are surrendering their telephones.
    - (i) Procedures are being simplified.
    - (j) As per the recommendations of the Standing Committee, another Marketing Survey may be conducted to establish reasons for disconnection/surrender of basic telephones.
  3. BSNL has taken a number of steps to improve the quality of service and reduce the fault rate such as creation of pole-less network, replacement of paper core cables by jelly filled cables, replacement of life expired telephone instruments, opening of more RLUs, introduction of WLL, DLC etc. All such steps are being pursued by BSNL in full earnest to improve the network performance.

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

## BSNL—ACHIEVEMENT OF TARGETS

**Recommendation/Observation (Para No. 4)**

The Committee note that in Switching Capacity the target for BSNL during the year 2003-2004 was 65 lakh lines whereas the achievement has been 49.66 lakh lines. Similarly, in Trunk Automatic Exchanges (TAX) and Village Public Telephones (VPT) the target for the same year was 1,058 Kilo Circuits and 7,135 (Nos.) while the achievement has been 903 Kilo Circuits and 4,737 (Nos.) respectively. Delayed supply of equipment, non-receipt of WLL Cordect systems and non-availability of Fixed Wireless Terminals (FWTs), are some of the reasons put forth by BSNL. The Committee find that they have in the past several years, been very emphatic on stressing the point that procedural delays in obtaining materials/equipment should be avoided with advance planning and timely measures. With the reasons enumerated above, it apparently appears that the Committee's recommendations, in this regard, are not taken seriously and hence the same avoidable bottlenecks still persist.

Although the Committee appreciate that some unforeseen circumstances like insurgency, strike by transporters etc. are sometimes encountered which result in non-achievement of target, yet delay in finalisation of tendering process, late placement of purchase order etc. can never be construed as an excuse for shortfalls and that too persistently for several years. However, now that an assurance has been given that action has already been initiated for timely procurement of material/equipment, the Committee believe that the targets set for various schemes for the year 2004-2005 will be optimally achieved.

**Action Taken by Government**

TAX: The targets of TAX was 1058 Kilo Circuits for the year. The achievement was 903 Kilo Circuits. The shortfall of 155 Kilo Circuits was due to the following reasons:

In the TAX tender for the 2003-04, the lowest quoted price was Rs. 3895.10 per circuit, which was much higher than the ordering price of Rs. 2575 per circuit in the previous TAX tender. In view of this, Price Negotiation Committee was formed and order for TAX equipment was placed in February, 2004. The equipment will be commissioned during 2004-05. The targets for 2004-05 are being

monitored so that there is no shortfall during the current financial year.

VPT: Achievement of VPTs for the year 2003-04 is 4737 out of revised target of 7135. All the Circles, except Assam Circle have achieved the revised VPT target for the year 2003-04. Out of target of 4300 VPTs for Assam Circle, achievement is 1354 VPTs only. This target of Assam could not be achieved due to non-availability of FWTs.

WLL

- BSNL took advance action and ordered for Cor-dect WLL during 2002-2003 from August 2002 to February 2003. Due to validation of new wall set developed by M/s Midas Communications who are the developers of the Cor-dect system, to improve the coverage and battery back-up, there was delay in the supplies of Cor-dect equipment. Hence most of the equipment was supplied during last quarter of 2003-04.
- Already BSNL has ordered for 10.26 lakhs of MSC based CDMA WLL from March 2004 to August 2004. These equipment are likely to be received and commissioned during the year.
- In addition, tender for procurement of 10.50 lakhs of equipment is already under process for which NIT has already been issued.
- 4.5 lakhs of WLL CDMA equipments and 4.5 lakhs of FWTs are being ordered on PSU for supply during 2004-05.
- It is expected that on receipt of these equipments, the targets could be achieved.

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

#### **Comments of the Committee**

(Please see Paragraph No. 11 of Chapter-I)

## NORTH-EAST REGION AND TRIBAL SUB-PLAN

**Recommendation/Observation (Para No. 5)**

The Committee find that for the year 2003-2004, the target for DELs in North-East Region was 1,67,000 lines *i.e.* 48,500 fixed lines, 30,500 WLL lines and 88,000 cellular lines. But the achievement as on 31 March, 2004 was 1,02,385 lines, the break-up being 38,718 fixed lines, 17,192 WLL lines and 46,475 mobile lines. Similarly, in OFC and VPTs the targets for the same year were 1800 Rkms and 5,590 (Nos.) whereas the achievement was 1708.45 Rkms and 3,108 only. Likewise, under Tribal Sub-Plan (TSP) the targets for the year 2003-2004 for Switching Capacity, DELs and Satellite Stations were 3 lakh lines, 2.70 lakh lines and 20 respectively whereas the corresponding achievement as on 31 March, 2004 has been 2.95 (approx.) lakh lines, 2.34 lakh lines and 16 respectively. Here also, the main reasons behind such shortfalls have been stated to be non-supply of underground cables, non-availability of adequate quantities of equipment especially FWTs and Cordect equipment apart from other factors like non-availability of power from State Governments, delay in SACFA clearance, insurgency etc. The Committee, however, find that in order to achieve the targets in various schemes during the year 2004-2005 in both North-East Region and TSP area, the Department/BSNL have taken advance measures to procure CMTS/FWT and WLL equipment. The Committee would like both DoT and BSNL to ensure that the above stated equipments are received in time so that the 2004-2005 targets for North-East Region and TSP are fully achieved and the people of those remote and inaccessible areas do remain connected with the mainland.

**Action Taken by Government****Fixed Lines:**

The fixed lines target could not be achieved due to some depopulated villages/Naxalite infested/thick forest/disputed etc.

**WLL:**

- 24.75 Kilo lines of WLL equipment had already been ordered for N.E.-II Circle.
- In addition 1.10 lakhs of WLL have been allotted to Assam, N.E-I and N.E-II Circles against 10.50 lakhs tender which is under process.

**OFC:**

The target for the North-East Region was 1800 Kms. for the year 2003-04, whereas achievement was 1708.86 RKMs. There was marginal shortfall of 91.14 RKMs. However, the OFC targets for 2003-04 for the country as a whole were achieved. The reason for shortfall was due to disturbance in N.E. Region.

The progress of achievement is being monitored on monthly basis during 04-05.

**Satellite:**

The target for installation of Satellite Stations under Tribal Sub-Plan was 20 for 2003-04. Due to non-availability of satellite equipment, satellite equipment at 4 station could not be provided. The tender for satellite equipment could not be finalized due to higher price quoted by the bidder. The purchase order has been placed in February, 2004. The equipment will be installed during the current year.

However, the observations of the Standing Committee against achievement of targets in BSNL, North East Region and Tribal Sub-Plan are noted. BSNL is making all out efforts to achieve targets for the year 2004-2005.

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23.11.2004]

**WLL & CELLULAR EQUIPPED CAPACITY****Recommendation/Observation (Para No. 8)**

The Committee observe that the WLL equipped capacity of BSNL is 22,23,450, the break-up being 7,15,050 in urban areas and 15,08,400 in rural areas. But as on 31 March, 2004 only 9,58,792 WLL connections have been provided out of which 3,23,829 are in urban areas and 6,34,963 in rural areas. Similarly, it is found that although the cellular connections of BSNL have exceeded its capacity as a whole as on 31 March, 2004, yet in some individual Circles like North-East-II, Chennai and Punjab, the connections have fallen short of the capacity.

The Department's reasoning of late receipt of equipment, low scattered demand and non-availability of electricity for poor utilisation of WLL capacity are neither acceptable nor they are fully convincing. In the opinion of the Committee, had advance measures in regard to timely receipt of equipments, problem of electricity from State Governments etc. been taken, these problems would not have arisen at all. Moreover, the WLL is primarily devised to meet the scattered rural demand.

Similarly, in the case of Punjab a strong presence of three Private Operators had deterred BSNL from using its cellular capacity to its optimum level, according to the Department. BSNL has to face challenges and competition in the present telecom scenario. This lame excuse is not acceptable to the Committee.

The Committee are of the view that instead of resorting to excuses, BSNL should tone up its administration, plan fully in advance, efficiently execute and use the best methods and equipment to fulfil its targets.

#### **Action Taken by Government**

It was observed that the competition is quite intense in the States like Punjab and with predominance of subscribers in pre-paid category. It has been observed that there are frequent churn of subscriber migrating from one operator to another. In order to arrest the trend and to ensure a positive growth in the cellular customers in Punjab, the following actions have been taken:

1. The administrative set up at Punjab Circle has already been toned up as suggested by Committee.
2. Special Plans are being worked out for Punjab Circle Cellular services. Plan 140 has been introduced in the month of August 2004 and has received good response.
3. Student power 99 scheme has been kept applicable in Punjab Circle.
4. A Special Rakshabandhan Scheme was offered from August 30th to September 6, 2004 for increasing Cellone and Excel demand.
5. Punjab Circle has been asked to tone up the franchisee set up and issue specific targets.

6. A special scheme has been worked out whereby distributors are being allocated prepaid SIM's only after bundling with Recharge coupon which has increased the activation rate of prepaid SIM's.

All above measures which have been taken in last three months have helped us not only to stop the negative trend of cellular customers in Punjab and we are clocking positive growth since last two fortnights.

2. The network capacity target assigned *vis-a-vis* number of connections provided during 2003-04 in respect of Chennai Telecom District, North East (II) Telecom Circle and Punjab Circle is given as below:

	Target 2003-04	Achieve 2003-04	Capacity as on 31.3.04	Connections as on 31.3.04
Chennai	100000	121553	130594	121553
North East-I & II	50000	20264	25796	20264
Punjab	220000	132611	344160	294317
BSNL (All India)	3000000	2997829	4865077	5254117

3. As can be seen from above, Chennai Telephone had met the target assigned for the year. However, in respect of NE-II, the network was ordered on 5th Sept., 2003, and supply of equipments had commenced in December 2003/January 2004. The roll out of the network had to contend with number of issues such as transport strike, law and order situation in NE States etc. However, within a month and half of the receipt of equipments, the services have been provided to subscribers & there has been continued growth in subscribe base. Due to inherent problems experienced in the roll out in NE States, the stipulated target could not be achieved. Only in respect of Punjab Circle the uptake of subscribers was a cause of concern & the achievement for 2003-04 faltered in spite of availability of capacity. The marketing activity was therefore specifically focused on improving the situation in Punjab. Action Taken Report earlier submitted therefore reflected on actions taken specifically in respect of Punjab Circle. While in other circles, the demands have been generally surpassing the expectations and there has been a continued effort to increase capacities. During the last six months of the current financial year the capacity, has been enhanced by 2533690 lines and connections are keeping in

pace with addition of 2303110 subscribers having subscribed for the services.

4. Further action has been taken by BSNL to augment the cellular capacity by 15M Lines for which tendering process is completed and all the circles have since placed the Purchase Orders as per the expansion plan. Capacities will be made available from the second quarter of 2005 progressively.

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23.11.2004]

WAITING LIST

**Recommendation/Observation (Para No. 9)**

The Committee are concerned to note that as on 31 March, 2004 there were 17,54,965 people all over the country waiting for telephone connections out of whom 4,19,762 were in Kerala; 1,59,004 in Maharashtra; 1,44,226 in West Bengal; 1,38,019 in Rajasthan; 1,12,465 in Bihar; 92,284 in Punjab and 89,730 in Karnataka. In some other circles like Andhra Pradesh, Gujarat, Himachal Pradesh, Tamil Nadu and Uttar Pradesh (East) the waiting list has also been very high.

The Committee had been informed that the Department is planning to cater to the scattered demands in rural areas through WLL systems as the traditional land line would not be cost effective. For that purpose, equipment ordering has been taken up on priority basis.

The Committee are concerned that with such a high level of demand and such a short supply, the credibility of the Department would gradually go down. How long will BSNL continue to bank upon being the only service provider in the rural area is the question in the mind of the Committee. The other fact before the Committee is that the scope of expansion, marketing and money is all in the rural areas and it has to be suitably tapped.

The Committee, therefore, caution the Department to be alert to the demands of the rural people and to take all measures to ensure that the momentum in the procurement of WLL equipment is



periodically monitored so that the vast waiting list is reduced at the earliest.

#### **Action Taken by Government**

- To wipe out the pending waiting list of 17.55 lakhs as on 31.03.2004 and to meet the demand likely to be generated during 2004-2005, a DELs target of 30.00 lakh was finalised for the year 2004-2005 (7.50 lakhs from fixed lines and 22.50 lakhs from WLL).
- The guidelines of laying UG Cable have been relaxed from 2.5 KM from the exchange to 5 KM to cover a larger areas from existing exchange on wired lines, especially in rural areas.
- Circle-wise target were fixed taking into account the pending waiting list in each circle. The target fixed for the circle *vis-a-vis* waiting list on 31.03.2004 is given below:

Circle	Waiting list as on 31.03.2004	Finalized DELs Targets
Kerala	419,762	590,000
Maharashtra	159,004	246,000
West Bengal	144,226	218,000
Rajasthan	138,019	229,000
Bihar	112,465	160,000
Punjab	92,284	119,000
Karnataka	89,730	88,000
Andhra Pradesh	51,934	180,000
Gujarat	58,847	100,000
Himachal Pradesh	44,935	58,500
Tamil Nadu	58,995	126,000
UP (East)	101,771	130,000

It is expected that the present Waiting list of 17.55 lakhs will be cleared by March, 2005.

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23.11.2004]

#### **Comments of the Committee**

(Please see Paragraph No. 12 of Chapter-I)

#### **FAULT RATE**

##### **Recommendation/Observation (Para No. 10)**

The Committee note that the fault rate of BSNL as on 31 March, 2004 was 8.4 per 100 stations per month. The measures being taken by BSNL to reduce this fault rate are creation of poleless network, replacement of underground paper core cables, opening of more and more remote line units, introduction of WLL, Digital Line Concentrators, provision of pagers to line staff, fault booking through Interactive Voice Response System (IVRS) etc. The Committee feel that these are steps in right direction and should be continued unabated in order to bring down the fault rate. The Committee further desire that since BSNL's network is spread largely in semi-urban, rural and remote areas, the Company should intensify the measures already taken to promptly attend to the phone fault complaints in those areas.

##### **Action Taken by Government**

BSNL has taken the actions as stated in the Recommendation to reduce the fault rate. In addition, in order to improve fault repair services in rural and remote areas, efforts are made to book telephone faults at Short Distance Charging Centre (SDCC) through Interactive Voice Response System (IVRS) and to ensure that Sub-Divisional Engineer (SDE) rank officer should monitor the fault clearance performance at such places.

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23.11.2004]

## HASSLE-FREE SERVICE

**Recommendation/Observation (Para No. 12)**

The Committee are glad to note that BSNL, in order to provide hassle-free service to its existing customers as well as to attract new ones, has been taking a number of measures like imparting behavioural training at all levels, providing additional services like SMS, CLI, opening additional Customer Service Centres, signing MoUs with major corporates and providing shifting of telephones free of charge. The Committee appreciate the above mentioned measures and recommend that BSNL should further improve its aggressive marketing strategies with a view to counter the cut throat competition from its private competitors.

**Action Taken by Government**

1. At BSNL, a day to day monitoring of tariffs and special schemes offered by different customers is being carried out. Efforts are bearing good results.
2. However as per the suggestion of the Committee BSNL will intensify the marketing campaigns to ensure that the company does not lose in cut throat competition. A total budget of more than Rs. 125 crores has been set aside for this activity for year 2004-05.

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23.11.2004]

MTNL

**Recommendation/Observation (Para No. 13)**

The Committee find that for 2003-2004 BE, MTNL was provided a sum of Rs. 2,284 crore which was curtailed to Rs. 1,646 crore at the RE stage. The actual achievement in that year was Rs. 956.91 crore due to many vendor queries in IT related services resulting in delay in finalisation of tenders, non-issuance of license for International Long Distance (ILD) services and non-materialisation of MTNL's ambitious

plans for expansion in new service areas abroad as well as national acquisition.

The Committee feel that the tender clauses should be transparent enough to avoid last minute queries and the ambitious plans should not go overboard, lest it casts a poor impression in so far as utilisation of earmarked funds is concerned. However, now that the Letter of Intent (LoI) has been issued to MTNL and vendor queries resolved, the Committee hope that MTNL will take adequate measures to achieve the target of Rs. 76 crore in IT related services and Rs. 400 crore in expansion of new service areas abroad and national acquisition. The Committee also desire that MTNL should adequately gear itself up to mobilise the amount of Rs. 2,557 crore as earmarked for the year 2004-2005, so that important schemes do not languish.

#### **Action Taken by Government**

##### **IT Services:**

1. Rs. 14 crore has already been spend on various IT Projects so far in MTNL. It is expected that MTNL will achieve the target of Rs. 76 crore expenditure in IT Projects like Internet Expansion, Certifying Authority, FMS, International BW etc. in current year. P.O. for the procurement of 400 crore Convergent Billing System of MTNL is also planned in 2004-05.

##### **2. National & International Services**

2.1 MTNL is already operating its service in Nepal. MTNL has got license to operate basic and International telecom services in Mauritius. It is planned to commission state of art CDMA 2001X Network in Mauritius and commence ILD services in 2004-05. Already tender have been opened are under evaluation for 50,000 connections of CDMA 2001X (EVDO) Type Network.

2.2 MTNL plans to start ILD services in Delhi and Mumbai in current financial year. MTNL has already applied for ILD license with DoT and hope to get the same shortly. It is expected that target of Rs. 400 crores shall be met for national and Overseas services in 2004-05.

### 3. Financial Year 2004-05

13.3.1 Rs. 250 crores has already spent in current year MTNL expects to utilize the allocated amount of Rs. 2557 crores in 2004-05 through various projects. Important projects like CDMA (800 K lines), GSM (800 K lines), MLLN, Internet Expansion, Switching Expansion, Pay Phones, Tx Expansion, Certifying Authority, Broad Band Network etc. shall be implemented.

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

MTNL-FAULT RATE

#### **Recommendation/Observation (Para No. 15)**

The Committee are concerned to note that as on 31 March, 2004 the fault rate of Mumbai and Delhi Telephones was 6.92 and 12.28 respectively per 100 stations per month. The CMD, MTNL has acknowledged that the high fault rate is one of the causes due to which MTNL is losing customers.

The Committee find two major causes that can be attributed to the high fault rate (i) the legacy of land cables and (ii) delay in finalisation of tendering process which results in technology becoming obsolete by the time equipment is installed. This affect the overall quality of service provided by the MTNL.

The Committee recommend that over and above the measures already initiated by MTNL to bring down the fault rate, particular care should be taken to aggressively go for wireless connectivity. The Department, on its part, should make efforts to ensure that the cumbersome tendering process is simplified. The Committee feel that this is the most opportune time for MTNL to be more market savvy and customer friendly and for that fault rate has certainly to be minimised to a great extent.

#### **Action Taken by Government**

(A) MTNL is going in a big way for Wireless connectivity so as to provide fault free service to its customers.

1. MTNL is already having a CDMA Network of 1.5 lac lines each in Delhi and Mumbai. In addition CDMA 20001X Network of 4 lakhs each at Delhi and Mumbai is being commissioned in 2004-05 to provide mobility and high speed data services to the subscribers. The equipment is under installation. This network is upgradable to 3 G Network for Broad Band Services.

2. MTNL is already offering full mobile facility in Delhi/Mumbai by its GSM Network of 2.25 lacs each. The network is almost fully loaded. Further GPRS based GSM Network of 4 lakh each is being commissioned in Delhi and Mumbai shortly. This Network will provide mobility including roaming within India and Internationally along with GPRS for higher data rates.

3. Wi-Fi spots are proposed to be deployed in Delhi and Mumbai by Dec. 2004 to cater for high speed Internet services through PC/Lap top/PAD etc.

4. The GSM Network are becoming very popular world over as they provide roaming Nationally and Internationally. Accordingly additional one million line each at Delhi and Mumbai have been planned to be added in 2005-06 to meet growing demand of mobility and high data rates from mobile terminals.

5. MTNL has applied to DoT to merge the two SDCA of Mumbai and Navi Mumbai and treat as a single SDCA for the purpose of WLL based Mobile services, because of community of Interest otherwise MTNL as at disadvantage *vis-a-vis* private operators. The necessary approval is awaited. This will go in a big way for better services, customer relation etc. in Mumbai.

(B) **Procurement:** MTNL has recently revised the tender documents in consultation with BSNL and Deptt. of Telecom. Some important clauses have been modified to suit both MTNL and the prospective vendors. MTNL has also planned to procure E-Procurement software so as to expedite the procurement procedure and also maintain transparency in the procurement of Telecom equipment. In general, standard items like Telephone instruments, Drop wire, PIJF cable, Opt. Fibre cable etc. are finalized in 3-4 months time from NIT to placement of Purchase Orders.

(C) **Customer Relation:** MTNL is facing tough competition in its service areas of Delhi and Mumbai. There are very strong competitors like Reliance, Tara Bharti, Hutch etc. both in the mobile service and land line services. MTNL being incumbent operator, suffers the disadvantage of having a large legacy Network based on copper cables, drop wire and telephone instruments etc. This network requires large man power to maintain, is prone to faults and repair of fault also take longer time. Further MTNL being a PSU has to operate within certain constraints *vis-a-vis* the flexibility available to the private operators.

Nevertheless MTNL is giving tough fight to the competitors and is striving to provide high quality service at affordable rates keeping in view the requirement of all segments of customers.

MTNL is modernizing its network so that faults are reduced. Secondly, MTNL is rehabilitating the existing network to reduce faults. Fault rate has come down from 16.62 in year 2001 to 10.28 in 2004 (up to July 2004) MTNL is taking continuous measures to provide new services keeping in view the current trends and also to meet the aspiration of the customers suiting to all segments of the society.

Lot of measures have been taken to improve customers relations to provide new services etc. are as under.

**(a) MTNL is modernizing its network with the following measures to reduce faults:—**

1. The fixed line Network of MTNL has been made fully digital. The exchanges that are being set up are State of the Art new technology exchanges namely OCB 283, EWSD etc. These are high capacity exchanges and are capable to provide new services.
2. Old digital E-10 B Exchanges are being replaced with the above new technology exchanges to provide various services to these subscribers.
3. The junction network between the various exchanges is functioning over reliable optical fiber cables which provides high quality of voice.
4. Sub. loop length is being reduced by Planning RSU's, RLU's, DLC's etc. This will reduce faults to a great extent.
5. Pole-less network has been planned to reduce faults on account of drop wire.

6. Replacement of old and PCUT cable by PIJF cables to reduce faults is being done.
7. Computerized Fault reporting system is in operation in MTNL for accepting telephone complaints from customers through Interactive Voice Response Systems (IVRS). This system enables booking of telephone complaints round the clock and gives status of the fault including Fault docket number.
8. Replacement of old telephone instruments to reduce faults is being done. Telephone instruments which are eight year old & reported faulty twice are being replaced.
9. Rehabilitation of external plant to reduce faults is being done.
10. This involves dressing of D.P. & Cabinets, replacement of drop wire etc.
11. MTNL is already providing Internet based Broad Band services to its customer. ADSL based Broad Band Network of 2.8 lakhs lines is planned to provide high speed Internet along with Triple Play *i.e.* Video on demand etc.
12. Leased line N/W is being modernized and expanded to provide reliable leased circuits to customers.

**(b) MTNL is providing new Telecom services to its customers at affordable prices as per following details:—**

**PSTN (Land Line Network)**

1. A number of value added services called 'Phone Plus' services are offered for Land Line Sub. by MTNL. These are Call waiting, Call Forwarding, Wake up Services and Calling line Identification Presentation (CLIP) etc.
2. Narrow Band ISDN service is available. This service provides for high quality voice, high data speed, video conferencing, Fax & Internet access etc.



3. MTNL has introduced IN Network. IN Network provides advance services like Free Phone Service, VCC Services, Premium Rate Services, Account Card Calling and Virtual Private Network Services etc. Of late IN services have become very popular.
4. MTNL is providing Internet based Services such as E-Mail, Internet Telephony, Web Hoisting, Web Surfing directory enquiry, bill enquiry etc.
5. MTNL mail facility provides to send e-mail from normal MTNL phone line without the need of a PC in MTNL, Delhi only.
6. Virtual Phone: Virtual phone service is available to receive voice/FAX messages which a subscriber can retrieve from any phone at his convenience in MTNL, Delhi only.
7. CUG/VPN/CENTRES Services, similar to EPABX facility are available. Centrex facility is becoming very popular among closed user group.
8. MTNL has recently launched "MTNL Trust line" service which provide Digital signature to entities including individuals, organization etc. for "e-governance"

#### **GSM Network**

1. MTNL is offering of a host of SMS based services like entertainment & News etc. for its GSM subscribers.
2. MTNL proposes to provide missed call allot service to the customer to retrieve the missed calls when phone was switched off or outside the coverage area.
3. MTNL is tying up with Indian Railway to provide reservation update information on SMS against PNR in MTNL, Delhi only.
4. SMS based DIRECTORY ENQUIRY, BILL ENQUIRY etc. is available for PSTN N/W.
5. MTNL is providing Web based services on the mobile (Web enable site)
  - (i) BBC (ii) CNBC in MTNL, Delhi only.

**(c) MTNL is improving its customer relations and going nearer to the customer with the following measures:—**

1. Full fledged marketing division have been created each headed by Chief General Manager in both Delhi and Mumbai to address efficiently the customer needs.
2. 44 Nos. SANCHAR HATT's have been opened in Delhi for the customer to purchase any type of items like telephones, terminals, VCC cards, Prepaid cards etc. for both landline and Mobile services.
3. Telephone Adalat and Open House Sessions are being organized to address speedily the grievances of customers.
4. In order to provide the best & adequate customer care, MTNL has 128 Nos. of quick Customer Service Centres all over Delhi & Mumbai.
5. A loyalty scheme named as "Loyal Royal" which rewards its loyal customer with Bonus points that can be redeemed for product like VCC, Cordless Phone, Internet Account, CDMA Phones etc. has been introduced.
6. Commercial procedures have been simplified.
7. Toll-Free No. (1500) in Delhi and (1509) in Mumbai have been opened for providing MTNL related. Information and Services from a single window.
8. Billing Service on telephone No. (1661) launched for all sorts of queries/complaints related to telephone bills.
9. Commercially Important Persons (CIP) are identified and graded volume discount based on usage of telephone ranging from 2% to 9% is given to such customers.
10. Customised Tariff packages as per monthly usage pattern have been introduced.
11. On line Services "Newslines" & "Infoline" in Delhi and "edonline" in Mumbai have been introduced for providing latest information about MTNL services, products, procedures, news etc.

12. MTNL, has appointed 378 Nos Direct Selling Agents (DSA) in Delhi & Mumbai. All the products and services offered by MTNL are also available through these DSAs.
13. Front end staff at Customer Interface Point are being motivated through orientation program for courteous and prompt service.
14. For corporate customers, a high level core group has been formed for special treatment.
15. MTNL is revising its tariffs from time to time for its PSTN, Mobile, Internet N/W to meet aspiration of the customers.

**(d) MTNL has taken a lot of measures to facilitate easy payment of telephone bills to meet the requirement of all segments of society.**

1. Introduction of On Line Payment Counters in various areas etc.
2. Electronic Clearance Scheme (ECS).
3. Automatic Rent Rebate.
4. EPP System (Electronic Bill Payment & Presentation) system.
5. Bill Payment through Kiosks.
6. Call/Contact Centre for Fixed line, GSM, CDMA and Internet Help Desks Number 1500 Billing and Commercial complaints.
7. Automatic cheque deposit machines.
8. In addition the following facilities are available in MTNL Delhi only.
9. Credit card payment scheme.
10. Debit Card Payment.
11. ATM for IDBI Bank.
12. Payment at Petrol Pumps.
13. Payment at Mobile Vans.

STATUS OF EQUIPPED CAPACITY AND WORKING  
CONNECTIONS AS ON 30.6.2004

	Equipped capacity	Connections working
Fixed lines	58,22,479	42,29,678
WLL	3,28,230	1,55,249
GSM	4,50,000	4,16,873

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

C-DOT

**Recommendation/Observation (Para No. 17)**

The Committee note with concern that against the internal financial target of Rs. 155.35 crore for the year 2003-2004, C-DOT was able to expend Rs. 126.60 crore due to campus works which will be actually spent during the first few months of the year 2004-2005 in the form of payment to various contractors. Similarly, C-DOT has not been able to achieve the physical target in 'Dense Wavelength Division Multiplexing' during the same year due to delayed availability of some components. The Committee further note that the financial target of C-DOT for the year 2004-2005 has been fixed at Rs. 145.61 crore keeping in view the budgetary allocation of Rs. 81.38 crore in the form of grant-in-aid. The Department's statement that any shortfalls in the grant-in-aid or internal accruals will adversely affect the R&D projects is also a matter of concern.

The Committee, therefore, recommend that C-DOT should take advance measures to ensure that it is able to generate the required revenue during the year 2004-2005 and get the components in time so that both financial and physical targets for the year 2004-2005 are achieved and R&D does not suffer the way it has happened in 2003-2004. The onus lies with the Department to see to it that the projected grant-in-aid of Rs. 81.38 crore for C-DOT during the year 2004-2005 is not curtailed.

### **Action Taken by Government**

- C-DOT made payments totalling to Rs. 7 crores during first quarter of the year 2004-05 towards the works rendered by contractors.
- As far as Dense Wave Length multiplexing is concerned, this project is state-of-the art research and development project and has considerable complex hardware & software components. The reason for delayed receipt of components as communicated earlier was based on the fact that the experimental results not matching with the estimated values earlier. The problem was traced to some components, which were sent back and new components were received from the supplier for use in the further research. The equipment has now been designed, developed and is under validation. Further care is being taken that components are received in time for various projects.

DOT&C-DOT are exchanging adequate information on the estimates and grants for the year 2004-05. The Department of Telecommunications is making all efforts that money due to C-DOT as grant-in-aid is provided in various instalments. Meanwhile, C-DOT is making efforts to meet the anticipated internal actuals during the year 2004-05. Development of projects is not expected to suffer because of funds. However, in search & development of contemporary technologies, some variation in time taken and results is expected depending upon success in first time research at various stages.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

TELECOM DISPUTES SETTLEMENT & APPELLATE TRIBUNAL  
(TDSAT)

### **Recommendation/Observation (Para No. 20)**

The Committee note that a sum of Rs. 0.87 crore was allocated to TDSAT in the 2003-2004 BE and RE under plan expenditure. But the

Tribunal was able to spend Rs. 0.63 crore only due to postponement of one study tour to Brazil and Argentina, development of website by NIC free of cost and withholding of 20 per cent of the cost for a computerized reference library. However, as TDSAT has been taking some measures like organizing a seminar, study tour by the Chairperson, Members and Sr. functionaries, the Committee hope that the Appellate Body will be able to utilize the 2004-2005 budget provision of Rs. 0.60 crore.

#### **Action Taken by Government**

The recommendation of the Committee has been noted. This Tribunal is likely to utilise an amount of Rs. 60 lakhs under the Plan headed during the current financial year 2004-05.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

WIRELESS PLANNING AND COORDINATION (WPC)

#### **Recommendation/Observation (Para No. 21)**

The Committee observe that for Wireless Planning and Coordination (WPC), the BE 2003-2004 was Rs. 131.17 crore which was reduced to Rs. 105 crore at the RE stage. The actual expenditure for that year was Rs. 94.44 crore and the reason for savings was late commencement of equipment supply. Department's statement that the amount spent in 2003-2004 was much more than previous years does not hold good in view of the fact that savings in any form are tantamount to bad budgeting. The Committee recommend that the Wireless Planning and Coordination should take greater care to utilise the entire allocation during this financial year.

#### **Action Taken by Government**

Utmost care would be taken to utilise the allocation for financial year 2004-05. All possible care has been taken in the past also for timely implementation of the project and phasing of expenditure.

However, due to the complexity of the project and some unavoidable circumstances, the expenditure was below the budgeted levels. The project is expected to be completed by end of this financial year.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

WIRELESS MONITORING ORGANISATION (WMO)

**Recommendation/Observation (Para No. 22)**

The Committee note that the total outlay for WMO in BE 2003-2004 was Rs. 9.36 crore which was reduced to Rs 2.33 crore in the RE 2003-2004. Reasons for such variation have been stated to be non-availability of land for acquisition and other reasons. The Committee find that the total outlay for WMO has been increased to Rs. 14.27 crore in the BE 2004-2005 for procuring land and construction of office building for its field offices.

The Committee are concerned and desire to know whether WMO has identified any land for its field offices and whether all the administrative approvals prior to buying land have been obtained. The Committee recommend that all the measures in this regard should be taken in advance to utilise the 2004-2005 BE amount.

**Action Taken by Government**

In BE 2003-2004 an amount of Rs. 9.36 crore was approved (*i.e.* for Civil Works Rs. 8.86 crore & for Tech. Schemes Rs. 50 Lakhs totaling Rs. 9.36 crore). This amount was reduced to Rs. 8.21 crore in RE 2003-04 (*i.e.* For Civil Works Rs. 7.89 crore and for Tech. Schemes Rs. 0.32 crore) which was approved. It was expected that few plots of land under negotiation for acquisition with the State Governments/ their authorized bodies for establishing permanent Wireless Monitoring Stations could materialize any time. However the acquisitions could not materialize during the year 2003-04.

In B.E. 2004-05 the outlay for Civil Works *i.e.* for undertaking construction works and acquisition of land was kept at Rs. 10.27 crore. The outlay for the Technical Schemes was kept at Rs. 4.00 crore and thus the total outlay became Rs. 14.27 crore.

The proposed acquisition of land form part of the objectives of the approved Tenth Five-Year Plan; hence with a view to fulfil this objective WMO needs land at the following places as tabled below and is continuously trying to fulfil this objective. The land for which budget is provided in the Financial Year 2004-05 are already identified. Further all the existing procedures for land acquisition are being followed scrupulously.

Land required at places	Land identified at	Administrative Approval given or not
1. Bangalore	1 Bangalore (BSNL)	Yes
2. Mangalore	2 Mangalore (State Govt.)	Yes
3. Ranchi	3 Ranchi (BSNL)	Yes
4. Jammu	4 Jammu (State Govt.)	Yes
5. Dibrugarh (Govt. or BSNL land—Not available and suitable and safe Land within Municipal area also not Available)		

Sd/-  
Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

#### **Comments of the Committee**

(Please see Paragraph No. 23 of Chapter-I)



## CHAPTER III

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

#### PRIVATE OPERATORS

##### **Recommendation/Observation (Para No. 6)**

The Committee find that as on 31 March, 2004 out of 6,07,491 villages in the country, 5,22,347 villages have been provided with telephone facilities, the share of BSNL being 5,09,682 and that of Private Operators being 12,665. It may be worthwhile to mention here that as per the licence agreements the six Private Operators were to provide 97,806 VPTs during the first three years *i.e.* by 30 September, 1998 in case of Andhra Pradesh, Gujarat and Punjab, by 30 September, 1999 in Maharashtra, by 30 September, 2000 in Madhya Pradesh and by 4 March, 2001 in Rajasthan. But none of the commitments was honoured by any of the Private Operators. The Department, on its part, went on extending the time-limit for the Private Operators to perform, as has been brought out in detail in the Report of this Committee on Demands for Grants (2003-2004).

The Committee are pained to observe that the Department has been assuring the Committee for the last several years that stringent action would be taken against the Private Operators for dishonouring the contractual obligations. Ultimately, as seen this year, the Private Operators have migrated to the Unified Access Services Licence (UASL) under the provision of which the obligation of rural telephony has ceased to exist. What is more intriguing is the reference, made this time to Clause 3.3. (i) of the Basic Service Licence according to which if all the villages in the service area have been provided with at least one public telephone by DoT or the Private Operators, the obligation will cease to exist. The Committee are highly perturbed over the escapist attitude of the Private Operators in circumventing the enabling clause for providing rural telephony to the remotest corners of the country. The intention of the Government was to provide rural connectivity to the people as early as possible.

The Committee take serious note of the fact that the Private Operators took full advantage of such lacunae that existed in their contractual obligations, did not go for rural telephony and preferred the profitable route of escape by paying a paltry sum of Rs. 53.75 crore as liquidated damages. The Department should, therefore, effectively and equitably enforce the licensing agreements by all the Private Operators.

#### **Action Taken by Government**

Six Private Basic Service operators who were issued licences in 1997-98 had roll out obligations for providing Village Public Telephones (VPTs). Further, all the six old Private Basic Service Licensees have migrated to Unified Access (Basic and Cellular) Services License in November 2003, as per Guidelines No. 808-26/2003-VAS dated 11.11.2003, whereby the roll out obligations were changed to coverage of District Headquarters.

As per Clause 3.3 (i) of the Basic Service Licence, if all the villages in the Service area have been provided with at least one public telephone by the DOT or the private operator, in such cases this obligation will cease to be applicable. This clause in the Licence depicts the essence of NTP-1994 in which it was envisaged that private operators will compliment the efforts of PSU (BSNL) in providing Village Public Telephones rather than duplicating the efforts.

The requirements of Universal Access in rural areas would now be met from the Universal Service Obligation Fund and Access Deficit charge. The Indian Telegraph Act 1885 has been amended in Jan, 2004 to create a Universal Service Obligation fund with retrospective effect from 1.4.2002.

All the eligible operators are contributing 5% of Adjusted Gross Revenue (AGR) towards Universal Service Obligation (USO) Fund as a part of the licence fee.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

## REPLACEMENT OF MARR VPT

**Recommendation/Observation (Para No. 7)**

The Committee find that there has been no provision for replacement of MARR VPT quota for the Private Operators. But elsewhere, it is found that as all the villages have been covered in Punjab by BSNL, the faulty MARR VPTs are being replaced by the Private licensees. The Department owes a clarification in this regard.

**Action Taken by Government**

In Punjab, since all the villages were already covered with VPTs and only problem was than of non-functioning of faulty MARR VPTs, therefore, Private Operators was asked to replace the faulty MARR VPTs.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

ITI LTD.

**Recommendation/Observation (Para No. 16)**

The Committee are constrained to note that during the year 2003-2004, ITI was able to achieve only 16 per cent of the financial target *i.e.* Rs. 10.86 crore against the target of Rs. 70 crore. Restricted expenditure due to financial constraints, limited/debarred expenditure due to change in product technology and regulated expenditure depending on actual requirements have been attributed as reasons for shortfalls in financial achievement on the part of the Company.

The Committee also observe that during the year 2003-2004, ITI has incurred mounting losses to the tune of Rs. 231 crore and for the year 2004-2005, the projected loss is Rs. 122 crore due to lack of timely switch over of the Company coupled with shift in market preference from fixed to mobile lines, reduction in manufacturing of products, heavy outstanding borrowings to the tune of Rs. 1,758 crore, surplus manpower and high fixed overhead cost amounting to Rs. 7.60 crore.

The Committee further observe that ITI has fallen short in achieving the physical targets in Switching Products, Transmission equipment etc. during the year 2003-2004 due to inadequate orders, late receipt of orders and no orders at all.

In this context, the Committee note with greater concern the Department's admission that it is a sick Company. The objective before the DoT is to ensure that ITI remains a manufacturing Company of telephone instruments rather than turning into a trading Company of all sorts. DoT believes that if any Company has any semblance of manufacturing in India it is ITI. In its bid to achieve this goal, the DoT is bent upon bailing out the Company from the precarious financial condition and preventing it from being referred to the BIFR for which a number of measures are being taken. Such measures include induction of preference share capital by MTNL and BSNL, reservation quota orders upto 30 per cent, advance payment of 75 per cent of the Purchase Orders against the reserved quota, revival package of Rs. 508 crore, reimbursement on VRS expenditure etc.

The Committee feel that as ITI has been the only Government owned undertaking producing indigenous telecom equipment and has rendered a commendable service over so many years, the Department's line of action in this regard is quite justified and has the fullest support of the Committee. Having received the necessary help in 2004-2005, the Committee would now like the Company to acquire all necessary technologies to be in the race, maximise its turnover, bring down the material cost to the Value of Production (VoP), reduce its surplus manpower and regain its core competence in manufacturing and fulfil its commitment to the Government and the Committee to be at par with any other telecom manufacturer anywhere in the world and look for business beyond BSNL/MTNL. All options should be explored to make the Company viable and profitable. The Committee hope that with such combined efforts from both DoT and ITI, the Company would not only thrive but be one of the leading Public Sector Companies of India.

#### **Action Taken by Government**

1. The Company had an approved capital outlay of Rs. 70 crore but could spend Rs. 10.86 crore due to financial constraints. The financial position of the Company is still critical.

2. Company has incurred a loss of Rs. 706 crore during year 2003-04. The major reasons for the losses are as given below:

- (i) Steep decline in the requirement of fixed line equipment,
- (ii) Steep fall in prices, low value addition
- (iii) High fixed expenses on account of
  - a. Surplus manpower
  - b. Multiplicity of Plants—Building up infrastructure in under-developed areas with residential complexes needing power, water, roads, hospital and security
  - c. Low equity and hence heavy market borrowings.

2.1 The Company has initiated following actions to turn around:

- (i) Revival Plan—The Company has submitted revival plan for business restructuring and financial assistance to the Government.
- (ii) Getting back into core competency by manufacturing the new technology products like GSM, WLL-CDMA, SDH optical range of equipment etc.
- (iii) induction of technologies
  - a. Entered into collaboration agreement with M/s Alcatel for the manufacture of GSM Mobile Equipment
  - b. Tied up with M/s Teklek to manufacture IP Tax and Stand alone Signalling Transfer Point equipment.
  - c. For addressing Broad Band needs the Company has tied up with Alcatel for manufacturing ADSL equipment.
  - d. Tie-up with M/s Tejas for SDH optical equipment.
  - e. SIM card manufacture.
- (iv) Rationalisation of Plants—EC Plant has been merged with Bangalore Complex
- (v) Adopted cost cutting and austerity measures
- (vi) ITI has again announced VRS in September 2004 to reduce the employee strength.

## 2.2. Government's support

- (i) Government has provided guarantee to raise money to give VRS to its employees.
- (ii) Reservation quota orders up to 30% has been given.
- (iii) Advance payment of 75% of the purchase order value against the reserved quota orders.
- (iv) Government has announced a revival package of Rs. 508 crore in the Budget Session.

3. During the year 2003-04 ITI could get orders for Switching Equipment for Rs. 118.72 crore against the Company Plan of Rs. 221 crore. In Transmission Equipment also the order availability was Rs. 71.57 crore only against plan of Rs. 150 crore. Similarly, GSM orders received were Nil against a plan of Rs. 330 crore and WLL-CDMA, the orders received were Nil against a plan of Rs. 227 crore.

Therefore, the full capacity of the company in Switching and Transmission equipment could not be utilised fully.

4.1 Company has core competency in the manufacturing field and with the induction of new technologies and ToT agreements for GSM, WLL CDMA and IP Tax, ITI is expected to come out of the present difficult financial position.

4.2 Department of Telecommunication has also extended assistance in getting Rs. 300 crore as Preferential Capital from BSNL and MTNL. The Government has sanctioned a revival package of Rs. 508 Crore. The breakup is as follows:

- a. Rs. 338 crore for reimbursement of money spent on VRS by the Company during the previous years upto March, 2004.
- b. Rs. 120 crore—expected expenditure for VRS during 2004-05.
- c. Rs. 50 crore for capital expenditure.

4.3 During the year 2003-04 the Company incurred a loss of Rs. 706 crore. The Net-worth of the Company has thus become negative. In view of the negative Net-worth, the Company has become a sick company under the provisions of the Sick Industrial Companies Act and has been referred to BIFR.

4.4 Government is making all efforts to bail out the Company from the present difficult financial conditions.

5. In the present competitive environment, technology is changing very fast and the prices are coming down sharply. The market is in flux. In spite of these trying conditions and environment, the Company is trying hard to survive. Company is expected to turnaround in two-three years' time with the support of Government and its sister PSUs.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

#### C-DOT-UPDATING OF RESEARCH

##### **Recommendation/Observation (Para No. 18)**

The Committee are informed that by the time C-DOT sells the technology to the manufacturer and by the time the manufacturers develop the manufacturing ability, the tender specifications of the purchases go one step ahead. The Committee, therefore, put a word of caution to C-DOT to explore upgrading the technology so that much time is not lost in the transit. The Committee also advise C-DOT to try and update their research activities so that they can match the private operators in a fiercely competitive environment. The Committee also desire that both DoT and C-DOT should take all precautionary and punitive measures to ensure that the shortcomings/deficiencies and negligence as observed in the construction of Chhatarpur Campus Project is not repeated in any of their future projects.

##### **Action Taken by Government**

- C-DOT has been transferring various technologies to the manufacturers who in turn manufacture the technology based on the documents and the technology know-how given by C-DOT. In the recent year, due to fast changes in technology and availability of various multiple & latest technology options from world wide resources, research and development at C-DOT has been reprioritised for various types of products. These projects are targeted not only for

the commercial markets but are also meant for social and strategic sectors. Also, some projects are being researched for long term futuristic requirements. C-DOT is also working towards forging strategic alliances for synergizing development and reducing time to market.

- Unlike in the past, C-DOT is not only upgrading the technology of the systems, which are already in the field, but also is providing new evolving total solutions to meet the continuously changing requirements. C-DOT is aggregating development tools for doing research in telecom technologies in this fact changing technologies scenario. C-DOT is further adding various quality processes tools to design technologies in minimum iterations as far as possible. It is expected that with these measures, the shortcoming and deficiencies in the rate of progress of various research projects will be reduced.
- C-DOT is having frequent dialogues with the operators, service providers, industry and other organisations to appreciate the market needs as well as showcase C-DOT technologies & potential.
- As far as Chattarpur Campus project is concerned, measures were taken to delegate appropriate powers at different levels for the work to be executed faster. As a result of constant review, monitoring by C-DOT & DOT as well as creation of core group, C-DOT could vacate all the rented buildings in Delhi and its research and development laboratories are presently working from Chattarpur Campus.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B dated  
23-11-2004]

TELECOM REGULATORY AUTHORITY OF INDIA (TRAI)

**Recommendation/Observation (Para No. 19)**

The Committee note that out of the World Bank loan of US \$62 million, an amount of US \$4.4 million (approx. Rs. 20 crore) was allocated to Telecom Regulatory Authority of India (TRAI) for the



purpose of strengthening its institutional capabilities including provision of training to TRAI staff and carrying out consultative studies on regulatory issues. TRAI was unable to spend the allocated amount in a span of more than four years (from August, 2000—December, 2004) on the plea that considerable time was lost in identifying experts in relevant areas of consultative studies and also because the additional responsibilities of broadcasting and cable service have been entrusted to it subsequently. As a result, the Regulatory Body surrendered an amount of US \$1.9 million as savings. The Committee note with concern that TRAI should have done its homework well in identifying experts and drawing up a panel before it went in for a loan of US \$4.4 million in the year 2000.

TRAI has requested the Department for extension of the World Bank loan period by two years *i.e.* upto 31 March, 2006 which has not been acceded to. The Committee further note that as the World Bank has agreed for continuation of dialogue for development of Telecom Sector, TRAI has submitted a proposal for finalising fresh loan of US \$3 million for carrying out consultative studies etc.

The Committee understanding that TRAI as a Regulator has a very important role in shaping the quality of telecom services for the whole country. TRAI should utilise all the resources at its disposal to emerge as a strong and well informed Regulator in order to render the best possible services to the nation. In this context, the Committee feel that TRAI should in future utilise all available resources effectively for the purpose of strengthening its institutional capabilities and upgrading the knowledge base of the Organisation and its staff.

#### **Action Taken by Government**

The World Bank had approved a loan of US\$ 62.0 million for the Telecommunication Sector Reforms Technical Assistance Project to support DoT (including TEC and WPC), TRAI and TDSAT to promote private investment and competition in the telecommunications sector in India through strengthening the elements of policy and regulatory environment. The loan became effective from 29.8.2000 and closing date of the loan is 31st December, 2004.

Out of the above World Bank loan, an amount of US\$ 4.5 million (Approx. Rs. 19.35 crore) was initially allocated for TRAI for carrying out consultative studies on regulatory issues and provision of training for TRAI officials. The loan allocation for TRAI was subsequently revised to US\$ 2.5 million.

TRAI was established *vide* the Telecom Regulatory Authority of India Act, 1997, enacted on 28th March, 1997. The TRAI (Amendment) Act, 2000 led to reconstitution of the Authority. When the above World Bank loan was being conceived incorporating the TRAI component, telecom regulation in the country was at a nascent stage and initially it took some time to identify the relevant experts in various areas of telecommunications.

Further, the introduction of a Bill in Parliament for establishment of the Communication Commission of India in the place of existing TRAI also caused certain uncertainties and affected the programme of TRAI for conducting consultancies and providing training to TRAI officials under the World Bank project. Subsequently, on the basis of review of progress of the TRAI component of the project and taking into account the loan closing date of 31st December, 2004, TRAI conveyed to the DoT *vide* letter dated 26th September, 2003, for surrender of an amount of US\$ 1.9 million as savings out of the total allocated loan amount of US\$ 4.5 million. At that point of time, the additional responsibilities of Broadcasting and Cable services were not entrusted to TRAI under the TRAI Act. The responsibilities for Broadcasting and Cable services were entrusted to TRAI *vide* a Notification of the Government dated 9th January, 2004.

In view of certain emerging issues on telecommunications and the additional responsibilities of broadcasting and cable services assigned to TRAI, TRAI had earlier requested for extension of the existing loan for a period up to 31st March, 2006, which was not agreed to by the World Bank. After refusal of the World Bank for extending the existing loan, TRAI has requested DoT to take up with MOF (DEA) for finalising fresh loan of US\$ 3.0 million for carrying out consultative studies on regulatory issues including expansion of infrastructure for rural connectivity, broadcasting and cable services, etc. as well as to meet the training requirements of TRAI officials.

The TRAI would in future utilize all available resources effectively for the purpose of strengthening its institutional capabilities and upgrading the knowledge base of the organization and its staff.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

## CHAPTER IV

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

#### OUTSTANDING ARREARS

##### **Recommendation/Observation (Para No. 11)**

The Committee are highly concerned to note the staggering amount of outstanding telephone bills which has reached Rs. 4,968.50 crore as on 31 March, 2004. BSNL's share is Rs. 3,807.04 crore and that of MTNL is Rs. 1,161.46 crore. In order to recover the outstanding dues, a number of measures are being taken, which included disconnection of telephone lines of the defaulters, setting and monitoring of targets for liquidation of outstandings, monitoring of collection efficiency etc. However, the above cited measures have apparently not yielded the desired results. This is corroborated by the huge outstanding dues and the fact that an amount of Rs. 53.60 crore had to be written off because it was irrecoverable. The Committee are of the view that additional prudent measures are required to collect the outstanding dues, more so when the viability of BSNL is under grave threat.

##### **Action Taken by Government**

Conventionally steps taken by the BSNL for realization of outstanding dues include disconnection of telephones, issue of registered notices, reminding over telephone, disconnection of other working telephone/telephones of the defaulters, adjustment of deposits, and other administrative and legal action in justified cases.

In addition to above steps, CGMs of BSNL have been delegated with some powers in order to reduce the outstanding dues *viz.*, appointment of Private Recovery Agents, taking assistance of Department of Revenue and Police Department of the State Government concerned. Scheme of one time waiver of rentals for the period during which telephone remains disconnected on payment of outstanding dues has been extended from time to time.

The above-mentioned steps are being implemented and its effect is already being felt on the recoveries, as Net outstanding of Rs. 3,807 crore as on 31.3.2004 has been reduced to Rs. 3,075 crores at the end of June, 2004. Further out of this outstanding amount Rs. 178 crores, Rs. 28 crores and Rs. 124 crores pertain to State Government, Central Government and Defence respectively, whose chances of recovery are very strong.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

#### **Comments of the Committee**

(Please see Paragraph No. 17 of Chapter-I)

#### **MTNL-ACHIEVEMENT OF TARGETS**

##### **Recommendation/Observation (Para No. 14)**

The Committee are highly perturbed to note that during the year 2003-2004, achievement of MTNL in net new connections including WLL and cellular connections was minus 1.48 lakh lines out of the target of 3.50 lakh lines. According to the Department, reasons for such negative growth were surrender and migration of fixed phone subscribers to mobile phones, lack of sufficient capacity in MTNL's mobile services as well as stiff competition in Delhi and Mumbai. The Committee are not satisfied with such reasonings because MTNL has to withstand competition by improving the quality of its service. Secondly, as much as approximately 40 per cent cases of surrender and migration of MTNL subscribers does cast an aspersion on the efficiency of the Company and need to be looked into with a sense of urgency. Moreover, the unexpected surge in demand for GSM and CDMA mobile services could have been foreseen much earlier.

The Committee are of the view that the negative growth in net new connections including WLL and cellular connections has primarily been due to lack of planning and foresightedness on the part of MTNL and quality of service provided. The bottomline is, therefore, MTNL had to be commercially as alive and competitive as the Private Operators, and improve its quality of service in the competitive

environment so that commercial houses and other loyal subscribers of MTNL do not switch over to other operators.

### Action Taken by Government

#### Surrender of telephones and QOS etc.

(a) Both the units of MTNL are carrying out in house investigations regarding the surrender of telephones on a monthly basis. The details for the month of August, 2004 are as under:

Sl. No.	Item	No. of Surrendered		DELs Analysed	
		Delhi	Mumbai	Total	%
1.	Taking all India shift	564	268	832	3.86
2.	Shift within local	1037	2015	3052	14.17
3.	Additional Telephones	2078	1353	3431	15.93
4.	Closure of company/Firm/Financial condition	1798	1899	3697	17.16
5.	Tariff high	1199	742	1941	9.01
6.	Surrender of OYT connections	141	459	600	2.78
7.	Taking telephone from other company	547	295	842	3.91
8.	Not satisfied with the services				
	(i) Commercial	51	101	152	0.71
	(ii) Bulling	487	279	766	3.56
	(iii) Working of Telephone Connection	570	102	672	3.12
	Total	1108	482	1590	7.39
9.	Taking incoming facility	99	390	489	2.27
10.	Reason not known	1029	2609	3638	16.89
11.	Any other reason	1077	120	1197	5.55
12.	Taken mobile	—	233	233	1.08
	Total	10677	10865	21542	100.00

It would be seen that surrender of telephones on account of service is only 8%. It may also be mentioned that surrender of telephones is a phenomena being faced by all Telecom Operators because alternate options of network and operator is now available to the customers. MTNL has the disadvantage of having a legacy network based on Copper Cables, Drop-wire Telephone Instruments etc. The problem of legacy network of MTNL/BSNL in providing good quality services to the customer *vis-a-vis* other operators having wireless network, has been appreciated by TRAI also in a meeting with the Chairman with TRAI on 5.7.2004. TRAI has agreed in principle to give due concession to MTNL with respect to QoS parameters.

- (b) Nevertheless MTNL has added nearly 1,55,600 fixed lines phones from April, 2004 to August, 2004. In other words fixed line phones are still in great demand in MTNL.
- (1) Garuda Mobile connections are steadily increasing in Delhi during the year 2004-05. Also GSM cell phone connections are increasing during the year 2004-05.
- (2) In case of Mumbai, the surrender of WLL phones has been arrested. There is a positive growth in WLL connection. The capacity of GSM network is already full in Mumbai.
- (3) After lot of efforts, MTNL has procured the CDMA, FWT and mobile terminals. The CDMA network in Delhi has improved considerably. Demand for CDMA connections under the brand name of Garuda FWT and Garuda mobile has picked up.
- (c) Further, the GSM network is being extended in Delhi and Mumbai by 4 lacs lines each. It is expected that coverage of the network will be much better after new GSM network is in position.
- (d) MTNL has planned to go in a big way the Broad Band Services offering High Speed Internet, T.V., Video on Demand etc. in 2004-05. Surrender of land line is expected to be arrested with the launch of Broad Band Services at low tariffs.
- (e) It is expected that with the expansion of GSM Network, availability of CDMA Terminals, launch of Broad Band, the negative growth in the DELs will be arrested and will become positive towards the end of 2004-05.

**(f) Regarding planning of mobile network to fight competition.**

- (1) MTNL was a late entrant in Cellular Mobile Service. License to operate GSM network to MTNL was given only in Oct., 1997. However, launch of services was delayed due to court case against MTNL by private operator. Consequently first GSM network were commissioned in 2000-01 only for one lac each in Delhi and Mumbai. The networks were expanded to 2.25 lacs by March, 2003 each.
- (2) MTNL had planned long back the CDMA network for providing mobility to the subscribers. The first CDMA Mobile Network with limited mobility was commissioned in the year 1999 with 10,000 lines supplied by M/s Qualcomm inventor of CDMA Technology. Subsequently a 50,000 lines network with a mix of mobile and fixed subscribers was commissioned in Delhi and Mumbai in the year 2001-2002. Both the networks were expanded by another one lac lines each to 150K in the year March, 2003. The network in Delhi was further upgraded to 2001X type (Family of 3 G network) in April, 2003. Another expansion of 4 lacs lines each at Delhi and Mumbai of CDMA is under implementation and likely to be completed by March, 2005. Initial CDMA and GSM networks suffered some deficiency in coverage & QOS. These have now been attended. Coverage has improved in both CDMA & GSM Network. GSM network is now almost full both in Delhi/Mumbai. A large number of subscribers are being added currently in CDMA also.

**(g) Measure to improve quality, customer relation/marketing etc.**

As already mentioned, MTNL is facing tough competition in the service areas of Delhi and Mumbai. MTNL has the disadvantage of having a legacy network based on Copper cables, Drop-wire, old type of Telephone Instruments which are prone to faults. The repair of faults also takes longer time. MTNL has taken up rehabilitation work on a large scale. This has helped in reducing the faults rate substantially. Further, MTNL is continuously taking measures in all directions, *viz.* commercial, quality of service, network modernisation marketing, customer relations, tariff balancing to retain the customers, increase the customer base and by giving new service at affordable

rates etc. Details of the measure taken are enclosed at annexure I-IV. The fault rate has come down from 16.62 in 2001, 14.19 in 2002, 12.32 in 2003 and 10.28 up to July 2004 for entire MTNL. Fault rate in Mumbai is already in single digit.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

**Comments of the Committee**

(Please see Paragraph No. 20 of Chapter-I)



## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES ARE INTERIM IN NATURE

#### BSNL—FINANCIAL ALLOCATION AND UTILISATION

##### **Recommendation/Observation (Para No. 1)**

The Committee note that the Plan outlay of BSNL for the year 2004-2005 is Rs. 8,809 crore, of which Rs. 7,734 crore will come from internal resources, Rs. 1,074 crore from bonds/debentures and Rs. 1.00 crore as budgetary support. This proposed outlay does not include Rs. 5,968 crore *i.e.* Rs. 3,318 crore towards reimbursement of license fee and spectrum charges and Rs. 2,650 crore towards net receipt from Universal Service Obligation (USO) Fund. The actual requirement of BSNL for Annual Plan 2004-2005 is Rs. 14,777 crore.

The Committee are informed that the Government approved a package of measures for BSNL in February, 2002 which *inter-alia* included reimbursement of License Fee and Spectrum Charges for an initial period of three years *i.e.* upto 2002-2003. Later, the Government in September, 2003 approved extension of this package beyond 2002-2003 for a period of one year *i.e.* the financial year 2003-2004.

The Committee are further informed that during the year 2001-2002 & 2002-2003 BSNL invested Rs. 20,794 crore in rural telephony, but it was reimbursed by the Government only to the extent of Rs. 5,491 crore. In the year 2003-2004, the Company is going to be deficit funded to the extent of Rs. 9,000 crore. Thus within a span of three fiscals, BSNL has been deficit funded to the tune of approximately Rs. 15,303 crore on account of investment in the rural sector. Further, during the above mentioned three years BSNL had paid an amount of Rs. 9,439.31 crore as licence fee, but it has been reimbursed Rs. 6,900 crore only. Here also, the shortfall has been Rs. 2,539.31 crore. Thus, the total deficit on both the fronts is around Rs. 18,000 crore between the years 2001 to 2004.

In view of the fact that the Government had decided to reimburse the licence fee and spectrum charges to BSNL for deficits incurred on account of rural telephony and other socially desirable projects, the Committee feel that BSNL is justified in requesting the Government for reimbursement of Rs. 5,968 crore to the Company. In the above context, the Committee find that the matter has been taken up by the Minister of Communications & Information Technology with the Finance Minister and subsequently followed up by the Secretary, DoT.

The Committee feel that BSNL has rendered an important national objective by providing extensive rural telephony, an area of operation where the private operators have been reluctant to tread. The Committee recommend that the Government should reimburse the License Fee and Spectrum Charges to BSNL at the earliest.

#### **Action Taken by the Government**

The matter is being taken up with the Cabinet.

Sd/-

Dy. Director General (FEB)

[Ministry of Communications and Information Technology/  
Department of Telecommunications O.M. No. 16-27/2004-B  
dated 23-11-2004]

#### **Comments of the Committee**

(Please see Paragraph No. 8 of Chapter-I)

NEW DELHI;  
1 March, 2005  
10 Phalguna, 1926 (Saka)

M. M. PALLAM RAJU,  
*Chairman,*  
*Standing Committee on*  
*Information Technology.*

ANNEXURE I

MINUTES OF THE NINETEENTH SITTING OF THE STANDING  
COMMITTEE ON INFORMATION TECHNOLOGY (2004-2005)

The Committee sat on Thursday, 20 January, 2005 from 1100 hours to 1325 hours in Committee Room No. 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri M.M. Pallam Raju—*Chairman*

MEMBERS

*Lok Sabha*

2. Shri Nikhil Chaudhary
3. Shri Mani Cherenamei
4. Shri Sanjay Dhotre
5. Shri P. Karunakaran
6. Dr. P.P. Koya
7. Smt. Nivedita S. Mane
8. Col. G. Nizamuddin
9. Shri Ashok Kumar Rawat
10. Shri Chander Shekhar Sahu
11. Shri P.C. Thomas

*Rajya Sabha*

12. Shri Vijay J. Darda
13. Shri Ashwani Kumar,
14. Shri Balbir K. Punj
15. Smt. Sarla Maheshwari
16. Shri N.R. Govindarajar
17. Shri K. Rama Mohana Rao
18. Shri Motiur Rahman
19. Shri Sanjay Nirupam

## SECRETARIAT

1. Shri Raj Shekhar Sharma — *Deputy Secretary*
2. Shri K.L. Arora — *Under Secretary*
3. \*\*\* \*\* — \*\*\* \*\*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then took up the following Draft Reports for consideration:

- (i) \*\*\* \*\* \*\*
- (ii) \*\*\* \*\* \*\*
- (iii) Draft Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in its Third Report on 'Demands for Grants' relating to Department of Telecommunications.
- (iv) \*\*\* \*\* \*\*

3. The Committee adopted the above-mentioned Action Taken Reports with certain amendments/modifications.

4. The Committee, then, authorised the Chairman to finalise and present the above-mentioned Reports to House.

*The Committee, then adjourned.*

ANNEXURE II

[Vide Paragraph No. 5 of Introduction]

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE  
THIRD REPORT (FOURTEENTH LOK SABHA)

- (i) Recommendations/Observations which have been accepted by the Government:  
Paragraph Nos: 2, 3, 4, 5, 8, 9, 10, 12, 13, 15, 17, 20, 21 and 22
- Total: 14  
Percentage: 63.64%
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government:  
Paragraph Nos: 6, 7, 16, 18 and 19
- Total: 5  
Percentage: 22.72%
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  
Paragraph Nos: 11 & 14
- Total: 2  
Percentage: 9.09%
- (iv) Recommendations/Observations in respect of which replies are of interim nature:  
Paragraph No. 1.
- Total: 1  
Percentage: 4.55%