15

STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2004-2005)

FOURTEENTH LOK SABHA

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

DEMANDS FOR GRANTS (2005-2006)

FIFTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 2005/*Vaisakha*, 1927 *(Saka)*

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(2004-2005)

(FOURTEENTH LOK SABHA)

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

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

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*Nominated *w.e.f.* 24.3.2005.

INTRODUCTION

I, the Chairman Standing Committee on Information Technology (2004-2005) having been authorised by the Committee to submit the Report on their behalf, present this Fifteenth Report on 'Demands for Grants (2005-06) relating to the Ministry of Communications and Information Technology (Department of Information Technology).

2. The Standing Committee on Information Technology (2004-2005) was constituted on 5 August, 2004. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider Demands for Grants of the concerned Ministry/Department and make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Information Technology) for the current year i.e. 2005-2006, which were laid on the Table the House on 17 March, 2005. The Committee took evidence of the rperesentatives of the Department of Information Technology on 29 March, 2005.

4. The Report was considered and adopted by the Committee at their sitting held on 11 April, 2005.

5. The Committee wish to express their thanks to the Officers of the Department of Information Technology for appearing before them as well as for furnishing the information that the Committee desired in connection with the examination of the subject.

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

New Delhi;
1 *April*, 2005
10 *Chaitra*, 1927 *(Saka)*

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

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REPORT

INTRODUCTORY

The Department of Information Technology (DIT) which forms part of the Ministry of Communications and Information technology is *inter-alia* responsible for formulation, implementation and review of National Policies in the field of Information Technology, Silicon facility, Computer based information technology and processing including hardware and software, standardisation of procedures and matters relating to international bodies, promotion of knowledge based enterprises, internet, e-commerce and information technology education and all matters relating to development of electronics and coordination amongst its various users.

2. The various schemes/programmes of Department of Information Technology are stated to be implemented both in house as well as through its PSUs/Societies and also through various programmes being funded under R & D. National Informatics Centre (NIC) provides computer support to Central/State Government Departments and District Administrations. The Major Schemes/Projects taken up by DIT are E-Governance, Media Lab Asia(MLA), Community Information Centres(CICs), Indian Computer Emergency Response Team(CERT), Indian Language Technologies, Digital Library, Centre for Development of Advanced Computing(C-DAC), Megafab, Nanotechnology, Cyber Security, Special Manpower Development for VLSI Design, Electronics in Healthcare, Braille in Indian Languages, Telemedicine, Task Force on Human Resource Development in IT, Educational and Research Network(ERNET), Vidya Vahini and Gyan Vahini. All these schemes are covered under the Plan funds whereas Non-Plan allocation is towards Secretariat expenditure of DIT, its attached offices namely Standardisation Testing & Quality Certifications(STQC) Directorate and its registered societies.

3. The Department of Information Technology presented Demand for Grants under Demand No.16 to Parliament on 17.03.2005. The Committee took evidence of the representatives of the Department of Information Technology(DIT) on 29th March, 2005 on the issues arising out of the Demands for Grants of the DIT for the year 2005-06.

Tenth Plan Allocation

4. The Committee drew the attention of the DIT towards the budgetary support of Rs. 2714 crore approved by the Planning Commission. If expenditure of the Department in first three years of the Tenth Plan i.e. Rs. 465.35 crore, Rs.494.63 crore, Rs.645 crore(tentative) in the year 2002-03, 2003-04 and 2004-05 respectively are taken into account and assuming that plan allocation of Rs. 929.30 crore for 2005-06 would be fully utilized, the total expenditure would be Rs. 2390.61 and therefore the Department would be left with a budgetary support of only Rs. 179.72 crore for the last year of the Tenth Plan. In this context, the Committee desired to know the steps taken by the Department to get the sufficient budgetary allocations for the year 2006-07. In reply, it has been stated that Planning Commission has been apprised in the Mid-Term Appraisal of Tenth Plan document that Tenth Plan allocations for DIT needs to be substantially augmented.

5. When asked about the salient features of the mid-term appraisal of the Tenth Plan document, the Committee were informed that the document highlighted that DIT would require a minimum Budgetary Support in the range of Rs. 2,500 crore for the last 2 years of the Tenth Plan i.e. for the years 2005-06 and 2006-07 to run its various programmes viz. e-Governance, Community Information Centres(CICs) and Vidya Vahini Programme, Nanotechnology, Special Manpower Development for VLSI Design, Information Security Education and Awareness Programme, C-DAC and National Informatics Centre(NIC).

Budgetary Allocation for the year 2005-06

6. Demand No. 16 pertaining to the DIT contains figures of Revenue as well as Capital Expenditure under the Plan and Non-Plan Section as under:-

(Rs. in crore)

2005-2006	Plan	Non-Plan	Total
Revenue	838.30	36.00	874.30
Capital	91.00	——	91.00
Total	929.30	36.00	965.30

7.   Comparative figures of Budget Estimates (BE) for the year 2004-05 & 2005-06 are given as under:-

(Rs. in Crore)

S.No.	Programme / Scheme	BE 2004-05	BE 2005-06
1	R&D Programme	189.50	192.00
2.	Infrastructure Development	296.20	424.50
3.	Human Resource Development	25.00	43.00
4.	Other Programme	10.80	9.70
5.	Public Sector Undertakings	10.00	0.10
6.	ESC	8.50	0.00
7.	National Informatics Centre	210.00	260.00
	Total	750.00	929.30

8.   The actual expenditure incurred in 2003-04, BE/RE of 2004-05 and BE for the year 2005-06 are given below: -

(Rs. in Crore)

	Actual 2003-04	BE 2004-05	RE 2004-05	BE 2005-06
Plan	492.87	750.00	650.00	929.30
Non-Plan	35.25	36.00	35.00	36.00
Total	528.12	786.00	685.00	965.30

9.   The Committee were informed that Department had proposed a plan allocation of Rs. 1400.67 crore for its various schemes viz. R & D, infrastructure Development, Human Resource Development, PSUs, NIC, Electronics & Computer Software Export promotion Council (ESC) & Export Market Development and other miscellaneous programmes, but the Planning Commission approved only Rs. 929.30 crore which

was around 65 percent of the initial projection. The details of the reduced allocations for various Schemes are given as under:

(Rs. crore)

Sl.No.	Scheme	Projected	Allocation	Difference
1.	e-Governance	632.00	300.00	332.00
2.	Media Lab Asia	65.00	1.00	64.00
3.	SCL	45.67	0.10	45.57
4.	C-DAC	87.00	60.00	27.00
5.	ESC	10.00	-	10.00
5.	STPI & EHTP	10.00	4.00	6.00
6.	Electronics in Health	18.00	14.00	4.00
7.	IT for Masses (Telemedicine)	12.00	8.00	4.00
8.	IT Act / Certification & Network Security	9.70	7.00	2.70
9.	Convergence, Comm & Strategic Electronics	8.00	6.00	2.00
10.	Digital DNA Parks	12.00	10.00	2.00
11.	SAMEER	21.00	20.00	1.00

10. It has been stated that e-Governance programme would be curtailed to a large extent in view of allocation that has been reduced to Rs. 300 crore for 2005-06, against projected budgetary support of Rs. 632 crore.

11. However about the reasons for allocation of funds in different heads at a level lower than the proposed allocation by the Department, the Committee were informed that the Planning Commission had stated that keeping in view the importance of e-Governance and other IT projects being implemented by the DIT, they had given special consideration to DIT's Plan allocation and increased budgetary support from Rs.650 crore (RE) in 2004-05 to Rs.929.30 crore for the year 2005-06.

Utilisation of Funds during 2004-05

12**.** The following table indicates the RE and actual expenditure by the Department from the year 2002-03 onwards:-

(Rs. in Crore)

Year	Revised Estimate	Actual Expenditure
2002-03	470.00	465.35
2003-04	495.00	492.88
2004-05	650.00	501.33 (anticipated) Rs.645 (revised)

13. To a specific query regarding the allocations made and utilized by the Department during the year 2004-05, it was stated that out of the Annual Plan allocation of Rs. 750 crore which was revised to Rs. 650 crore during the year, the likely expenditure incurred would be Rs. 501.33 crore. As regards the reasons for underutilization of funds even when the allocation was reduced by Rs. 100 crore at RE stage, it was stated that the gap was because of the slow and under utilization of funds on account of e-Governance, Media Lab Asia (MLA) and Semi-Conductor Complex Ltd. (SCL). The Department however subsequently informed the Committee in Post Evidence Infomation that the likely expenditure would be Rs. 645 crore.

14. When asked about the measures proposed to be taken by the Department to ensure optimum utilization of the budgetary allocation of Rs. 929.30 crore for the year 2005-06, the Committee were informed that the Department would be taking following measures:

(i) The review of the on-going projects will be done by the Programme Review and Steering Group (PRSG) on quarterly basis so that the progress of the projects are monitored on regular basis and timely recommendation for release of the fund is made.

(ii) In respect of new projects, the meetings of the Standing Finance Committee (SFC) and the Expenditure Finance

Committee (EFC) will be held on monthly basis from the beginning of the next financial year.

(iii) The Plan achievements will be reviewed by the Secretary on quarterly basis.

National Action Plan on e-Governance (NEGAP)

15. As informed to the Committee, the Government of India accords high priority to the area of e-Governance and realizes its potential in facilitating the process of achieving good governance. It is proposed to promote e-Governance on a massive scale. Keeping this in view, a National E-Governance Action Plan (NEGAP) has been drawn for implementation during 2003-07. The NEGAP plan seeks to implement a number of Mission Mode Projects(MMPs) at the Centre, State and integrated service levels so as to create a citizen-centric and business-centric environment for governance, create the right governance and institutional mechanisms, set up core infrastructure, formulate key policies and channelise private sector technical and financial resources into the national e-Governance efforts. Under NEGAP, it is planned to address following 10 components: -

   i) Core Projects

   ii) Core Infrastructure

   iii) Integrated Services Projects

   iv) Support Infrastructure

   v) Core Policies

   iv) Human Resource Development/Training

   v) Technical Assistance

   vi) Awareness & Assessment

   vii) Organisation Structures

   viii) R&D

16. For the implementation of the National e-Governance Action Plan, various Government Ministries/ Departments would be involved. Line Ministries/ Departments/ State Governments would be responsible

for the implementation of the assigned Mission Mode Projects as given below: -

Sl.No.	Mission Mode Projects	Line Ministries/Departments
1	2	3
	Central Government	
01	Income Tax	MoF /CBDT
02	Passport Visa & Immigration Project	MoEA/MoHA
03	DCA1	DCA
04	Insurance	DoBanking
05	National Citizen Database	MoHA/RGI
06	Central Excise	Revenue/CBEC
07	Pension	DOPPW & Exp.
08	Banking	Do Banking
	State Government (Tentative List)	
01	Land Records	MoRD
02	Road Transport	MoRT&H
03	Property Registration	MoRD
04	Agriculture	Deptt. of Agriculture
05	Treasuries	MoF
06	Municipalities	Mo UD
07	Gram Panchayats	Mo RD
08	Commercial Taxes	MoF
09	Police (UTs initially)	MoHA
10	Employment Exchanges*	Ministry of Labour & Employment
	Integrated Services	
01	EDI (E-Commerce)	MoC & I

1	2	3
02	E-Biz	DoIPP/ DIT
03	Common Service Centres	DIT
04	India Portal	DIT and DAR&PG
05	EG Gateway	DIT
06	E- Procurement *	Ministry of Commerce & Supply/DIT
07	E-Courts *	Ministry of Justice/ MoHA

17. The Information submitted to the Committee indicated that the DIT would need to undertake a number of activities envisaged in the National E-Governance Action Plan such as Creation of common and support ICT infrastructure including wide area networks (NICNET and State Wide Area Networks), Data Centres, Common Service Delivery Centres; evolving suitable policy framework and guidelines on various aspects of implementation, establishment of National standards, building of R&D capabilities and undertaking relevant R&D, Human Resource Development and Training, Assessment of projects, Technical Assistance etc. DAR&PG on its part would be complementing DIT's role and would be responsible for part of Human Resource Development and Training and Awareness building with reference to generic process re-engineering and Change Management issues. An Apex Committee for the National e-Governance Action Plan has been constituted under the Chairmanship of Cabinet Secretary with Secretary, DIT as Member Convener. The Apex Committee oversees and provides Policy directions for the implementation of National e-Governance Action Plan and will ensure inter-ministerial coordination. DIT's Budget provision for e-Governance for the year 2004-05 and 2005-06 would be utilized towards creation of State Wide Area Networks (SWAN), State Data Centres and Common Service Delivery Centres.

18. As further informed to the Committee, the State Wide Area Network would be covered upto the block level which would be the last level in terms of point of presence of the network. The Committee Policy Guidelines have been issued to provide support to State Governments to establish State Wide Area Networks (SWANs) from

the State Headquarters up to the Block level with a minimum bandwidth capacity of 2 Mbps. These network would be connected to NICNET through appropriate interfaces. Further, the NIC has already set up a Data Centre at Delhi and various State Data Centres have been identified to cater to the requirements of the States to enable the aggregation of the fragmented data in the States and also to facilitate service delivery from centralised data center. It is proposed to create data repositories/data centers in various states so that a common secured data storage could be maintained to serve host of e-governance applications.

19. With regards to Common Service Centre, it was stated that a suitable scheme had been drafted for the same and was being given a final shape. The Department of IT is further evolving policy framework to provide funding support to establish Common Service Centres across the country by the year 2007. This initiative is intended to create an enabling environment for delivering Government and other need based private services to rural citizen.

20. Explaining the concept of e-Governance, the representative of the Department stated during evidence:

"So, the vision here is basically that all Government services would be made accessible to the common man. It includes various kinds of services which he needs throughout his life at a single stop or what is called one stop shop. This would be at a place which is conveniently located and near to him in the village or locality and enabling efficiency, transparency and reliability so as to meet his basic needs.

XX   XX   XX

"These are some underlying policies and philosophies involved like having a centralized initiative but leaving a lot of flexibility in implementation and having a much more decentralized model for implementation."

21. Asked to elaborate more on decentralization, the witness stated:

"The decentralisaion is closely related to the administration units. For example, if you take a thing like income tax, then no decentralization is possible. It is a department of the Central Government which is run by the Department from Delhi. If it is

a State level think like land records or police or something like that, then the powers rest with the State Government so the decentralization is to the State level. If you take a think like Gram Panchayat or Urban Local Bodies, then the centralization is to that tier. So wherever the constitutional authority vests, that is the level at which the mandate is pushed down."

22. To a pointed question as to what is the topical information that a common man is looking for at the district level, the witness replied during evidence as under:

"the approach is that a certain things have been identified by the Central Government for the State level saying that these are the ten major areas where the interface with the citizens exist. We feel that these ten things the States should do. However, the State has the flexibility to add two or three other priority areas which they feel are important or the point of view."

XX   XX   XX

"there were 10 projects which were identified. This covers land records, registration, transport – which includes vehicle licensing and driver licensing are – municipalities, the Gram Panchayats, the police, commercial taxes, agriculture and employment exchanges."

23. As per presentation before the Committee during evidence, direct responsibility of the DIT in regard to NEGAP are as under:-

   i.   SWAN – 2 Mbps connectivity up to Block level with facility for extension to Village level through Technology like Wi-Max

   ii. Establish National Data Centre/State Data Centres to enable aggregation of fragmented data & facilitate Service Delivery

   iii. Establishment of Common Service Centres to deliver Govt. Services Formulation of Core Policy & Standards to enable inter-operability of e-Governance applications across different departments.

   iv. Capacity Building

   v.   Specialised training for CIOs and Policy Makers

    vi. Awareness & Assessment

   vii. India Portal – a single window interface for all the Govt. Services to the citizens at National & State levels

  viii. National e-Governance Service Delivery Gateway – to enable Standards based Communication linkages between the back end applications with the Services Access Providers.

    ix. Replication of Successful e-Governance Projects on pilot basis – Land Records, Registration, Transport, Municipalities Gram Panchayats & Integrated citizen Services (from ends like e-Seva, Friends etc.)

     x. External Aided Project "ICT for Development" through UNDP – approved at a total outlay of US$5 Million over a period of 4 years and being implemented by NISG.

    xi. Integrated Citizen Services

   xii. Enhancing Livelihood

  xiii. Transforming Rural Governance

  xiv. Woman Empowerment

24. The Committee desired to know the efforts made by the Department to identify the kind of services they were going to provide. The Department responded that work was being done in this area and they were trying to focus on the objective of each project like in regard to land record, the end result should be that a copy of the same should be made available to the farmer within fixed time. One of the major areas where their efforts were required was stated to be building a lot of capacity within the Department to implement the projects as they are not familiar with either IT or with the project management or the induction of technology related issues. The technical support would therefore be required from outside.

25. As regards the strategy adopted by the Department in this direction, the witness informed that an Advisory Group had been constituted under the chairmanship of the Minister with experts to advise the various decision-making bodies on policy and strategy issues. A small e-Governance Group to actually discharge these functions was stated to be a part of the mandate of the Department.

26. It was added that the Department was looking for the formulation of a core policy and standards for inter-operability and capacity building etc. They had been working on specialized training programmes for CIOs and for the policy makers at the State level as well as for individual Ministries. It was also proposed to work on programmes for building up awareness for what was happening elsewhere in similar organisations or in other States and for independent assessment of projects so that they could make the correctives in the on-going projects and improve the service delivery and outcome of the programmes. It was further stated that the IT Departments in the States had to build the programme implementation capability and detailed guideline in this respect had been issued to all the States.

27. The Committee pointed out that despite initial proposal for higher allocation of funds to the extent of Rs. 630 crore for the year 2004-05, the Department was not even able to fully utilize the substantially reduced allocation of Rs. 197 crore upto March, 2004. In a written information to the Committee, the Department stated that the utilization was slow because of long and lengthy consultations which was done with the different Ministries and State Governments to evolve consensus on framing the guidelines. This was considered necessary so that the actual implementation of the e-Governance was smooth and speedy. After the guidelines in respect of State Wide Area Network (SWAN) had been issued, proposals were received from the different State Governments. The proposal for SWAN project which would entail an expenditure of Rs.2005 crore by the Centre over a period of 5 years duly approved by the Expenditure Finance Committee (EFC) was submitted to the Cabinet Committee on Economic Affairs (CCEA) for their approval and got its approval on 29.3.2004.

28. In this context, the witness clarified during evidence that the utilisation of funds was slow as e-Governance was a new project and it was the first time they were going for funding in the Budget, in-principle approval etc. and again it took long time explaining things to other agencies. Now once the basic principle had been accepted and broad parameters had been accepted by all the people, the future approvals would be faster.

29. As regards the projects to be undertaken during 2005-06 for e-Governance, the Committee were informed that in addition to various ongoing activities under NEGAP, the Department had proposed to

take other initiatives such as replication of successful e-Governance Projects, development of GIS/GPS, Languages Interfaces, Security, setting up of Programme Management Structure, support for the Centre for e-Governance, website Management etc.

30. The Committee have observed that DIT had proposed to the Planning Commission an allocation of Rs. 632 crore to carry e-Governance programmes for the year 2005-06 but the actual allocation approved by Planning Commission is Rs. 300 only. The Committee enquired about the schemes which would be affected due to reduced allocation under this head and also how the Department would re-prioritise the various e-Governance projects. In reply, DIT replied that they would be required to scale down its various activities under the National e-Governance Plan in line with the reduced allocation as under:

(Rs. in crores)

Item	Earlier Projected Allocation 05-06	Allocation now being proposed (including North-East Components) (2005-06)
State Wide Area Network	500	225
State Data Centres	30	20
Integrated service Delivery Centres	30	20
Horizontal transfer of successful e-Gov Applications	10	10
E-Portal/ Service Delivery Gateway	15	2
Awareness & Assessments	10	2
Human Resource Development	10	2
Technical Support	10	5
UNDP	7	7
Others (include e-Readiness formulation for Core Policies and Standards etc. Web-sites, Office automation CEG , application development, Programme Management etc.)	10	7
Total	632	300

31. The Committee were informed that a discussion was held on 22.12.2004 under the Chairmanship of Secretary, Planning Commission to discuss the Annual Plan 2005-06 proposal of the Department of Information Technology (DIT). The summary of discussion on e-governance are reproduced below:

"It was brought out that a major provision of Rs. 500 crore has been kept for SWAN project in states out of the total proposed outlay of Rs. 632 crore for E-Governance programme. Nine proposals have been received from states and 10 more were in pipeline. Creation of State wide Area Networks(SWANs), State Data Centres and Common Service Delivery Centres would be the major focus area of work during 2005-06. Chairman observed that DIT should at the earliest formulate the project report on the National Action Plan on E-Governance(NEGAP) and get the "In Principle" approval of Planning Commission. NEGAP would be a central scheme in which the contribution of states would be operationalised through State Plans as Additional Central Assistance(ACA). Secretary, Planning Commission further mentioned that as in E-Governance, still re-engineering of processes were not taking place, hence the NEGAP document would require to spell out all those processes that could be projected. He explained that NEGAP should clearly indicate how the plan would link-up transfer of 2-3% of plan funds allocated to line Ministries for E-Governance and IT related activities and how the 2-3 % would come from Ministries where there is no plan funding like M/O Finance and how would they be accommodated in the NEGAP. Only after ascertaining clear cut funding pattern and process re-engineering methods appropriately incorporated in NEGAP, the DIT could go for approval. Subject to DIT taking up these actions promptly, an allocation of Rs,. 300 crore was recommended. Chairman requested DIT to make a presentation on NEGAP before full Planning Commission. He fir up business re-engineering processes for NEGAP"

32. The Committee desired to know the steps taken by the Department of IT in view of the observation made by the Secretary, Planning Commission during discussion of the Annual Plan for the year 2005-06 and also the progress made so far in this regard. The Department stated as under:-

" For the implementation of the Mission Mode Projects under the NEGAP, the concerned line Ministries/Departments expected to

formulate detailed project proposals including funding and process re-engineering and obtain necessary approvals. Some of the projects like Income Tax Excise, Commercial Taxes, DCA21 etc. are being supported under the Non-Plan provision. DIT on its part would be extending support towards technical assistance and for establishing Common Care Infrastructure".

33. In this context, the representative of DIT during evidence informed the Committee that the Planning Commission had issued some instructions to everybody and it had been indicated that their IT plans should be communicated to DIT also. DIT would function as advisors to the Planning Commission to help realize 2-3 percent target that has been fixed. The Planning Commission had advised to all the Ministries and had also written to them that their IT component should be communicated to DIT. Therefore the Planning Commission which will really have to see that this has actually been implemented.

Community Information Centres(CICs)

34. The Community Information Centre (CIC) project is an interface between the Government and the citizen. The Department of Information Technology had taken up an initiative to set up CICs in the hilly, far-flung and rural areas of the country to bring the benefits of ICT for socio-economic development of these areas by providing broadband connectivity. The project was tried in the eight North-Eastern States. It was the largest project ever implemented in the North-eastern region and also the largest project of the Department in which a sum of Rs.141.62 crore have been spent in the last five years. As per the information supplied to the Committee 487 CICs have been set up so far in North-Eastern States.

35. When asked about the achievements in the year 2004-05, the Committee have been informed that based on the experience in CICs in North-Eastern State, it was decided to set up 135 CICs in the block headquarters of J&K. It was a replication of the North East model. In the first phase of the scheme 60 CICs have been made operational by October, 2004 and remaining 75 CICs will be operationalised in the second phase by October, 2005.

36. As regards the future projections, it has been stated that the Department intend to set-up 328 CICs (95 at block level and 233 CICs at village level) in an entrepreneurship mode in Uttaranchal. To a

specific query, it has been informed that the concept of entrepreneurs have been effected based on the experiences in the North East to address the sustainability issue. The Govt. of Uttaranchal have proposed to link the project with a sustained revenue stream by partnering with various investors through appropriate agreements for specified periods. The State Govt. will identify entrepreneurs who will run the CICs on a pay and use model. The revenue generated is likely to offset the recurring expenditure for smooth functioning of CICs.

37. On being asked about the status of progress in respect of setting up of CICs in Uttaranchal, the Committee were informed that Uttaranchal proposal had been formulated and the EFC Memo of the project was under review by Planning Commission and Ministry of Finance.

38. Regarding sustainability of CICs, the Committee were apprised that the major source of income was training programmes. They have also tied up with IGNOU and CICs offer with IGNOU, a hands-on component of the training programme of IGNOU. So it was done through CICs. Apart from that, DOEACC was also offering courses through CICs. This coupled with NIC's E-Suvidha and other e-Governance applications, attracts the citizens to avail more services from the CICs and also use some of the revenue generating services.

National Informatics Centre(NIC):

39**.** National Informatics Centre (NIC) under the aegis of Department of Information Technology is the premier S&T organization in the Government, to provide computer based informatics services, for decision support to Government offices/bodies at National, State, District and Block levels. It is a Network Infrastructure Facility Provider, Network Service Provider, Application Service Provider and Content ASP. It offers network services over Ku-band Time Division Multiplexing Access (TDMA), Frequency Time Division Multiplexing Access (FTDMA), I.P. Advantage(IPA) & Single Channel Per Carrier(SCPC VSATs), Wireless Metropolitan Area Networks (MANs) and Local Area Networks (LANs) with NICNET gateway for internet resources, facilitating informatics services for decentralized planning, improvement in government services, and wider transparency of national and local governments. NIC implements Information Technology Projects, in collaboration with Central and Central sector schemes, (B) State sector and State sponsored projects, (C) District

Administration sponsored projects. NIC spans the length and breadth of the country with NIC State Centres in all States, Union Territories and District Informatics Centres in the districts, all connected through NICNET. NIC has set up Community Information Centres (CICs) in 487 blocks of North Eastern States. It has set up CICs in the State of Jammu & Kashmir also.

40. The NIC had to set up 10 NIC district centers in newly created districts during 2004-2005. However, only two NIC districts centers could be set up during the year. As regards the reasons for the shortfall, it has been stated that the remaining district centers would be set up when sites would be available in 2005-06.

41. The Committee asked as to how targets were fixed without the availability of sites. The Department replied that the targets were fixed anticipating that sufficient space would be provided by the district administration of these newly created districts. NIC pursued the matter with District Collectors for setting up of NIC District Centres but due to non-allocation of space 8 districts could not be covered. Majority of these districts are in North Eastern States and in a few cases Collectorate buildings have not come up and there was space problem. NIC has stated to have been pursuing the matter with State Governments for early allocation of sufficient space in newly created districts.

42. The Committee have observed that some of NIC projects targeted to be completed in 2004-05 could not be accomplished during the year. The details are given as under:

"(i) Establishment of offsite Disaster Recovery site for NIC Certifying Authority.

The selection of DR Site for Certifying Authority is a critical issue involving Geographical location (seismic zone), physical and logical security, infrastructure, technicalities (Connectivity, Hardware & Software) and other logistics, in compliance with the IT Act 2000, as amended from time to time. After due consideration of all these factors, the site for DR Site has been finalised at NIC, Hyderabad and the DR will be setup during 2005-06. The estimated expenditure of the proposal was Rs. 98 lakh.

(ii) Establishment of Key Archiving facilities for archival of encryption keys.

Establishment of a key archiving facility is basically meant for archival of the private key of the encryption key pair. As of now IT Act is silent about encryption. It is expected that the issue will be taken up and addressed in the proposed revision of IT Act. However, NICCA is in the process of development of a scaled down version of Key Escrowing system for encryption of private key in PFX format for the encryption keys issued from enterprise CA. The project involved an expenditure of Rs.10 lakh.

(iii) Detailed Study, Procurement of systems and Data Entry for Smart Island Project

Pilot site selection for site preparation and systems installation was scheduled to be carried out during Jan-March 2005. Due to emergency works related to Tsunami and the priorities assigned thereafter, the scheduled travel and works were not taken up during this period. The same will be taken up and completed during May-July 2005. The project involved an expenditure of Rs. 10 lakh.

(iv) Set up usability Lab for India Image.

Usability Lab involves building of a special setup like construction of sound proof rooms with special purpose infrastructure. Due to introduction of some new services, NIC is presently involved with the restructuring in NIC premises to render these services in an effective manner. As a first step, NIC is setting up GIS lab, which is at an advanced stage of completion. Setting up of usability Lab has been planned as a part of this restructuring. The activity involved an estimated expenditure of Rs. 20 lakh.

(v) Procurement & Set Up Hierarchy of storage solutions to cater to the varying demands of Govt. Depts.

Over the last couple of years, a lot of research & development has taken place in the area of storage technologies as well as storage networking. As a result lot of new storage technologies as well as products were introduced in the market. NIC has been working out to get latest and proven technologies at a cost effective price. Lot of time was spend in understanding these technologies as well products based on these technologies as well their scalability

& interoperability. The process for procurement of Heirarchical storage setup has already been initiated and part of the solution is in the advance stage of procurement. For the rest of the solution specifications and requirements are being worked out. An expenditure of Rs. 50 lakh was estimated during 2004-05."

43. When asked about the budget provisions for these projects in the subsequent year, it has been informed that the necessary budget provision have been made to complete the above activities.

Media Lab Asia (MLA)

44. Media Lab Asia was incorporated as a non profit making company under section 25 of the Companies Act, 1956 in September 2001 as an initiative to facilitate research in advanced technology areas and use it for the benefit of common man. Towards this, Media Lab Asia has supported several research projects at five IITs and other institutions in the country. Based on the recommendations of the Technology Advisory Board, new research projects are being initiated on the use of ICT for Education, Health, and for persons with disabilities.

45. The information furnished to the Committee indicated that the Planning Commission had approved for the Tenth Plan a Gross Budgetary Support(GBS) of Rs. 300 crore for Media Lab Asia. Further the Department proposed an outlay of Rs. 90 crore, Rs. 80 crore and Rs. 65 crore during 200203, 2003-04 and 2004-05 respectively but the Planning Commission approved Rs. 1 crore, Rs. 10 lakh and Rs. 65 crore. However, the expenditure remained nil during all these years. During 2005-06 also, the Department had proposed an outlay of Rs. 65 crore but the Planning Commission approved only Rs. 1 crore.

46. As regards the reasons for non-utilization of funds during last three years, it was stated that MLA was released Rs. 65 crore during 2001-02 which were utilized for the purpose of supporting Research & Development at different institutions. The fund utilization was based on the actual fund requirements of the projects. As the funds were available with MLA, additional funds were not released.

47. When asked about the intention of the Department for continued earmarking of funds under this Head despite nil utilization of funds year after year, the Department informed that the funds were

earmarked based on the approved outlays and estimated requirements. Asked to elaborate on the future planning of the Department to make the Media Lab Programme effective, the Secretary, DIT stated during evidence:

"We are trying to define some kind of activity areas for Media Lab Asia so that they do not duplicate what is being done by other Companies."

In a subsequent reply, it was stated that the board of MLA had been constituted and also an Expert Sub Committee to go into this matter. Report of the Committee is expected shortly. The efforts of MLA are expected to have more positive results in the coming years by concentrating its activities in certain areas.

Electronics & Computer Software Export Promotion Council (ESC)

48. Electronics and Computer Software Export Promotion Council (ESC), is India's national premier trade promotion organization under Department of Information Technology, Ministry of Communications and Information Technology, Government of India, mandated to promote India's electronics and information technology exports to global markets. Headquartered at Delhi, the Council has regional offices at Bangalore, Chennai and Kolkata as well as a representative office in Dubai. Currently, it has a membership of around 2300, large medium and small – scale IT companies, which are capable of providing total solutions across the world including consumer electronics, electronic components, instrumentation, telecommunication, computer hardware, compute software and information technology enabled services.

49. During evidence, a representative of DIT informed the Committee that Export Promotion Council was set up in 1988 and with the constitution of Ministry of Information Technology was transferred to the Ministry in 1999. They are stated to be a largest industry association representing 2200 exporting companies from the field of electronics and computer software/services sector. They have been providing wide area of services to their members in terms of brand buildings, business interface etc. Basically it is related to participation in trade shows, exhibitions, match making and also interface with policy makers. They have a committee which is largely represented by the industry. Twenty two members are from the industry and four nominees from the Government.

50. It was elaborated that they have been promoting exporters and India is a very dominant player in the area of IT. A need was realized to build a brand of India. While there have been very specialised shows in the area of handicrafts, and leadership etc. there was no export show in the area of IT. Therefore a show viz. 'INDIASOFT' was conceived in the year 2000. As regards their future planning, it was stated that they have planned to co-locate this show in various exhibitions abroad and they have also been doing Annual events. But for the first time this year they took 'INDIASOFT' outside New Delhi. It was held in Chennai. There were 88 SMEs (small and medium enterprises) showcasing their profiles in IT. About 100 buyers were invited which came from about 40 countries. Over the years they have been successful in establishing it as a major event out of India and they would continue to maintain it.

51. The Committee have been informed that in the area of traditional export of IT and software services to US and UK, it has been realized that compared to Japan, which is the second largest IT market in the world, India's share of software export is only to the extent of about 3.5 percent. One of the reasons for this is stated to be primarily language barrier. Therefore to prepare IT professionals in developing alternative market like Japanese and German IT market, one of the mechanisms that they intend to do is through language programme. The Japanese language programmes are already operational for the last two years. The German language programme which started only a year back is also going well. This exercise will give a new impetus to Indian exporters for diversification of export into Japanese and German IT market.

52. It was further informed that the small and medium companies face a severe handicap in terms of market access. When it comes to established markets like US or UK, these companies are not able to access those markets primarily because of their size. They, therefore, as a Council have been starting Private and Public Partnership(PPP) where they intend to set up a an export facilitation and business support centre in the US. This will provide a platform to Indian small and medium companies to tap US market and would also enable them with networking facilities to identify customers. This programme they intend to take up this year. To a specific query, it was stated that they also interact with the components manufacturers and hardware manufacturers and they intend to set up something on the lines of "INDIASOFT" in the hardware area also.

53. As per information, the Department had proposed an outlay of Rs. 10 crore to carry out its various programmes but the Planning Commission did not allocat any money for the scheme. The ESC had utilized Rs. 8 crore and Rs. 9.96 crore against the allocation of Rs. 4 crore and Rs. 9.96 crore for 2002-03 and 2003-04 respectively and are likely to spend fully the allocation of Rs. 8.50 crore for the year 2004-05.

Society for Applied Microwave Electronic Engineering and Research(SAMEER)

54.SAMEER, premier Microwave Laboratory set up by Department of Electronics in 1985, is an offshoot of Tata Institute of Fundamental Research, Mumbai. The expertise in microwaves has grown into the areas of Medical Linear Accelerators (LINAC), Atmospheric Instrumentation, Communication Areas, Marine Navigational Aids Systems and Industrial Applications. SAMEER has emerged as premier Research and Development institution with its strength in handling design, development and delivery of hardware to meet stringent specifications of user agencies in its expert areas of high power RF amplifiers, RF communication systems, Atmospheric instrumentation, Linear accelerators, electromagnetic interference/compatibility, thermal engineering of electronic hardware, RF/microwave/millimeter wave antennas, Photonic devices, microwave components, and industrial RF/microwave application products.

55. The Committee were further informed that basically SAMEER had two sectors, one was civilian sector and another was the family sector. In the civilian area with their core competence in atmospheric instrumentation, they have been doing several projects for the Indian Meteorological Department. In the communication level they have been doing for Director General of Lighthouse and Lightships. They were doing automation of lighthouses in the coastal area of Gujarat. They have got communication programmes for Airports Authority of India. They also transferred technology to L & T and data broadband point to multi-point communication units.

56. It was added that in the strategic area they have many sponsored programmes from DRDO, Space and DAE, which is a continuous exercise. One of the major projects that SAMEER has been doing is in the area of Electronics in Health. The population of cancer patients is stated to be increasing at the rate of 3 lakh every year.

Taking the population size of India into account, India would be needing 1000 LINAC Machines because it is the most preferred one for the treatment of cancer. Unfortunately as on date India has only 40-50 LINAC machines. These machines are very expensive because they are imported. It is also very difficult to maintain these machines. So, the Department has initiated a programme with SAMEER as the main agency. It is under a consortium of SAMEER, CSIA, Chandigarh and a private entrepreneur to develop 6 MV LINAC which is a state of the art machine. Under phase I of this project two machines are being developed. The first machine is going under final evaluation and clearance for being shifted to MGIMS, Wardha. It will be installed there. The second machine is also stated to be in the final stages of assembly.

57. The witness added that next year SAMEER would start Phase-II, in which four more machines would be fabricated. Thereafter, since the demand is likely to pick up, they have been taking advance action to initiate a programme to set up fabrication facilities for the most critical components of this, which only SAMEER can do. A lot of money is going to be spent on a large project that SAMEER is going to launch next year i.e. setting up of the facility for fabrication of the LINAC, and also on technology. The cost of imported machine is stated to be Rs. 5 crore whereas SAMEER expects to sell it for about Rs. 2 crore to Rs. 2.5 crore in India. It has further been informed that SAMMER is also making an effort to pass the technology to private entrepreneurs.

58. To a specific query regarding patenting the LINAC machine, it was stated that there are certain components of the machine like the high power RF window, which is actually a vacuum tube and Electronic interface which passes x-ray and at the same time allows vacuum to be there, that can go for patent. To a suggestion of the Committee to patent these components before SAMEER passes them to the private entrepreneurs, the director, SAMEER responded in affirmative.

59. The Committee were informed that SAMEER had utilized Rs. 11.60 crore, Re. 14.70 crore against the allocation of Rs. 12.00 crore, Rs. 14.70 crore for 2002-03, 2003-04 and are likelty to spend full utilization of allocation of the year 2004-05.

Research and Development

60. The Committee enquired about the new initiatives proposed to be taken by DIT during 2005-06 in their R & D programmes. In

response, it has been stated that some of the initiatives which are in the advanced stage of formulation or have resulted into actual projects for implementation during 2005-06 include major thrust in Nano-technology, Main National Grid Computing initiative, wireless sensors and RFID related technologies, Free/open Source Software related capabilities, consolidation of language Computing programme, Research, Development and deployment of ICT technologies for common man etc.

61. The Committee were intimated that DIT had projected Rs. 293.30 crore for R & D programmes for the year 2005-06, while the Planning Commission approved only Rs. 192 crore. Asked about the schemes/projects which will have to be sacrificed as a result of reduced allocation, it has been stated that the major reduction has been in the allocation of C-DAC from Rs. 87 crore to Rs. 60 crore and for Media Lab Asia from Rs. 65 crore to Rs. 1 crore. It has been added that in view of the lesser allocation for C-DAC, the following activities will find lower priority or will be taken in the 2nd half of the year based on the provision of additional funds in RE during the year 2005-06:

- Commencement of main Garuda Grid Project.

- 10 GBPS Grid Fabric.

- Research and Technology Development Projects.

- Setting up of Linux HPC Technology Excellence Centre.

- VLSI, MEMS Labs

- New R&D initiatives in Science and Engineering Computing: Earthquake Engineering, Systems Biology, Air Quality Management, Content Based Image Retrieval and Visualisation, Multiscale Modeling and Simulation.

- Technology for Adhoc Wireless Networks and Wimax (802.16) Networks

- Development of additional tools in e-Governance and e-Learning.

- Sensors for smell and taste to support Agro-processing industry.

- National Initiative on Low cost PC design including chipsets.

62. In case of projects of MLA, it has been stated that if the allocations are not enhanced, the number of new research projects to be supported by MLA would get reduced. Also, the level of field testing & pilot deployment to test and showcase the impact of the technology will be done on a very small scale. It was further added that initiatives in the area of Nanotechnology, Electronics for Health, Broadband technologies, E-commerce and Infosecurity R & D may require more funds than those allocated in 2005-06.

Manpower Development

63. The Committee desired to know about the problem of attrition faced by the Department of IT. In response, the representative of STQC stated that the attrition rate was not very high in STQC. However the main issue was stated to be that they had to induct more people in the upcoming areas as quite a few areas had emerged, especially the role in standards and testing in IT area and that was the reason they needed more people. The Secretary, DIT supplemented that though there was no manpower shortage as such but there were certain skills in which manpower was not available. It was expected that by the year 2009 or so there might be certain amount of shortfalls. There were also high-end services where a new demand was about to come where knowledge was not available.

64. It has further been stated that the information security education and awareness as a concept and as a subject is very important from the point of view of trusted services in both IT and IT enabled services in future. In order to build a manpower that will service these requirements, a model of capacity building was designed in which institutional capacity building would require manpower development as well as would require laboratory setting up and the content, that is, curriculum design. The working group was assigned this task and it recommended some of the courses or develop masters courses including existing courses and place these courses in educational institutions, in engineering colleges and train their teachers. Emphasis is therefore on training of trainers. So the strategy adopted is to set up Resource Centres(RCs). Nine RCs which would be assigned for the participating engineering college institutions or laboratories or societies which are imparting education would mentor these institutions. They have also identified IITs, Indian Institute of Science, TIFR, Mumbai to offer training of trainers and serve established laboratories in each of these centers. It has been added that as the software for information

security is very expensive and the development of that software will be the major component of their programmes.

65. The witness informed during evidence that they had also been supporting in this project the PhD programmes. They are offering attractive stipend to students so that they can develop this. The first training which will start this year would involve training of trainers in the TIFR, Mumbai. For this program, they have tied up with two renowned institutions in the world; one in USA and other France. They would be sending 20 persons to the USA university. They will become master trainers to train IT professionals desirous of developing computer security professional skills. There is also stated to be an awareness programme where they are envisaging that the general public should be made aware of the fact that everyone must be secured in his network operations. In this way they would be producing about 15,000 professionals in five years, although total national requirement would be about five times of that. It was mentioned that the efforts would yield limited results because of low budgetary support.

66. When asked as to whether the programme has the interaction with the industry personnel because there they could get the actual feed-back which would strengthen their training programme, the witness stated that the working Group had representations from the industry but now it has been decided to create an interactive industry interface either mid-course or during one of sessions with NASSCOM-HRD summit where they would be getting feedback from them. To a suggestion of the Committee to tie up the Resource Centres with the industry also besides the institutes, the witness reacted in the affirmative.

67. During a recent study visit of the Committee to SAMEER, Chennai, the Committee were apprised that they had been facing the problem of attrition for long. It was submitted that good manpower had always been in shortage. As per the directives of the Ministry of Finance, they were having gap for the last 4 to 5 years. They have tried to work on some methodologies to meet this gap. They have been doing campus recruitment on contract basis in the month of January-February. Now, they were trying to make up with having more number of stand-by people. They have been trying to adjust them. At the same time, it would be creating a gap when the leadership comes up at a certain period of time. It was desired that certain exemptions should be given to SAMEER also was being given to DRDO. They

strongly desired that the gap in the manpower should be addressed to. Otherwise after a certain period of time there would be a big vacuum.

68. In this context, in a written reply to a specific query furnished to the Committee, it was stated that considering the strength of Indian ITES and its potential to place India as global and contract research, a Task Force on Human Resource Development in IT was constituted with the objective to analyse the present manpower delivery mechanism in terms of quantity and quality as well as skilled set vis-a-vis global ITES requirement during the 10th and 11th Plan period. The said Task Force submitted its Report in December, 2003. The Report has 26 recommendations. These recommendations are stated to be meant to create an environment which would help generating the relevant manpower quantity as well as in skill sets.

69. When asked about the Department's planning to implement these recommendation, it has been stated that they were formulating strategy for the implementation of Task Force recommendations through analysis of manpower and skill set gaps, ITES certification, promoting changes in curriculum for skill set inculcation.

Department of Electronics Accredited Computer courses (DOEACC) Society

70. The DOEACC Society, an Autonomous Body of the Department of Information Technology Ministry of Communication and Information Technology, was established in November, 1994, for the implementation of DOEACC Scheme, a joint scheme of Department of Information Technology and the All India Council for Technical education (AICTE). The objective of the scheme is to harness the infrastructure and the facilities available in the computer training institutions in the non-formal sector to generate qualified manpower. In December 2002, three Societies namely RCC Chandigarh, RCC Kolkata & CEDTI under the administrative control of Department of Information Technology, Ministry of Communications & Information Technology were merged with DOEACC Society. The mandate of the Society has since been enhanced and is to carryout HR Development and related activities in

the area of Information, Electronics and Communication Technology (IECT). Under the scheme, following four levels of courses are offered:

LEVEL	EQUIVALENCY
'O' Level	Equivalent to Foundation level course
'A' Level	Equivalent to Advanced Diploma in Computer applications
'B' Level	Equivalent to MCA level course
'C' Level	Equivalent to M.Tech. level course

71. It may be seen that during 2003-04, for conduct of O, A, B & C level courses, 75,000 student applied for various courses, out of which only 49,391 were registered. Also during 2004-05 out of a target of 82,500 students to be registered only 42,275 students were registered. Similarly, during 2003-04, 1,50,000 candidates appeared for various levels of exam, out of which only 1,30,051 candidates were admitted. During 2004-2005 out of 1,65,000 students appeared, 1,04,000 students were admitted. It was observed that comparatively lower targets have been kept for the year 2005-2006 to register 50,000 students and to admit 1,00,000 candidates for O, A, B and C level courses.

72. When asked about the reasons for substantial gap between the targets and achievements during the last three years, it has been clarified that the reason for substantial gap between the targets and achievements during the last three years include the availability of large number of courses being offered by Universities/ deemed to be Universities/ Affiliated Colleges who are approving Institutes in the private sector and offering formal degree programmes. As such, the choice available to the students to opt for computer courses from various IT educational Institutes is widening, thereby affecting the DOEACC Courses. Further, DOEACC is maintaining high standards in respect of its Syllabus as well as Conduct of Examinations. Another reason for the gap is stated to be the absence of academic recognition of DOEACC Courses. The Society has made progress in the matter of academic recognition of DOEACC B Level course with All India Council of Technical Education (AICTE) through Distance Education Council, Indira Gandhi National Open University (IGNOU). Academic recognition of DOEACC 'B' Level Course is expected to increase the intake of DOEACC courses amongst students.

73. To a specific query regarding strategy, if any, formulated by DOEACC to meet the increasing demand of IT professionals, it has been informed that the strategy of the Society to meet the increasing demand of IT professionals is to interact with industry associations such as NASSCOM to review/redesign the DOEACC courses with regard to their appropriateness and employability, besides launching new courses in emerging areas including IT Enabled Services (ITES) – Business Process Outsourcing (BPO). The Society has already launched Bioinformatics courses at 'O' and 'A' Level at DOEACC Centres. ITES-BPO courses have been launched in North-Eastern Region with financial assistance of Department of Development of North-Eastern Region (DONER), besides Jammu and Srinagar. The Society has planned to launch DOEACC Hardware courses during the financial year 2005-06.

Nanotechnology

74. Nanotechnology is stated to be an emerging, interdisciplinary field involving development of nano-materials, devices and systems and finding revolutionary applications in almost all fields of science and engineering. Nanotechnology is being regarded as the next technological revolution has attracted the attention of scientists, researchers and technologists all over the world and is likely to have profound affect on almost all industry sectors and application areas.

75. During evidence, the representative of the Department stated that enormous funding had been going on in this area for the last seven to eight years and the level in the United States this year was about 700 to 800 million dollars. USA had already approved a budget of over 3.5 billion dollars for the next four years or so. There is enormous funding in Europe, China, Japan and so on. It has been planned to make a beginning this year through initiation of some competence building projects. There are already seven on-going projects essentially in the area of nano-materials at some of our laboratories at IIT, Chennai and so on.

76. As regards the projects to be taken up during 2005-05, it has been informed that they are taking three major projects ; one at CSI, Chandigarh, which will essentially be in the areas of carbon nano-tubes for targeted drug deliver. The other project is at National Physical Laboratory which is on meteorology. The third biggest project for which already the AFCI papers have been moved and the Planning Commission is examining those papers, is setting up nano-electronic

centers at IIC, Bangalore and at IIT, Mumbai. There is MoU between IIT and IIC which is the first of its kind in IIT history between the two institutions for a collaborative effort. This is close to Rs. 100 crore project. The documents are already under circulation and the final decision on the same is expected soon. It may be seen that for the year the Planning Commission has given a budgetary support of Rs. 40 crore for programmes under Nanotechnology.

National Electronics/IT Hardware Manufacturing Policy

77. The Department of Information Technology has stated to have prepared a paper on "National Electronics/IT Hardware Manufacturing Policy". The strategy paper addresses issues on Tariff policy, Exim Policy, Hardware Manufacturing Cluster Parks, supporting R&D, marketing Made in India, inviting large Electronics Manufacturing Service Companies to set-up Indian operations, development of semiconductor industry, labour laws, patenting etc. The Tariff and EXIM Policy matters have been taken up with the concerned departments. The draft paper has been referred to the National Manufacturing Competitive Council (NMCC) set up to promote the manufacturing in India.

78. When asked about the progress made so far in this regard, the Department informed the Committee as under:-

"The following major fiscal measures have been taken by the Government for rationalisation of tariff structure for the Hardware sector:

Customs duty is zero% on specified raw materials/inputs used for manufacture of electronic components/optical fibres/cables and on specified capital goods used for manufacture of electronic goods. Central Excise duty is zero% on Computers, Microprocessors, Hard Disc Drives, Floppy Disc Drives and CD ROM Drives. In the Budget 2005-06, customs duty on ITA-1 items (217 items) has been abolished w.e.f. 1.3.2005. All goods required in the manufacture of ITA-1 items have been exempted from customs duty subject to Actual user condition. Customs duty on specified electronic components has also been exempted."

79. The Committee were further informed that DIT had taken up the proposal for modification of the Electronics Hardware Technology

Park (EHTP) Scheme with the Department of Commerce. Further the National Manufacturing Competitiveness Council (NMCC) has constituted a Sub-group on IT Hardware sector. Secretary, Department of Information Technology is a member of the Sub-group. The Sub-group on IT Hardware sector is having discussions with the stakeholders as part of the on-going exercise for energizing and sustaining the growth of manufacturing industry in general, including IT hardware.

Digital DNA Park

80.   The Committee learnt that in order to foster the growth of bio-informatics/biotechnology sector in the country, the Department of IT had decided to create specialized infrastructure for the biotechnology/bio-tech sector in the country. With this objective a meeting was held under the chairmanship of the Secretary, DIT to chalk out a plan for setting up of Digital DNA(Bio-IT Park) in the country.

81. In view of nil utilization of funds of Rs. 3.50 crore and Rs. 5 crore allocated during 2003-04 and 2004-05 for the project, the Committee wanted to know the reasons for the same. The Department in a written reply have furnished the details of the progress made in the scheme so far. It has been informed that as the biotechnology/bio-tech sector is also dealt by Department of Biotechnology (DBT), discussions were held with Secretary DBT and they endorsed the project. STPI has been appointed as a nodal agency on behalf of DIT and DBT in the implementation of the project. In May, 2003 STPI invited proposals from leading consultancy firms. A committee consisting of representatives of DIT, DBT and STPI selected M/s Ernst & Young for the assignment. The work was entrusted to them in February, 2004. STPI along with M/s Ernst & Young held stakeholder consultation workshops at six locations in the country in April 2004. M/s Ernst & Young submitted the feasibility Report in August, 2004 for setting up the Bio-IT Park. Six locations have been short-listed in the Feasibility Report. This Report was submitted to the Planning Commission which accorded the approval on 13.10.2004.

82. It has further been stated that the Bio-IT Par is proposed to be set up in the form of Public-Private Partnership(PPP) model. In order to select a suitable private promoter STPI invited Request for Qualification(RFQ) in December 2004. 17 bidders have been shortlisted

after the evaluation process. The Secretary, DIT have also written to the Chief Secretaries of the States having the short listed locations. Encouraging response has been received from the State Governments.

Intellectual Property Rights Promotion Program((IPRPP)

83. According to the Department of Information Technology, Intellectual Property Right(IPR) culture in India, at present is inadequate and calls for a focused efforts or increasing IPR awareness, training, facilitation for obtaining technological ownership and market exploitations. The Committee have been informed that the Department of Information Technology has been making concerted efforts to enhance the awareness of national and international IPR developments in the ICT sector. The focused areas are stated to be :

   (i) to create awareness and impart training

  (ii) to provide promotional and facilitator support for enhancing IPR portfolio of the country

 (iii) to develop tools, augment knowledge databases and expertise to provide value-added Technology Alert based on Patent Search System(TAPS), so as to assist technology assessment; development/acquisition and to arrive at investment decisions; and

 (iv) to respond to IPR needs of the digital era.

Information-Security

84. STQC is stated to have established Information Security Management System certification framework under which a number of Major IT industries and organizations have been certified as per BS 7799 Standard. In association with the Institute for Development and research in Banking Technology, STQC has also developed guidelines for Banking & Financial sector for implementation of Information Security Management System and has also taken the lead in certifying Banks for Information Security Management System.

85 With regard to the security aspect in the area of e-Governance, the DG, STQC during evidence stated that they had evolved a quality assurance framework in which the first part would be testing of products. The main emphasis was given to functional aspects which were documentation, security and usability and all these issues would

be tested and they had also tested a dozen of NIC products. At present, the municipal products were stated to be under testing. The next phase was stated to be of the security aspect and they would start using all these products. It was added that the key issue for any citizen would be that how much he was secured and how much he could trust on the networks. This would mean a secured environment in which people would be sending their critical information or their financial information which is being processed, out-sourced in our country and that must be secured.

RECOMMENDATIONS/OBSERVATIONS

General

1. The Committee recognize the tremendous contribution of the Information Technology sector in branding India globally as an economic powerhouse and a service economy. In order to meet the targets/expectations of the IT sector for the future years, the Committee are resolved to facilitating growth of the IT sector through their recommendations made from time to time on policy matters, manpower development and removal of duty barriers.

Tenth Plan Allocation

2. The Committee observe that the Planning Commission has approved a total budgetary support of Rs. 2714 crore to the Department of Information Technology (DIT) for the Tenth Five Year Plan period and the Department incurred an expenditure of Rs. 1604.98 crore in the first three year of the Plan. Assuming that the proposed BE of Rs. 929.30 crore for the year 2005-06, which is the fourth year of the Plan, is fully utilized, the Department will be left with a budgetary support of only Rs. 179.72 crore for the last year of the Tenth Plan. The Committee further note that the IT industry is, admittedly, one of the fastest growing sectors of the Indian economy and the thrust of the DIT's projects/schemes is to prepare a strong base for vibrant growth of this sector through its various activities and therefore the Department needs sufficient budgetary provisions. As the Department has itself, in the Mid-term appraisal, highlighted their requirement of budgetary support of Rs. 2500 crore for the last two years of the Tenth Plan, the unutilised portion of the earlier approved plan outlay being Rs. 179.72 crore, would not be able to meet the requirements of the Department in undertaking its various important projects upto the desired level. Some of these projects are e-Governance, Community Information Centres(CICs) and Vidya Vahini Programme, Nanotechnology, Special Manpower Development for VLSI Design, Information Security Education and Awareness Programme, C-DAC and National Informatics Centre(NIC). The Planning Commission ought to have taken note of the vital importance of the schemes in the development of the IT Sector in

the country. The Committee would, therefore, strongly recommend the Department to take up the matter with the Planning Commission at an appropriate level for enhancing suitably the Tenth Plan allocation to provide adequate budgetary support for different projects being undertaken by the DIT. The Government should extend all its legislative support to ensure that the Information Technology sector meets its projections in the Software, ITES, BPO and the Hardware Sectors.

Budgetary Allocations for the year 2005-06

3. The Committee are concerned to note that though the Department of Information Technology had proposed to the Planning Commission a plan allocation of Rs. 1400.67 crore for the year 2005-06 for its various schemes, yet the Planning Commission approved allocation of only Rs. 929.30 crore. As per the Planning Commission the allocation of DIT has been increased from Rs.650 crore (RE) in 2004-05 to Rs.929.30 crore for the year 2005-06 as a special consideration keeping in view the importance of e-Governance and other IT projects being implemented by the DIT. The Committee are not at all convinced with the plea of the Planning Commission in this regard, due weightage appears to have not been given to e-Governance or IT projects as is evident from the fact that proposed allocation of Rs. 632 crore for e-Governance itself has been reduced by Rs. 332 crore to the level Rs. 300 crore. In the Committee's opinion, such reductions would have an adverse impact on the programmes of the Department of Information Technology. They, therefore, strongly desire that the Department should take up the issue of enhancement of allocations for the year 2005-06 with the Planning Commission/Ministry of Finance at the RE stage.

Utilisation of Funds during the year 2004-05

4. The Committee are happy to note that during the year 2004-05, the Department of IT would be able to utilise around Rs. 645 crore(tentative) out of the allocation of Rs. 650 crore. In the previous years also the Department had optimally utilized the funds allocated to them as out of the allocation of Rs. 470 crore and Rs. 495 crore during the years 2002-03 and 2003-04 utilization was Rs. 465.35 crore and Rs. 492.88 crore respectively. The Committee appreciate various measures being taken by the Department to ensure optimum utilization of the budgetary allocation of Rs. 929.30 crore for the

year 2005-06 also. Some of these measures are review of the on-going projects by the Programme Review and Steering Group (PRSG) on quarterly basis for monitoring the progress on regular basis and for timely recommendation for release of the fund, proposal for holding meetings of the Standing Finance Committee (SFC) and the Expenditure Finance Committee (EFC) on monthly basis in respect of new projects and review of plan achievements by the Secretary(IT) on quarterly basis. The Committee consider that these steps are in the right direction, which would ensure not only optimum utilization of funds but also give an opportunity to the Department to have a close and regular monitoring of flow of expenditure under different heads.

National Action Plan on e-Governance (NEGAP)

5. The Committee observe that the vision behind the e-Governance is to make all the Government services and relevant information accessible to the common man. To promote e-Governance on a massive scale, a National Action Plan on e-Governance (NEGAP) has been drawn for implementation during 2003-07. It is a centralised initiative having a much more decentralised model for implementation. Various Government Ministries/Departments are responsible for implementation of the Mission Mode Projects(MMPs) assigned to them with regard to NEGAP. The direct responsibility of the Department of Information Technology pertains to the areas of Creation of State Wide Area Network(SWAN), Establishment of National Data Centre/State Data Centres, Establishment of Common Service Centres, Horizontal transfer of successful e-Governance applications, E-Portal/Service Delivery Gateway, Awareness and assessment of similar projects, HRD, Technical support, UNDP and other related activities like e-readiness formulation for Core Policies and Standards etc. Web-sites, Office automation Centre for e-Governance(CEG), application development, Programmes management etc. The Committee realise that sincere efforts are required to be made by the Department to effectively implement the e-Governance programmes throughout the country. They, therefore, recommended that the Department should accord top priority to the implementation of all these projects in a systematic and organised manner. There is also a need for effective co-ordination among the various participants like the NIC, National Institute of Smart Governance(NISG), NICSI, Line Ministries/Departments/State Governments etc. with a view to providing a more focussed attention to the implementation of e-

Governance programme. The Committee would further like to caution the implementing bodies to focus on the effective delivery of the solutions to the common man rather than get overwhelmed by the hardware and technology aspects of the Projects.

6. The Committee note that DIT are taking several steps to implement the e-Governance programme. One of these are issue of Policy Guidelines to provide support to State Governments to establish State Wide Area Networks (SWANs) from the State Headquarters up to the Block level with a minimum bandwidth capacity of 2 Mbps. NIC has already set up a Data Centre at Delhi and have identified various State Data Centres to cater to the requirements of the States to enable the aggregation of the fragmented data in the States and also to facilitate service delivery from centralised data centre. Also a scheme to establish Common Service Centre has been drafted and is being given a final shape. A policy framework is also evolved to provide funding support to establish Common Service Centres across the country by the year 2007 and initiatives are proposed to be taken to create an enabling environment for delivering Government and other need based private services to rural citizens. In view of the submission of Department of Information Technology that Budget provision for e-Governance for the year 2004-05 and 2005-06 is being utilized towards creation of State Wide Area Networks (SWAN), State Data Centres and Common Service Delivery Centres, the Committee would like to be assured that the funds allocated would be fully utilised vis-à-vis achievements of physical targets. The Committee would further desire the Department to examine the possibility of setting up of SWAN, National Data Centre/State Data Centres and Common Service Centres in an integrated manner.

7. The Committee learn that the DIT is also making efforts to address the issues of standardization, interoperability, implementation of pilot projects, infrastructural requirements, augmentation of capacity and those relating to technical support for effective implementation of the e-Governance programme. An Advisory Group has also been constituted to advise the various decision making bodies on policy and strategy issues. The Department have been working on specialised training programmes for Chief Information Officers(CIOs) and for the policy makers at the State level as well as for individual Ministries. Steps are also being taken to improve the service delivery and outcome of the programmes. The Committee

observe that these functions to be undertaken by the DIT are of utmost importance and therefore they desire that the Department should do comprehensive planning in all areas particularly in the area of building the capacity in the States so that by the time Common Service Centres are set up, the citizens could at once start utilising their services.

8. The Committee note that the Department of IT, in addition to various ongoing activities under National Plan on e-Governance (NEGAP), has proposed to take other initiatives such as replication of successful e-Governance projects, development of Geographical Information Service(GIS)/ Geographical Positioning Service (GPS), Languages Interfaces, Security, setting up of Programme Management Structure, support for the Centre for e-Governance, website Management etc. However, the Committee are very much concerned to note that in view of the reduced allocation, DIT would be required to scale down its various activities under the NEGAP. In their opinion, such reductions would have an adverse impact in the nation's attempt at bridging the digital divide with rural India and the Indian masses. They would, therefore, like to recommend that as and when the implementation of the projects are on track successfully, the DIT should plead for more resources for similar implementations, may be at the RE stage.

9. The Committee find that during discussion of Annual Plan on e-Governance on 22.12.2004, the Planning Commission had observed that NEGAP should clearly indicate how the plan would link-up transfer of 2-3% of Plan funds allocated to Line Ministries for e-Governance and IT related activities and how the 2-3% would come from Ministries where there was no plan funding like Ministry of Finance and how they would be accommodated in the NEGAP. The Planning Commission had, therefore, advised that only after ascertaining clear cut funding pattern and process re-engineering methods appropriately in NEGAP, the DIT could go for approval. The Planning Commission had approved an allocation of Rs. 300 crore subject to DIT taking up these actions promptly. The DIT was also asked to make a presentation of NEGAP before full Planning Commission and also to firm up business re-engineering process for NEGAP in the next six months time.

10. The Committee, however, observe that the Department have stated that the concerned line Ministries/Departments are expected

to formulate detailed project proposals including funding and process re-engineering and obtain necessary approvals as far as implementation of the Mission Mode Projects under the NEGAP is concerned. The Department also stated that they on their part would be extending support towards technical assistance and for establishing common core infrastructure. It has also been submitted that the Planning Commission have advised all the Ministries and also written to them that their IT component should be communicated to DIT and therefore it is the Planning Commission which will really have to see that this has actually been implemented. The Committee thus feel that the DIT should take seriously the suggestions of the Planning Commission to co-ordinate with the line Ministries/Departments. They are of the firm opinion that being the nodal Department in the matter and also being specifically advised by the Planning Commission it is the primary responsibility of the Department to ensure that all activities under e-Governance are undertaken effectively in the time bound manner. There is also an imperative need to impress upon the line Ministries/Departments/State Governments to take initiative in this regard.

Community Information Centres(CICs)

11. The Committee appreciate the efforts made by the Department of Information Technology in setting up of Community Information Centres (CIC) project which is reportedly proving to be an effective interface between the Government and the general public. They also note with satisfaction that the Department successfully set up 487 CICs in eight North-Eastern States and 60 CICs in J & K also on replications basis to bring the benefits of Information and Communication Technologies (ICT) for socio-economic development of these areas by providing broadband connectivity. The Committee trust that the remaining 75 CICs to be set up by October, 2005 will be operationalised within the fixed time frame.

12. The Committee further note that the proposal for setting up CICs in Uttaranchal has been formulated and the EFC Memo of the project is under review by Planning Commission and Ministry of Finance. The Committee desire that matter should be pursued with the Planning Commission/Ministry of Finance so that the people of Uttaranchal may soon get the benefits of CICs. They strongly advocates the replication of CIC model in remote and under-developed regions of India.

National Informatics Centre(NIC)

13. The Committee recognize the strategically important role of NIC in creating the infrastructure backbone for delivering Government services across the nation. However, they regret to note that out of the target of setting up of 10 NIC district centres in newly created districts during 2004-2005, NIC could set up only two NIC districts centres. The non-availability of the sites is stated to be the reason for the shortfall in target. They feel that such a situation could have been effectively met by proper advance planning. The Committee trust that NIC would in future anticipate such implementation problems and fix the targets keeping in view the basic requirement for their projects i.e. availability of sites. The Committee feel that DIT should take up the matter with the concerned State Governments. The onus for identifying the sites and making them available lies with the State Governments also.

14. The Committee are constrained to note that some of the NIC activities though targeted to be completed in 2004-05, remained incomplete and will now be taken up for completion during 2005-06. These activities are Establishment of offsite Disaster Recovery site for NIC Certifying Authority, Establishment of Key Archiving facilities for archival of encryption keys, Detailed Study, procurement of systems and data entry for Smart Island Project, Setting up usability Lab for India Image and procurement & setting up hierarchy of storage solutions to cater to the varying demands of Government Departments. The Committee observe that failure to successfully execute these activities within the year will obviously affect the achievement of activities targeted for the year 2005-06. The Committee, therefore, express their concern over such delays and recommend that the reasons for the same should be identified and corrected for timely implementation of these critical projects. Responsibility should also be fixed for the delay in implementation of all such projects. As a body that understands very well the requirements of Government's/Departments, NIC should strengthen itself to play a pivotal and co-ordinating role in identification, development and implementation of e-Governance programme in close co-ordination with DIT and NISG.

Media Lab Asia (MLA)

15. The Committee are dismayed to note the slow pace in the implementation of activities of Media Lab Asia(MLA). Though the

Planning Commission had approved a Gross Budgetary Support(GBS) of Rs. 300 crore for Media Lab Asia for the Tenth Plan period, but surprisingly no money was spent on the project in first three years of the Tenth Plan. Although, the Department had proposed an outlay of Rs. 90 crore, Rs. 80 crore and Rs. 65 crore during the years 2002-03, 2003-04 and 2004-05 respectively but no serious thought appears to have been given to the implementation of the project thus denying the benefits to the masses. Despite the passage of considerable time, no clear picture of R & D activities to be conducted by MLA or its benefits has emerged. The Committee would, therefore, like to be kept apprised of the details of the various activities undertaken by MLA so far.

16. The Committee learn that the board of MLA has been constituted and also an Expert Sub Committee appointed to go into this matter. The Report of the said Committee is expected shortly. The Committee had, however earlier been informed during examination of Demands for Grants for the year 2004-05 that Technical Advisory Board had been constituted in December, 2003 but nothing concrete has been reported so far to enable the MLA programme to take off and thus the Board constituted earlier for the purpose appears to have failed to yield any results. The Committee trust that DIT would expedite the submission of Expert Sub-Committee report to initiate proposed activities of MLA at the earliest.

17. The Committee find that of late, the Department is trying to define and concentrate on some kind of activity areas for MLA which are not being done by other Companies so as to avoid duplication. The Committee strongly desire that the bottlenecks in the implementation process of the MLA project should be identified and removed immediately. They trust that the fresh efforts being made in this regard would yield positive results.

Electronics & Computer Software Export Promotion Council (ESC)

18. The Committee observe that Electronics & Computer Software Export Promotion Council (ESC) is one of the largest industry association representing 2200 exporting companies from the field of electronics and computer software/services sector. It has a committee having twenty two members from the industry and four members as Government nominees. It is basically engaged in arranging trade

shows, exhibitions, match making and also interface with policy makers. The Committee are happy to note the efforts made so far by ESC in organising the export shows in the area of IT like "INDIASOFT". The Committee also note that as compared to Japan, which is the second largest IT market in the world, India's share of software export is only to the extent of about 3.5 percent at present. According to the DIT, one of the reasons for such a low share of software exports is the language barrier. The Committee feel that the ESC effort in organising Japanese and German languages programmes will help preparing IT professional in developing alternative market like Japanese and German IT market.

19. The Committee further learn that ESC intends to set up an export facilitation and business support centre in the US in the current year, which will provide a platform to Indian small and medium companies to tap US market and would also enable them with networking facilities to identify customers. ESC is also planning to set up something on the lines of INDIASOFT for the promotion and growth of hardware sector also. The Committee would like to be kept apprised of the results achieved in those areas.

20. The Committee are happy to learn that ESC has been able to fully utilise the allocation made during the last three years. Out of an allocation of Rs. 4 crore, Rs. 9.96 crore and Rs. 8.50 crore during 2002-03, 2003-04 and 2004-05, ESC has utilised Rs. 8 crore, Rs. 9.96 crore and Rs. 8.50 crore respectively. However, the Committee are disappointed to find that for the current year i.e. 2005-06, the Planning Commission has not allocated any amount for ESC, though an outlay of Rs. 10 crore was proposed by the Department to carry out its various programmes.

21. The Committee observe that ESC has been playing a significant and crucial role in increasing the software and hardware export in the world market as per the present need and therefore the Committee would strongly recommend that efforts should be made to get suitable allocation for ESC at the RE stage so that it could effectively perform its various programmes planned during the current year for the benefit of exporters of IT products.

Society for Applied Microwave Electronic Engineering and Research(SAMEER)

22. The Committee recognize the invaluable contribution SAMEER is making in the field of high power RF amplifiers, RF

communications systems, linear accelerators, atmospheric instrumentations and industrial RF/microwave based applications etc. They further note that one of the major projects that SAMEER has been doing in the area of Electronics in Health (e-Health). There is an availability of only 40-50 LINAC machines in India though the need is for 1000 LINAC machines as the number of cancer patients in India is increasing at the rate of 3 lakh per year. The Department has initiated a programme with SAMEER to develop 6 MV LINAC, which is a state of the art machine. Under phase I of this project two machines are being developed and the next year SAMEER would start Phase-II, in which four more machines will be fabricated. It is also planned to take advance action to initiate a programme to set up fabrication facilities for the most critical components of LINAC machine, which only SAMEER can do. The Committee hope that implementation of the project would be undertaken by SAMEER with all the seriousness it deserves and also in a larger scale by augmenting the capacity if necessary. Emphasising R & D in IT Sector, the Committee feel that focus should be encouraged instead of diluting its activities. R& D spend is very-very critical for sustaining the growth rate for strengthening the economy.

23. The Committee observe that SAMEER has been able to utilize Rs. 11.60 crore, Rs. 14.70 crore and Rs. 18 crore against the allocation of Rs. 12.00 crore, Rs. 14.70 crore and Rs. 18.00 crore during 2002-03, 2003-04 and 2004-05 respectively which indicate almost full utilization of funds. The Committee hope that likewise SAMEER would be able to optimally utilise the allocation of Rs. 20 crore made for the year 2005-06.

24. The Committee further note that the SAMEER is making an effort to pass the technology for manufacturing the LINAC machine to private entrepreneurs also. The Committee in this context earnestly desire that action should be initiated to get patented the components of the LINAC Machine being developed by SAMEER like the high power RF window, which is actually a vacuum tube and Electronic interface which passes x-ray and at the same time allows vacuum etc. The Committee also desire that the Department should take care that the patent right is first obtained before the technology is passed on to the private sector.

Research and Development

25. Focused Research and Development is a sine-qua-non for the growth of the technology sector. In fact, the focus on R & D

should actively be nurtured and encouraged adequately. Indeed, the Committee's impression after visiting some of the organizations engaged in R & D activities like SAMEER at Chennai, ERTL at Tiruvananthapuram, C-DAC at Bangalore and C-MET at Hyderabad has been encouraging and it rather re-enforced their expectations about country's capabilities. The Committee note that during 2005-06, R & D programmes include major thrust in Nano-technology, Main National Grid Computing initiative, wireless sensors and RFID related technologies, Free/open Source Software related capabilities, consolidation of language Computing programme, Research, Development and deployment of Information and Communication Technology for common man etc. The Committee are however constrained to observe that through for implementation of these R & D programmes, DIT had projected Rs. 293.30 crore for the year 2005-06, the Planning Commission approved the allocation of Rs. 192 crore only. Keeping in view the rising importance of R&D in IT sector, the Committee do not find the budget allocation as adequate and the reduction will undoubtedly result in tardy implementation of R & D programmes as many schemes/projects would be sacrificed as a result of reduced allocation. In their opinion, expenditure on R & D is very critical for sustaining the growth rate for an emerging economy and, therefore, there is an imperative need for provision of the required funds for R & D.

26. The Committee further note that with the major reduction in the allocation of C-DAC from Rs. 87 crore to Rs. 60 crore many activities of C-DAC would be given lower priority or may be taken up only in the 2nd half of the year, if additional funds at RE stage are allocated during the year 2005-06. Some of the activities which may be adversely affected are commencement of main Garuda Grid Project (10 GBPS Grid Fabric and Research and Technology Development Projects); Setting up of Linux HPC Technology Excellence Centre; VLSI, MEMS Labs; New R&D initiatives in Science and Engineering Computing: Earthquake Engineering, Systems Biology, Air Quality Management, Content Based Image Retrieval and Visualisation, Multi-scale Modeling and Simulation; Technology for Adhoc Wireless Networks and Wimax (802.16) Networks; Development of additional tools in e-Governance and e-Learning; Sensors for smell and taste to support Agro-processing industry and National Initiative on Low cost PC design including chip sets . The C-DAC has been fully utilising the allocations in the past as against the allocation of Rs. 10 crore, Rs. 26.35 crore and Rs.

40 crore in the previous three years, C-DAC has utilised the allocations optimally and in such a situation downsizing the proposed plan allocation for C-DAC will have serious consequences on its various schemes. The Committee, therefore, strongly recommend that the position may be explained with all its ramifications to the Planning Commission for suitable enhancement of allocations for C-DAC probably at the RE stage.

Manpower Development

27. The Committee feel that like R & D, a major thrust is required to be given by the Government on the Manpower Development. They are given to understand that there is shortage of quality manpower in IT industry, especially scarcity of trained personnel in the high-end skill areas of IT and design including standards and testing. There are also certain skills and high-end services where higher demand is likely to come but suitable qualified and knowledgeable personnel are not available. Consequently, unless adequate measures are taken for increasing the skilled base, a shortage of manpower is expected by the year 2009.

28. The Committee further note that the Task Force on Human Resource Development in IT constituted with the objective to analyse the present manpower delivery mechanism in terms of quantity and quality as well as skilled set vis-a-vis global ITES requirement during the 10th and 11th Plan period submitted its Report in December, 2003. The Report has 26 recommendations which are meant to create an environment, generating the relevant manpower quantity as well as in skill sets. The Committee observe that more than one year has passed but the Department is yet to formulate the strategy with regard to implementation of the recommendations given by the Task Force on Human Resource Development in IT. While expressing their dissatisfaction over the slow pace with which the matter is being processed, the Committee desire that necessary steps be taken urgently to formulate the strategy so that the recommendation can be implemented urgently and problem of shortage of manpower specialised in certain skills which the IT Industry has been facing can be solved.

29. The Committee learn that the information security education and awareness is very important from the point of view of trusted services in both IT and IT enabled services in future. In order to

build a manpower that will service these requirements, a model of capacity building was designed in which institutional capacity building would require manpower development as well as laboratory setting up and the content, that is, curriculum design. The working group recommended some of the courses and also strategy to design new courses or develop masters courses including existing courses and place these courses in educational institutions, in engineering colleges and train their teachers. Emphasis is, therefore, on training of trainers. Nine RCs which would be assigned for the participating engineering institutions or laboratories or societies which are imparting education would mentor these institutions. IITs, Indian Institute of Science, Tata Institute of Fundamental Research (TIFR), Mumbai have also been identified for offering training of trainers and serve established laboratories in each of these centers. The Committee, therefore, recommend that these Resource Centres should explore the feasibility of having a tie up with the industry as this is the place where one can get the actual feed back regarding emerging needs of the time and thus the training programmes can be strengthened and regularly updated.

30. The Committee are concerned to note the problem of attrition that SAMEER has been facing for long. They further learn that SAMEER has been doing campus recruitment on contract basis and also are trying to fill up this gap by having more number of stand-by people. SAMEER has expressed its apprehension that such steps might create a gap when the leadership question comes up at a certain period of time. The Committee endorse the suggestion of SAMEER that the Ministry of Finance should look into the possibility of allowing certain exemptions to SAMEER like it is being given to DRDO so that it can function with full vigour to yield the desirous results. The Department should also examine the desirability of providing suitable initiatives to minimize the rate of attrition of technical personnel.

Department of Electronics Accredited Computer courses (DOEACC) Society

31. The Committee are distressed to note that DOEACC has not been able to register and admit as many students as the target fixed for the last two years. During 2003-04 and 2004-05, against the target of 75,000 and 82,500 students to be registered for conduct of O, A, B & C level courses, only 49,391 and 42,275 students respectively

were registered. Similarly, again during 2003-04 and 2004-2005 against the target of admitting 1,50,000 and 1,65,000 students candidates, only 1,30,051 and 1,04,000 students candidates respectively were admitted. The reasons for shortfall in achievement of targets are stated to be the availability of large number of courses being offered by Universities/deemed Universities/ Affiliated Colleges who are approved Institutes in the private sector and offering formal degree programmes and as such, the choice available to the students to opt for computer courses from various IT educational Institutes is widening, thereby affecting the DOEACC Courses. Other reasons are stated to be the high standards of DOEACC courses in respect of its Syllabus as well as Conduct of Examinations and also the absence of academic recognition of DOEACC Courses.

32. The Committee learn that the matter regarding academic recognition of DOEACC 'B' Level course with All India Council of Technical Education (AICTE) through Distance Education Council, Indira Gandhi National Open University (IGNOU) has made some progress. Academic recognition of DOEACC 'B' Level Course is expected to increase the intake of DOEACC courses amongst students. The Committee desire that the matter may be pursued vigorously to get these courses recognized so that large number of candidates are attracted towards them.

33. The Committee are satisfied to note that looking at the increasing demand of IT professionals, the Society has adopted a strategy to interact with industry associations such as NASSCOM to review/redesign the DOEACC courses with regard to their appropriateness and employability, besides launching new courses in emerging areas including IT Enabled Services (ITES) – Business Process Outsourcing (BPO). The Society has already launched Bioinformatics courses at 'O' and 'A' Level at DOEACC Centres. ITES-BPO courses have been launched in North-Eastern Region with financial assistance of Department of Development of North-Eastern Region (DONER), besides Jammu and Srinagar. The Society has planned to launch DOEACC Hardware courses during the financial year 2005-06. The Committee welcome the steps taken by DOEACC which are in consonance with the present day requirement of the IT professionals. They desire that greater importance should also be attached to contents of these courses in consonance with the market demand by framing a forward looking curriculum. The Committee would like be apprised of the academic recognition of these courses launched/proposed by DOEACC.

Nanotechnology

34. The Committee observe that Nanotechnology as an emerging, interdisciplinary field involving development of nanomaterials, devices and systems and finding revolutionary applications in almost all fields of science and engineering. It is being regarded as the next technological revolution. It has attracted the attention of scientists, researchers and technologists all over the world and is likely to have profound effect on almost all industry sectors and application areas.

35. The Committee note that seven projects in the area of nano-materials are on-going at some laboratories at IIT, Chennai. They further note that some of the projects to be taken up during 2005-06 are: one in the areas of carbon nano-tubes for targeted drug deliver at CSI, Chandigarh, second is at National Physical Laboratory which is on meterology and the third biggest project is setting up of nonoelectronic centers at IIC, Bangalore and at IIT, Mumbai, for which the AFCI papers are being examined by the Planning Commission. The project estimate is stated to be close to Rs. 100 crore. The documents are already under circulation and final decision on the same is expected soon. Keeping in view the importance of nanotechnology in almost all fields of science and engineering and also that there has been enoromous funding being done in Europe, China, Japan etc. on developing Nanotechnology, the Committee recommend that adequate funding should be done for research and development in this area. With this end in view, the Committee trust that allocation of Rs. 40 crore made during the year 2005-06 for programmes under Nanotechnology will be fully utilised.

36. While applauding the R & D initiatives on Nano-technology, the Committee strongly recommend that the Government should take a clear view and initiative for framing policy to facilitate the creation of fabrication units in the country.

National Electronics/IT Hardware Manufacturing Policy

37. The Committee were informed during the examination of the Demands for Grants for the year 2004-05 that the Department of Information Technology had referred the draft paper on "National Electronics/IT Hardware Manufacturing Policy" to the National Manufacturing Competitive Council (NMCC) to promote

manufacturing in India. The Committee conclude from the reply to a query regarding the present status with regard to the above said policy that the "National Electronics/IT Hardware Manufacturing Policy" has not been finalized as yet.

38. The Committee observe that major fiscal measures have been taken by the Government for rationalisation of tariff structure for the Hardware sector like customs duty being zero% on specified raw materials/inputs used for manufacture of electronic components/optical fibres/cables and on specified capital goods used for manufacture of electronic goods. Central Excise duty is zero% on Computers, Microprocessors, Hard Disc Drives, Floppy Disc Drives and CD ROM Drives. In the Budget 2005-06, customs duty on ITA-1 items (217 items) has been abolished w.e.f. 1.3.2005. All goods required in the manufacture of ITA-1 items have been exempted from customs duty subject to Actual user condition and customs duty on specified electronic components has also been exempted.

39. The Committee further observe that the DIT has taken up the proposal for modification of the Electronics Hardware Technology Park (EHTP) Scheme with the Department of Commerce. The National Manufacturing Competitiveness Council (NMCC) has constituted a Sub-group on IT Hardware sector. The Secretary, Department of Information Technology is a member of the Sub-group. The Sub-group on IT Hardware sector is having discussions with the stakeholders as part of the on-going exercise for energizing and sustaining the growth of manufacturing industry in general, including IT hardware.

40. The Committee understand that while the software industry has shown a very impressive growth, the hardware industry has not grown to the same extent. As the above said policy would address issues on Tariff policy, Exim Policy, Hardware Manufacturing Cluster Parks, supporting R&D, marketing Made in India, inviting large Electronics Manufacturing Service Companies to set-up Indian operations, development of semiconductor industry, labour laws, patenting etc., the Committee recommend that all the formalities should be completed expeditiously and the said policy be finalised soon. They hope that once the policy will be in place, electronics and hardware manufacturing sector would be energized and register further growth. India can leverage its core competence in the Software field many times over if coupled with a strong Hardware Policy.

With reasonable competence in the manufacturing of high end hardware like ICs and ASICs, tremendous value addition to these products can be made with the nation's proven strength in Software skills.

Digital DNA Park

41. The Committee observe that the Department of IT decided to create specialized infrastructure for the biotechnology/bio-tech sector in the country in order to foster the growth of bio-informatics/ biotechnology sector. However, they are concerned to note that the Department has not utilized the allocation of Rs. 3.50 crore and Rs. 5 crore during 2003-04 and 2004-05 for the project.

42. The Committee find that STPI, which is the nodal agency on behalf of DIT and Department of Biotechnology (DBT) in the implementation of the project invited proposals from leading consultancy firms in May, 2003. Thereafter, the work was entrusted to M/s Ernst & Young in February, 2004. STPI alongwith them held stakeholder consultation workshops at six locations in the country in April 2004. M/s Ernst & Young submitted the feasibility Report in August, 2004 for setting up the Bio-IT Park. Six locations have been short-listed in the Feasibility Report. This Report was submitted to the Planning Commission which accorded the approval on 13.10.2004. The Bio-IT Park is proposed to be set up in the form of Public-Private Partnership(PPP) model. In order to select a suitable private promoter STPI invited Request for Qualification(RFQ) in December 2004. 17 bidders have been short listed after the evaluation process. The DIT have also written to the Chief Secretaries of the States having the short listed locations and the encouraging response has been received from the State Governments.

43. The Committee observe that when so many formalities were anticipated in the process involving years together, the allocations under this head should not have been made earlier. The Committee, however, now hope that implementation of the project would start soon and Rs.10 crore allocated for the scheme would be fully utilized for creating specialized infrastructure for the biotechnology/biotech sector in the country to foster the growth of bio-informatics/ biotechnology sector.

Intellectual Property Rights Promotion Programme(IPRPP)

44. The Committee understand that a great amount of design and development work is being done by multinationals and Indian Corporates in India. The Committee attach a very high priority to the protection of Intellectual Property Rights(IPRs) in the country. They urge the Government to take all measures to reaffirm the commitment of the country to safeguard the IPRs.

Information Security

45. The Committee attach a lot of importance to cyber security and matters relating to protection of data bases. They urge the Government to take all measures towards branding India globally as a secure nation for strengthening security aspects of IT and to create the confidence.

46. In this connection, the Committee note that Standardisation Testing and Quality Certification (STQC) Directorate has established Information Security Management System certification framework and are certifying their client Companies. The Committee are of the view that Information Security would be equally important in the implementation of e-Governance programme. The Committee trust that STQC would strengthen its Information Security Management System programme.

New Delhi;	M.M. PALLAM RAJU,
1 *April,* 2005	*Chairman,*
10 *Chaitra,* 1927 *(Saka)*	*Standing Committee on*
	Information Technology.

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

The Committee sat on Tuesday, 29 March, 2005 from 1100 hours to
1400 hours in Committee Room '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 Kailash Joshi
6. Shri P.S. Gadhavi
7. Smt. Nivedita S. Mane
8. Shri Chander Shekhar Sahu
9. Shri Ram Kripal Yadav

Rajya Sabha

10. Shri Balbir K. Punj
11. Shri N.R. Govindarajar
12. Shri K. Rama Mohana Rao
13. Shri Motiur Rahman

SECRETARIAT

1. Shri P.D.T. Achary — *Secretary*
1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri K.L. Arora — *Under Secretary*

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WITNESSES

Representatives of Ministry of Information Technology

1.	Shri Brijesh Kumar	Secretary
2.	Shri M. Madhavan Nambiar	Additional Secretary
3.	Shri Ajeer Vidya	JS & FA
4.	Shri R. Chandrasekhar	Joint Secretary
5.	Shri Pankaj Agrawala	Joint Secretary
6.	Dr. U.P. Phadke	Advisor
7.	Dr. S.L. Sarnot	DG, STQC
8.	Dr. N. Vijayaditya	DG, NIC
9.	Shri K.R. Kini	Director, Sameer
10.	Dr. M.J. Zarabi	CMD, SCL
11.	Shri D.K. Sareen	ED (ESC)
12.	Dr. K.S.K. Sai	Sr. Director, DIT

At the outset, the Chairman welcomed the representatives of the Department of Information Technology to the sitting of the Committee.

2. Thereafter, the Secretary, Department of Information Technology highlighted the salient features of the Demands for Grants (2005-06), which was followed by a brief presentation on the same.

3. The Members sought certain clarifications on the issues relating related to Demands for Grants (2005-06) of the Department of Information Technology. The representatives responded to the same.

4. The Chairman thanked the witnesses for appearing before the Committee and furnishing valuable information, in onnection with the Demands for Grants (2005-06) of the Department of Information Technology.

A verbatim record of the sitting has been kept separately.

The Committee, then, adjourned.

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

The Committee sat on Tuesday, 11 Aprril, 2005 from 1100 hours to
1430 hours in Committee Room '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. Dr. P.P. Koya
6. Shri P.S. Gadhavi
7. Shri Chander Shekhar Sahu
8. Shri Tathagata Satpathy
9. Shri P.C. Thomas
10. Shri Ram Kripal Yadav

Rajya Sabha

11. Shri Balbir K. Punj

SECRETARIAT

1. Shri S.K. Sharma   — *Additional Secretary*
1. Shri P. Sreedharan   — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri K.L. Arora   — *Under Secretary*

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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) Draft Report on 'Demands for Grants (2005-06)' relating to Department of Informattion Technology.

(ii) *** *** ***

3. The Committee adopted the above-mentioned Draft Reports with some amendments/modifications.

4. The Committee, then, autthorized the Chairman to finalize and present the above-mentioned Reports tot he House int he light of the factual verification received from the concerned Ministry/Department on a day convenient to him.

5. The Committee also desired to undertake an on-the-spot study visit during the last week of May and the first fortnight of the June 2005.

The Committee, then, adjourned.