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STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2005-2006)

FOURTEENTH LOK SABHA

MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY

(DEPARTMENT OF INFORMATION TECHNOLOGY)

DEMANDS FOR GRANTS
(2006-2007)

TWENTY-NINTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

July, 2006/*Sravana,* 1928 *(Saka)*

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Presented to Lok Sabha on .....

Laid in Rajya Sabha on .....

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SECRETARIAT

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* Appointed *w.e.f.* 10.5.2006.

** Nominated *w.e.f.* 27 September, 2005.

*** *Vice* Shri Ajay Maken, Shri Chandra Sekhar Sahu, Shri Ashwani Kumar appointed as Ministers of State *w.e.f.* 29 January, 2006.

**** Nominated *w.e.f.* 6.6.2006.

***** Nominated *w.e.f.* 8.6.2006.

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2005-06) having been authorised by the Committee to submit the Report on their behalf, present this Twenty-Ninth Report on Demands for Grants (2006-07) relating to the Ministry of Communications and Information Technology (Department of Information Technology).

2. The Standing Committee on Information Technology (2005-2006) was constituted on 5 August, 2005. 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.*, 2006-2007, which were laid on the Table of the House on 3 March, 2006. The Committee took evidence of the representatives of the Department of Information Technology on 30 May, 2006.

4. The Report was considered and adopted by the Committee at their sitting held on 30 June, 2006.

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

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

NEW DELHI;
18 *July,* 2006
27 *Asadha,* 1928 *(Saka)*

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

REPORT

I. Introductory

The Department of Information Technology (DIT) in the Ministry of Communications and Information Technology are *inter-alia* responsible for formulation, implementation and review of National Policies in the field of Information Technology. The Department have been entrusted with the activities *viz.* policy matters relating to Information Technology; Electronics; and Internet, promotion of Internet, IT and IT enabled services; assistance to other Departments in promotion of E-Governance, E-commerce, E-medicine, E-Infrastructure etc.; promotion of Information Technology Education and Information Technology-based Education; matters relating to cyber-laws, Administration of Information Technology Act, 2000 and other IT related laws; matter relating to promotion and manufacturing of Semi-conductor Devices in the country excluding all matters relating to Semi-conductor Complex Limited (SCL), Mohali; the Semi-conductor Integrated Circuits Layout Design Act, 2000; interaction in IT related matters with international agencies and bodies *e.g.* Internet for Business Limited (IFB), Institute for Education in Information Society (IBI) and International Code Council-online (ICC); initiative on bridging the digital divide and matters related to Media Lab Asia; promotion of Standardisation, Testing and Quality in IT and standardization of procedure for IT application and Tasks; Electronic Export and Computer Software Promotion Council (ESC), National Informatics Centre (NIC), initiatives for development of Hardware/Software Industry knowledge based enterprises; measures for promoting IT exports and competitiveness of the industry and all matters relating to personnel under the control of the Department.

2. In order to operationalise the above objectives, the Department of IT formulate and implement the suitable schemes 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. To make the technology robust and state-of-the-art, collaboration of the academia and the private/public sector is also obtained. 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 *viz*. Society of Applied Microwave Electronics Engineering and Research (SAMEER), Centre for Development of Advanced Computing (C-DAC), Software Technology Parks of India (STPI), Department of Electronics Accredited Computer Courses (DOEACC) Society, Centre for Materials for Electronics Technology (C-MET) and Education & Research Network (ERNET).

II. Implementation status of recommendations contained in the Fifteenth Report of the Committee on Demands for Grants (2005-06) of the Department of Information Technology

3. The Standing Committee on Information Technology presented their Fifteenth Report on Demands for Grants (DFG) relating to the Department of Information Technology (DIT) for the year 2005-06 on 21st April, 2005. The Twenty Fifth Report on Action Taken by the Government on the recommendations contained in the Fifteenth Report on DFG (2005-06) was presented to Lok Sabha on 23rd December, 2005. Out of 46 recommendations, 31 recommendations (Recommendations at Sl. Nos. 1, 2, 3, 4, 8, 11, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 34, 36, 37, 38, 39, 40, 44, 45 and 46) were accepted by the Government. The Committee did not desire to pursue 9 recommendations (Recommendations at Sl. Nos. 12, 13, 14, 18, 30, 33, 41, 42 and 43). The replies of the Government in respect of recommendations at Sl. Nos. 5, 6, 7, 9 and 10 were not accepted by the Committee and these recommendations were reiterated in the Twenty-fifth Report. The reply of DIT in respect of the recommendations at Sl. No. 19 was of interim nature. Besides, the Committee had given their comments on recommendations at Sl. Nos. 2, 3, 15, 16 and 17. The Twenty-fifth Report was sent to the Department of Information Technology for furnishing Action Taken Statement on the recommendations made by the Committee. Subsequently, the Minister of Information Technology made a statement in Lok Sabha on 26th December, 2005 regarding the status of implementation of the recommendations contained in the 15th Report of the Committee on Demands for Grants (2005-06) under Direction 73A of the Directions

by the Speaker, Lok Sabha. The information made available to the Committee in regard to implementation of recommendations made in their Report has been critically analysed and is appended in the form of Annexure-I.

III. Budgetary Allocation for the year 2006-07

4. As per Demand No. 15 pertaining to the Department of Information Technology (DIT) the details of Revenue as well as Capital Expenditure under the Plan and Non-Plan Sections are as under:—

(Rs. in crore)

2006-2007	Plan	Non-Plan	Total
Revenue	989.00	36.00	1025.00
Capital	101.00	—	101.00
Total	1090.00	36.00	1126.00

5. It has been observed that DIT proposed an outlay of Rs. 1516.00 crore for its various schemes *viz.* R&D, Infrastructure Development, Human Resource Development, NIC and other miscellaneous programmes for the year 2006-07, but the Planning Commission approved only Rs. 1090.00 crore. Scheme-wise details of Annual Plan Outlay and Gross Budgetary Support as proposed by the Department of Information Technology and approved by the Planning Commission are as under:—

(Rs. in crore)

Scheme Number/Name		Annual Plan (2006-07)			
		Proposed		Approved	
		Outlay	Gross BS	Outlay	Gross BS
1		2	3	4	5
	I. R&D Programmes				
400	SAMEER	35.00	22.00	35.00	22.00
600	Microelectronics & Nano-Tech. Dev. Prog.	40.00	40.00	40.00	40.00
700	Technology Development Council	20.00	20.00	21.00	21.00

	1	2	3	4	5
800	Convergence, Commn. & Strategic Electronics	6.00	6.00	6.00	6.00
1201	Components and Material Development Prog.	12.80	10.00	11.80	9.00
2200	C-DAC	190.00	90.00	164.50	64.50
2800	Electronics for Health	15.00	15.00	15.00	15.00
3200	Technology Dev. for Indian Langauges	12.00	12.00	9.00	9.00
6600	IPR Promotion Programme	1.00	1.00	Merged in TDC	
6820	e-Commerce & Infor-Security	5.00	5.00	4.00	4.00
7210	IT for Masses (Telemedicine, Gender, SC & ST)	12.00	12.00	18.00	18.00
7220	Media Lab in Asia	75.00	65.00	20.00	10.00
	R&D Sub-Total	423.80	298.00	344.30	218.50
	II. Infrastructure Development				
1000	STQC	50.00	50.00	46.00	46.00
1610	STPI & Export Promotion	4.00	4.00	6.85	4.00
1620	Digital DNA Park	1.00	1.00	0.10	0.10
7030	Electronic Governance	670.00	670.00	440.00	440.00
7050	IT Act/Certification & Network Security	10.00	10.00	7.00	7.00
7400	Community Information Centres (CIC)	73.00	73.00	28.00	28.00
610	Promotion of Electronics/IT Hardware Mfg.	10.00	10.00	5.00	5.00
	Infrastructure Sub-Total	818.00	818.00	532.95	530.10
	III. Human Resource Development				
2903	DOEACC	61.62	12.00	61.62	12.00
2910	Manpower Development	45.00	45.00	38.40	38.40
2920	Special Manpower for ASIC/ VLSI Design	15.00	15.00	Merged in 2910	
	HRD Sub-Total	121.62	72.00	100.02	50.40

	1	2	3	4	5
	IV. Others				
4000	Headquarter (Secretariat & Bldg.)	10.00	10.00	11.00	11.00
	Empowerment of Women	7.00	7.00	Merged with IT for masses	
	Development of Weaker Sections (SC&ST)	7.00	7.00	Merged with IT for masses	
	NIC	300.00	300.00	280.00	280.00
	ESC	6.85	4.00	Merged with STPI	
	Grand Total	1694.27	1516.00	1268.27	1090.00

6. The major thrust areas of the Department of IT during the year 2006-07 are as under:—

(i) e-Governance

(ii) Promotion of electronics and IT hardware manufacturing

(iii) Technology Development of Indian languages in IT

(iv) To promote use of IT to increase productivity and employment generation

(v) Human Resource Development

(vi) Increase utilisation of internet in the country

a. To provide Broadband connectivity at reasonable price

b. Development of fourth generation (4G) technology for mobile telephony

c. To promote .IN domain name

d. Migration to new Internet Protocol IPv6

e. Increase PC penetration in the country

(vii) Growth of domestic software market, Cyber Security and Digital Signature; and

(viii) R&D facilitation in electronics & IT including Nano-technology

7. When further asked about the projected demand *vis-a-vis* allocated funds for these thrust areas, the details have been provided as udner:—

(Rs. in crore)

	Scheme	Projected	Allocated	Difference
1.	e-Governance	670.00	440.00	230.00
2.	Promotion of electronics and IT hardware manufacturing	10.00	5.00	5.00
3.	Technology Development of Indian languages in IT	12.00	9.00	3.00
4.	i. To promote use of IT to increase productivity and employment generation	72.00	50.40	21.60
	ii. Human Resource Development			
	iii. Increase utilisation of internet in the country a. To promote .IN domain name b. Migration to New Internet Protocol IPv6			
5.	R&D in convergence, Communication & Strategic Electronics	6.00	6.00	—
6.	IT Act/Certification & Network Security	10.00	7.00	3.00
7.	R&D programmes including Nano-Technology Dev. For Indian languages and Convergence, Communication & Strategic Electronics	280.00	203.50	76.50

8. The Department of IT have further stated that in view of the reduced allocation of Rs. 440 crore during 2006-07, against the proposed budgetary support of Rs. 670 crore, e-Governance programme would be curtailed to a large extent. However, the matter for increase in the budget allocation would be taken up with the Finance Ministry and the Planning Commission at the RE stage during the year.

9. A perusal of the information furnished to the Committee reveals that there had been major reductions in the proposed Annual Plan allocations during previous years of the Tenth Plan also. The total Annual Plan Outlay and Budgetary Support for the years 2002-03,

2003-04, 2004-05, 2005-06, proposed by the Department of Information Technology and as approved by the Planning Commission are as under:—

(Rs. in Crore)

	Annual Plan			
	Proposed		Approved	
Year	Outlay	Gross	Outlay	Gross
2002-2003	1165.77	937.19	593.58	470.00
2003-2004	1255.80	1146.90	577.45	470.00
2004-2005	1433.65	1294.38	889.27	750.00
2005-2006	1519.17	1400.67	1087.56	929.30

10. Asked to state the present status on the recommendation of the Committee contained in the 15th Report on DFG (2005-06) to take up the matter for enhancement of the Annual Plan allocation for the year 2005-2006 at the RE stage, the Department replied that the matter for enhancement of funds under different programmes was projected to the Ministry of Finance in the Revised Estimates for the year 2005-06. Planning Commission were also requested to recommend the proposed enhancement under different programmes. However, the request is stated to be still pending with the Planning Commission.

IV. Task Force on Human Resource Development

11. The year-wise projections by the Department of IT and allocations of funds made by the Planning Commission for Manpower Development/Employment generation are as under:—

Scheme/Year Manpower Development/ Employment Generation	Gross Budgetary Support	
	Proposed	Approved
2002-2003	42.70	8.00
2003-2004	132.55	8.50
2004-2005	39.50	29.00
2005-2006	33.00	33.00
2006-2007	60.00	38.40

12. It is seen from above that Manpower Development scheme has never been provided adequate budgetary support as projected by the Department except in the year 2005-2006. During 2006-07 also, the DIT have been allocated Rs. 38.40 crore only for the scheme against the proposed allocation of Rs. 60 crore. Asked to state the schemes for which the Department had proposed a higher allocation for the year 2006-07 as compared to the last year, it has been informed that the activities/programmes under Human Resource Development Division include the ongoing programmes *viz*. Information Security Education and Awareness Programme, Skill Enhancement for Employment in the ITES/BPO Space at DOEACC Centre, Srinagar/ Jammu, Special Manpower Development Programme (SMDP-II) in VLSI Design & Related Software, ME/M. Tech. Programme at C-DAC, Mohali and projects in the area of Implementation of recommendations of the Task Force on Human Resource Development in IT and a new project— Special projects in embedded system & VLSI Design.

13. When further asked whether the DIT would have to drop certain schemes in view of the reduced allocation, it has been stated that all the ongoing activities/projects *viz*. Information Security Education and Awareness Programme, Skill Enhancement for Employment in the ITES/BPO Space at DOEACC Centre, Srinagar/ Jammu, Special Manpower Development Programme (SMDP-II) in VLSI Design & Related Software and ME/M. Tech. Programme at C-DAC, Mohali will be continuously supported on priority basis. Further depending on the emerging need and priority, new projects will be evolved and taken up for implementation as and when required.

14. The Committee learnt that 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 skilled set *vis-a-vis* global ITES requirement during the 10th and 11th Plan periods and it had submitted its Report in December, 2003. On being enquired, the recommendations of Task Force on Human Resource Development in IT are stated to be on the following lines:

- Attracting resources into IT/ITES
- Educating/developing requisite skills
- Certifying skill levels of resources
- Deploying trained/certified resources
- Monitoring and guiding efforts related to IT/ITES and R&D

15. Asked about the present status with regard to the implementation of the recommendations of the Task Force, it has been stated that a number of measures have been initiated to generate manpower in key verticals like bioinformatics, VLSI Design and Information Security. The DOEACC is implementing ITES-BPO course to enhance skills of youth for employment/self-employment in ITES/BPO sector in North East and in Srinagar/Jammu and have already trained more than 1500 students.

16. The Committee have further been informed that the task of evolving the detailed plan for implementation of priority recommendations and ITES/BPO programme has been entrusted to DOEACC. DOEACC in association with the Industry has identified following verticals *viz*. finance-banking and insurance, travel and hospitality, pharmaceuticals and retail marketing as the promising areas which require immediate attention. The approach for the Indian ITES Certification Test (IICT) and ITES Manpower Training Scheme prepared by the DOEACC is being consolidated through discussions/consultations with Industry, Industry association, domain experts, etc., for working out detailed implementation plan and institutional mechanism. Two sub-committees for selected verticals *viz*. banking and insurance sectors have been set up under the Standing Syllabus Committee of DOEACC with experts drawn from professional bodies, representatives of the Industry, experts from academia etc. to identify segment specific manpower and skill-set requirement, work out curriculum and course structure, training methodology & institutional mechanism for implementation including finance, evaluation and certification methodology. These committees will also work out linkages with industry/other employers for placements. There are stated to be plans to carryout similar exercise for the other verticals *viz*. travel and hospitality, pharmaceuticals, etc. also.

17. It has been stated that as the IT/ITES BPO industry evolves, it is proposed to continuously look at the manpower requirement based on the technology changes to identify the emerging verticals, skill set requirements, etc. for manpower development. They further propose to launch online examination, online course delivery—content development etc. for the selected verticals like Banking and Insurance, Travel & Hospitality-airline ticketing, pharmaceuticals, etc., by DOEACC. This involves creating infrastructure including Hardware & Software along with necessary Bandwidth, trained professionals, development of courseware material, launching of online examination, conducting online courses etc., in the identified potential verticals of ITES/BPO.

V. Software and ITES Export *Vs* Manpower requirement

18. From the Annual Report of the Department of Information Technology for the year 2005-06, it has been observed that the Software and ITES exports grew from US$ 12.9 billion in the year 2003-04 to US$ 17.7 billion in 2004-05. The total Software and ITES export from India is estimated to exceed US$ 23.4 billion during 2005-06. Also, NASSCOM-McKinsey has kept a target of $ 60 billion software export by 2010.

19. The Committee further learnt that at NASSCOM-2006 leadership Summit held on 17th February, 2006, certain suggestions were made to improve the business profile at least by three times from the present projection of NASSCOM to reach a target of US $ 60 billion by 2010, the extracts of which are as under:—

> "IT services and ITES/BPO sector accounts for 3.5% of the global market, which should be increased, to 15% of the global business volume. That means we should aspire to increase our market share to $ 200 billion in the IT services, ITES and BPO sector. From the analysis of the data from the year 2006, ...we are far from reaching this target. We have to collectively see how we can realise this goal at least by 2010 if not by 2008."

> "The NASSCOM-Mc.Kinsey Report, 2005 indicates that the addressable market for global offshore including BPO is around $ 3000 billion presently, whereas we are only tapping 10% of this addressable market. As estimated the contribution of offshore IT and BPO industries can account for 17% of India's GDP growth and 44% India's export growth between 2004 and 2010. If we have to reach the goal of $ 200 billion by 2010 we have to work to refine the overall available addressable market across the world and create awareness among the clients about the win-win situation of outsourcing the tasks with quality delivery. Globally, North America and Western Europe were the major market, together accounting for more than three-fourth of the global IT-ITES market. In this process if we can convert $ 400 billion of addressable market in 2010 into actual market, India should aim to do business at least 50% of the potential market."

20. In order to attain the target, the essential components needed for the ICT industry were indicated as under:—

(i) India's with its cost leadership in software products now it has to aim to be competitive in quality of the products and

just in time delivery. Since there are number of countries competing for the $ 300 million market, continuously has to aimed high.

(ii) NASSCOM and Governments have to assist small enterprises in software to have a standing in the market. This can be through consortium approach for business.

(iii) A major drive has to be undertaken in capacity building of graduates with the aim to provide value added IT Services, ITES and BPO.

(iv) There is a need to encourage innovation and creativity among our IT personnel and thereby contributing towards attractive solution to the customer resulting in higher return on investment in their business process.

(v) Focus our ICT market also towards Asia Pacific, ASEAN and African countries so that we are more competitive than any other nation due to the human resource potential and cost advantage capability with our core competence in ICT sector.

(vi) Turning focus on India, which has one billion people as market force who need potential in education, healthcare, e-governance and e-business. Certainly it is the responsibility of the Government, NASSCOM and the Indian industries to enable a level playing field for the growth of small and medium ICT industries to contribute for bringing down the digital divide.

(vii) India has a "Focus AFRICA" policy and there is a commitment to assist Africa development. The project to establish a Pan-African e-network for connecting 53 countries for providing tele-education, tele-medicine services and also connecting the Heads of State is in progress. Indian ICT industry has a great potential to participate through this platform for creation of new market.

(viii) The World Knowledge Platform will bring the core-competence of the partnering nations for design, development, production knowledge products and systems. It also envisages evolution of new market through e-business network."

21. Asked to state the plans and projections in the this regard, it has been replied that Department of IT in collaboration with NASSCOM

and State Governments is looking into these suggestions for further implementation and development.

22. As informed, the NASSCOM McKinsey report 2005, has suggested the following agenda for action for States and Central Governments:—

- Accelerate efforts to ensure free trade in services through the Mode 4 negotiations at the WTO and through trade agreements with select countries.
- Ensure efficient visa regime for professional workers with the US, EU and other source countries.
- Take reciprocal market-opening steps such as liberalising important industry sectors such as financial services and retail.
- Set up Focused-Education-Zones to improve quality of higher education.
- Deregulate higher education in stages over the next five to seven years, and shift to a largely demand-based funding system for colleges and universities.
- Immediately develop a master plan for 10-12 integrated townships with associated urban infrastructure including international airports, roads and land development.
- Facilities for large scale land acquisition (>100 acres) and land development (e.g. sanitation system, power supply) for each integrated township.
- Expedite modernisation of existing international airports.
- Expand the domestic IT market by further computerising government functions and citizen services.

23. Asked about the measures taken to achieve the target set for software export by NASSCOM, the Committee were informed that the Software and Services Exports had achieved a CAGR of 30% in 2005-2006 since 2000-2001 and it is expected that the software industries would continue to maintain this growth in the coming years as well and the IT exports would cross $ 50 billion targets by the year 2008.

24. The Committee wanted to know about the manpower requirement projections, if a target set by NASSCOM-McKinsey of $60 billion in software export has to be achieved by 2010. In reply,

DIT stated that the Task Force on Human Resource Development in IT has indicated that India is expected to achieve revenue of US $ 62 billion by 2008-2009 & US $ 148 billion by 2012 in IT & ITES at a CAGR of 35% over 2003-2012. This translates into a direct employed manpower requirement of around 0.97 million for IT export services & 2.72 million for ITES by 2012. Compared to the employed manpower of 0.21 million for IT & 0.16 million for ITES in 2003, manpower requirement for domestic & captive IT services would amount to an additional 0.5 million in 2008-2009 & 1.0 million in 2012.

25. As per the Task Force Report while demographic studies have suggested that India could be one of the few countries with a surplus of personnel within the employable age group by 2020, there is a possibility of a shortage in terms of availability of skilled personal for IT/ITES even in the medium term *i.e.* by 2009. The gap could be to the tune of 2,35,000 for IT and 2,62,000 for ITES and could increase in 2012 in the absence of any special efforts to meet the manpower requirements. Addressing this gap is critical for India to achieve its target market share in the IT/ITES market. It has been added that while formulating the strategy for meeting the Human Resource requirements, the Task Force noted that the issue of manpower gap is not as much about the institutional seat availability as about the nature of skills & training provided in these institutions. The overall strategy to meet the Human Resources requirement thus rests on the ability to inculcate the skill sets, establishing a standard to certify the quality of skills provided and attracting people to get them certified and deployed in IT/ITES.

26. In this context, the Department added that according to NASSCOM McKinsey Report, 2005 there would be a requirement of producing additional 500,000 suitable graduates in the next five years beyond the current supply trends to enable the industry to reach Offshore IT and BPO exports of US$ 60 billion by 2010. As regards the manpower projections to realise US $ 200 billion software export by 2010, the DIT stated that no specific projections have been made as yet.

27. The Committee then asked about the measures so far taken to meet the future manpower requirement. The Department in reply have stated that as expected IT & ITES sector would employ 2.3 million professionals by 2008. Based on the recommendations of the Task Force on 'Human Resource Development in Information Technology', DIT have initiated a number of measures to generate manpower in key verticals like bioinformatics, VLSI Design and Information Security.

NASSCOM has launched the pilot phase of NAC programme—NASSCOM's Assessment of Competence to help the ITES/BPO industry. Further the DOEACC Society is implementing ITES BPO course in North East in Srinagar/Jammu, to enhance skills to youth for employment in ITES/BPO Sector.

28. When asked about the concrete steps taken/proposed by DIT to achieve an ambitious target of ITES-IT account as suggested in the NASSCOM 2006, leadership Summit, which is presently only 3.5 per cent of the global market to 15 per cent by 2010, it has been clarified that the NASSCOM McKinsey Report, 2005 have analysed the global offshoring dynamics. As per the report, the offshoring potential for each service line in the IT market and for each industry vertical in the BPO market, there is a huge untapped potential. The addressable market for global offshoring is estimated to be about US $ 300 billion split evenly between IT and BPO sector. It is estimated that only around 10 per cent of the addressable market has been realised so far leaving ample headroom for the future growth. Further the addressable market for the global BPO industry is equally sizeable and could expand by more than 10 times from its current size of approximately US$ 11.5 billion to at least US $ 120-150 billion. BPO growth will be driven largely by traditional industries (e.g, retail banking) and cross-industry functions such as Human Resources and Finance & Accounting. DIT in association with M/o HRD and NASSCOM is closely working to generate required manpower.

VI. Software Technology Parks of India (STPI)

29. As informed, the STPI acts as a "single-window" in providing services to the software exporters and incubation infrastructure to Small and Medium Enterprises (SMEs). During 2005-06, the STPI has commissioned its new centres at Siliguri, Haldia, Kakinada & Berhampur. With the addition of these four new centres, STPI has now 47 centres across the country. A total 6129 units are operational and 4088 units are exporting as on 31 December, 2005. Out of the total software export during 2004-05 of Rs. 80,180 crore from our country, STPI units account for software export of Rs. 74,019 crore. Similarly, out of the total estimated software export of Rs. 1,06,000 (US $ 23 billion) crore in the year 2006-07, STPI account for Rs. 1,00,965 crore.

30. The Committee wanted to know about the measures being taken by DIT to strengthen STPI units to meet the target set up by NASSCOM/McKinsey of $60 billion software export by 2010 and also $ 200 billion software export target suggested in NASSCOM, 2006

leadership Summit and whether the number of existing STPIs are sufficient for all round growth of IT/ITES and BPO Sectors. In reply, it has been stated that it is planned to have more and more IT grade built up space for Incubation and to set up STPI centres in secondary cities to promote exports from across the country. Further, STPI has also launched Trade NET portal to promote the small and medium entrepreneurs of the country.

31. It has further been added that in order to promote the software industry and boost the software exports from each corner of the country, it is proposed to consider setting up new STPI Centres/Point of Presence in association with concerned State Government based on certain objective criteria like availability of human resources, industrial infrastructure, IT infrastructure, State Government IT policy and pro-activeness, NRI linkage, business environment and special package and cost, etc. One critical factor in success of STPI centres is stated to be the State Government policy framework & implementation and the responsiveness to IT entrepreneurs. While STPI would provide assistance in framing appropriate policy, the State Government would have to play a very proactive role. They would have to ensure an attractive IT Policy and availability of appropriate manpower and requisite general industrial infrastructure, exemption from power cut to IT industry, abolition of inspector raj, permitting women to work in third shift etc. STPI, therefore, has been working closely with the respective State Governments/local authorities for creation of more space, equipped with state-of-the-art infrastructure facilities for development of the software industry and increasing exports.

32. Asked to elaborate on the policy for setting up of new STPI Centre, it has been informed that as per the current policy, the State Government has to contribute 3 acres of land, 10,000 sq. ft. of built up space and grant-in-aid of Rs. 1 crore to partially defray the total project cost. Out of 10,000 sq. ft. of space, 3000 sq. ft. will be used for the STPI's Network Operating Centre (NOC) and balance space will be used for the creation of the State-of-the-art incubation center for small and medium entrepreneurs. However, in accordance with the recommendation of the Standing Parliamentary Committee on Information Technology for relaxation of these conditions for smaller States, NE States where no STPI centre exists today, the State Government may provide 3 acres of land and 3000 sq.ft built up space only. In this respect, Hon'ble MCIT has already written letters to State Government of Nagaland, Mizoram and Arunachal Pradesh to provide their contribution so as to enable STPI to firm up the plans for setting up of STPI Centre in these States.

33. The Committee observed that during 2005-06, Rs. 2 crore kept for the scheme 'STPI' for NE region remained unutilised. When asked about the reasons for non-utilisation of funds, it has been stated that there was no concrete proposal for setting up of new STPI centre in North East Region. As such the provision could not be utilised. The States have thus been requested to submit the proposals.

34. When asked about the constraints, if any, faced in effective functioning of the existing STPI units and also the steps being taken/proposed to overcome them, the DIT in their reply stated that the basic constraints have been retention of skilled manpower, impact of the Special Economic Zones (SEZ) Act on STP scheme and phasing out of concessions under STP scheme on the software industry and also requirement of more grant-in-aid for setting up of new STPI Centres across the country.

35. The Committee have observed from the materials furnished to the Committee that the financial projections for STPI were curtailed during the last four years of the Tenth Plan. The details are as under:—

Scheme/Year	Proposed		Approved	
STPI/EHTP	Outlay	Gross	Outlay	Gross
2002-2003	57.00	57.00	8.00	8.00
2003-2004	92.00	92.00	31.00	6.00
2004-2005	08.00	08.00	06.00	06.00
2005-2006	10.00	10.00	05.90	04.00
2006-2007	04.00	04.00	06.85	04.00

36. The Committee, then, enquired about the steps taken/proposed to overcome the constraints faced in effective functioning of STPI. In reply, DIT have stated that STPI have started hiring skilled manpower on contract on project need basis. Further, regarding the impact of the SEZ Act on STP scheme and phasing out of concessions under STP scheme on the software industry, it has been stated that with the emergence of SEZ Scheme announced by the Ministry of Commerce, the companies operating under STP scheme have expressed serious concern about the sustainability of STP scheme and continuity of fiscal incentives for the IT Industry. A large number of Indian and MNC Software/ITES companies have been approved by the Ministry of Commerce as product specific SEZs. The SEZ Scheme provides better and long-term incentives. As the SEZ scheme in its present form does

not meet the objective of spreading the growth of the software industry across smaller cities and towns, whereas the STP scheme provides this flexibility. The Government have been requested to bring IT specific SEZs under the Department of Information Technology, so that the existing operational framework of STPI can be effectively used to further strengthen the SEZ scheme itself in the interest of the IT Industry. For bringing-in a level playing field for the IT Industry, STP/ EHTP units should be provided with the other additional benefits that are extended to the SEZ units and an IT Park with a minimum land area of 5 acres and/or a built up area of 2,50,000 sq.ft. should qualify as an IT specific SEZ.

37. The Committee have further been informed that the Principal Secretary to Prime Minister took a meeting on 24.1.2006 on IT Specific SEZs where it was decided that STPI would commission a study to assess the impact of SEZ Act and the phasing out of concessions under the STP scheme on software industry. It has also been decided that a Committee of Secretaries (CoS) from Department of IT, Commerce, Revenue, Economic Affairs and Member Secretary Planning Commission as Chairperson will examine the report and furnish the recommendations to PMO for consideration of Hon'ble Prime Minister. The Study has since been commissioned and was expected to be completed by 15 April 2006.

VII. Domestic Software

38. It may be seen that the Domestic Software during 2002-03, 2003-04 and 2004-05 account for Rs. 13,400 crore, Rs. 16,250 crore and Rs. 21,740 crore respectively. Domestic Software during 2005-06 is estimated to be of Rs. 26,460 crore. When asked about the reasons for a weak Indian domestic software market, it has been stated that NASSCOM in collaboration with Dutch Center for the Promotion of Imports from Developing Countries (IDC) undertook an assessment of the domestic services market opportunity and made the following observations:

- While ITES-BPO penetration is still very low, a sizeable proportion of end-user organisations have an internal division to focus on these specific business processes;
- Expressed intent to move from an in-house captive sourcing model to outsourcing is very low;
- Satisfaction with existing systems, lack of trust in outsourced service providers, high cost of services, unavailability of suitable vendors and lack of skilled personnel (with vendors) were the most commonly cited reasons for not looking to outsource;

- Little overlap between the service providers serving the domestic and export markets; key players currently serving the domestic market have little export exposure or are niche horizontally-focused players; most traditionally export focused players are not very keen on the domestic market—they would prefer to wait-and-watch for the segment to develop;
- The significant cost savings achievable from offshore engagements have set similar expectations amongst domestic client organisations; this coupled with the conservative nature of Indian users is an inhibitor.

39. DIT have further stated that the IT-ITES domestic market is steadily evolving. Strong demand over the past few years has placed India amongst the fastest growing IT markets in the Asia-Pacific region. As regards the measures taken/proposed to make a strong domestic software market, the Committee have been informed that the NASSCOM McKinsey Report 2005 has suggested three recommendations mostly related to e-Governance and annual IT expenditure by the Government. The National E-Governance Plan drafted and being implemented by the Department of IT covers these points including public-private partnership etc. Additional aspects to be considered for boosting domestic IT market are stated to be as follows:

(i) Penetration of Indian market in the high-end software like product development, engineering designs, e-learning curriculum development, embedded systems designs, simulations etc. needs to be focused.

(ii) Extending tax holiday, duty free import of capital goods etc. facilities for BPO/Call Centre companies catering to the needs of Indian Industry.

(iii) Promotion of localisation efforts of software and use of local language in office work etc. in order to address the domestic IT market of multi-lingual, multi-cultural society like India.

VIII. PC penetration in the country

40. As per a study conducted by NASSCOM, 10 per cent is the critical share of IT capital in total capital that separates invested from underinvested economies. The share in India of only 3.5 per cent is

among the lowest. Personal computer penetration rate per 1000 people is less than an eighth of the average in other IT-underinvested economies and a fourth of that in China. Studies show that a 10 per cent increase in IT capital in economies underinvested in IT increases GDP by 1.6 per cent, and the impact is seven times greater than the impact of investing in non-IT capital. When enquired about the plans of the Government in this direction, the DIT stated in the written reply that the Report of the MAIT 2005 on 'Increase of PC penetration, Internet and Domestic Software Market' has delineated the following Vision for 2008:

- PC penetration at 65 per 1000 from 14 per 1000 in March 2005.
- Internet penetration to 40 per 1000 from 5 per 1000.
- All villages in India on-line for Agricultural services, health care services and education.
- Total yearly PC market at 28 million from the current 4 million.
- Domestic software market to grow from the current levels to USD 28 billion (Rs. 126000 crore), 7 times the current size.
- 2% of the GDP growth from Domestic IT.

41. The DIT are stated to have taken the following measures to achieve the vision:—

(i) Making the PCs affordable—Lowering the taxes/tariff, increase the depreciation rates etc.

(ii) Credit facilities at low interest rates through banks, financial institutions, government and its agencies.

(iii) Packaging of products by BSNL/MTNL and other service providers.

(iv) Launching special schemes like e-schools, e-governance, e-commerce, e-education, e-trade from time to time to give a boost in demand.

(v) Help and fund the content developers in the local languages.

(vi) Launching a mass campaign on the electronic media about the utility of PC.

(vii) Replicate the successful programs piloted by different States throughout the country as mission modes like CIC, e-Sewa, e-Citizen etc.

(viii) Promotion of use of PC and internet by spreading e-Governance and citizen centric services offered by the Government-extending SWAN at the village level.

(ix) State level initiatives need to be scaled up and these have to be taken up on a mission mode for faster implementation.

42. It is further seen from material furnished to the Committee that the Government have taken a major initiative to increase PC penetration in the country. As a result of efforts, the DIT had discussions with various computer manufacturers to roll out sub Rs. 10,000 fully loaded computer. Several manufacturers have launched their low cost PC at a price below Rs. 10,000 during 2005.

IX. Electronics Hardware Exports

43. The following Table shows the volume of Electronics Hardware Exports undertaken during the period 2000-2001 to 2005-2006:—

(Rs. In crore)

Item	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06*
Electronics Hardware	4,788	5,800	5,600	7,700	8,000	8,500

*estimated

It will be seen that the percentage increase in the Electronics Hardware Export during 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 (estimated) was 21.14 per cent, -3.45 per cent, 37.5 per cent, 3.90 per cent and 6.25 per cent respectively.

44. During evidence, the Committee were informed that during 2005-2006, the total IT Electronics export constituted Rs. 1,11,700 crore. The growth in IT and Electronics exports has been 27 per cent and Compound Annual Growth Rate (CAGR) has been 28 per cent. Of this, hardware export have been Rs. 8,500 crore, and Software & Services exports have been Rs. 1,03,200 crore. The growth in Software & Service exports has been 29 per cent and CAGR has been 30 per cent. As regards the growth in the Hardware Sector, it has been only 6 per cent and CAGR has been 12 per cent. In this way, the software

and IT enabled services have a substantial edge over hardware value and exports, and the growth rate in the software and IT enabled sector has outstripped that in the hardware sector.

45. In the context of the slow growth in the hardware sector which is just 6 per cent and the reason for bringing down the growth to 12 per cent, the Secretary, DIT submitted that the growth in the hardware sector has been rather tardy and steps are being taken by the Government in this regard. It was stated that during 2005-2006, the production in the hardware sector was Rs. 56,000 crore and is likely to go around Rs. 70,000 crore.

46. To a similar query, the Department have stated in a written reply that the Indian Electronics Hardware industry suffers disabilities on account of high incidence of duties/taxes, inadequate infrastructure, high cost of finance, transaction cost, freight and power, low volumes of production, elimination of duties on parts of ITA-1 items, Free Trade Agreement (FTA) with neighboring countries, etc. The disability factors faced by the industry add to the cost and render the Indian product uncompetitive in the global markets. The Electronics Hardware industry in India has grown with reference to the domestic demand. Except for a few units, exports were by and large sporadic. With economic liberalisation and the ensuring intense competition, a number of units have started trying to systematically address the global market. There is also a need to unify manufacturing streams for domestic and export market to help in realising benefit of economies of scale.

47. When asked about the measures taken to increase the Electronics Hardware Export, they are stated to be as under:

(i) Approvals for all foreign direct investment upto 100% in the Hardware manufacturing sector are under the automatic route.

(ii) National Common Minimum Programme (NCMP) of the Government emphasises on energising and sustaining the growth of manufacturing industry including IT Hardware.

(iii) Peak rate of customs duty has been reduced to 12.5%. Customs duty on ITA-1 items (217 items) has been abolished from 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 raw materials/inputs used for manufacture of electronic components or optical fibres/cables is 0%. Customs duty on specified capital goods used for manufacture of electronic goods is 0%.

(iv) Excise duty on computers is 12%. Microprocessors, Hard Disc Drives, Floppy Disc Drives, CD ROM Drives, DVD Drives, USB Flash Memory and Combo-Drives have been exempted from excise duty. Parts, components and accessories of mobile handsets including cellular phones are exempted from excise duty.

(v) Export Promotion Capital Goods (EPCG) scheme allows import of capital goods on payment of 5% customs duty. The export obligation under EPCG Scheme can also be fulfilled by the supply of Information Technology Agreement (ITA-1) items to the Domestic Tariff Area (DTA) provided the realisation is in free foreign exchange.

(vi) Supplies of Information Technology Agreement (ITA-1) items and notified zero duty telecom/electronic items in the DTA by Electronics Hardware Technology Park (EHTP)/Export Oriented Unit (EOU) units are counted for the purpose of fulfilment of positive Net Foreign Exchange (NFE) earnings.

(vii) Special Economic Zones (SEZs) are being set up to enable hassle free manufacturing and trading for export purposes. Sales from Domestic Tariff Area (DTA) to SEZs are being treated as physical export. This entitles domestic suppliers to Drawback/DEPB benefits, CST exemption and Service Tax exemption. 100% Income Tax exemption on export profits is available to Special Economic Zone (SEZ) Units for 5 years, 50% for next 5 years and 50% of ploughed back profits for 5 years thereafter.

(viii) Second hand capital goods are freely importable.

(ix) EOU/EHTP units are eligible for Income Tax exemption on export profits, upto 2009-10, in terms of Sections 10A and 10B of the Income Tax Act.

(x) The induce more investment for Research and Development activities, a weighted deduction of 150% on the sums paid to any university, college or an institution or a scientific research association for the purposes of scientific, social or statistical research is available.

48. On being asked about the benefits/incentives provided for the electronics and IT sector in the budget (2006-07), it has been informed that peak rate of customs duty has been reduced from 15% to 12.5%, excise duty of 12% has been imposed on computers to complete the value chain to encourage local manufacturing, excise duty on storage devices *i.e.* DVD drives, USB flash memory and Combo-drives has been reduced to Nil Customs duty on Integrated Receiver Decoders, also known as Set Top Boxes has been reduced to 0% and excise duty of 16% has been imposed so as to encourage local manufacturing.

49. The Committee then enquired as to how these policy initiatives would be helpful for the growth of electronics and IT sector. In reply, DIT have stated that these measures are expected to make the Industry competitive. India is very high on the agenda of several leading global Electronics & IT manufacturers. As a result of various initiatives taken by the Government to make India a manufacturing destination, a number of reputed world renowned companies have shown interest to invest in Electronics/IT/Telecom hardware manufacturing in the country. Many of them have already announced their investment plans. One of the companies has signed an MoU for setting up Semiconductor fabrication facility in India involving very large investment.

X. National Electronics/IT Hardware Manufacturing Policy

50. The Committee learnt that the DIT had prepared a discussion paper on "The Conceptual Policy Framework to promote growth of Electronics/IT Hardware Manufacturing Industry" in consultation with the Industry associations and submitted the same to the National Manufacturing Competitiveness Council (NMCC) in September 2005. The mandate of the NMCC is to provide a continuing forum for policy dialogue to energise and sustain the growth of manufacturing industry including IT hardware. NMCC was expected to finalise the Policy by 15th January, 2006. The main objectives of the proposed package of incentives for the Electronics/IT Hardware Manufacturing Sector are as follows:

- To make the industry globally competitive
- To attract more FDI in the industry
- To bring down the prices of the end products
- To bring down the production cost
- To increase volumes to take advantage of economies and efficiencies of scale

- To increase of the demand
- To compensate for disabilities until the basic infrastructure constraints that the nation faces are removed, and
- To move towards total taxation level of 10-15% in the next 3-5 years.

51. It has subsequently been informed that a copy of the discussion paper was also forwarded to the PMO who have informed that the Prime Minister has approved the following Initiative/Programme for 2006 for the Department of Information Technology:

> "Finalising policy to promote the growth of electronic/IT hardware manufacturing industries"

52. However, for operationalising the above initiative of DIT, it has been proposed to the PMO to set up a Task Force with representatives from the concerned Minsitries/Departments. The said Task Force may specify the time-lines for implementation of the recommendations:

> "The main suggestions include rationalisation of tariffs and lowering of total taxation level in a phased manner, unification of manufacturing for domestic markets and exports, extending same incentives to Information Technology Agreement (ITA) and non-ITA items keeping in view the Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) already signed and being entered into with other countries and trading blocks, procedural simplification, etc. in order to meet competition from China and ASEAN countries."

53. It is pertinent to mention here that while examining the Demands for Grants for the year 2003-04 of the Department of Information Technology, it was informed that IT Task Force constituted by the Prime Minister had given three Reports-first on Software, the second on Hardware and the third was a mixture in the sense that it was about the overall picture. The first Software Report had 107 recommendations and a large part of it were accepted and therefore the software policy was in place. On IT hardware policy, there had been discussions and they were in the process of formulating a policy because it had gone up to the Cabinet, up to Cabinet Committee on Economic Affairs (CCEA).

XI. Setting up of Mega-Fab

54. The Committee have observed that a provision of Rs. 10 crore was allotted for the scheme "Setting up of Mega-Fab" during the year 2005-06, however, no progress was made during the year. During 2006-07, BE of only Rs. 5 crore has been kept for the scheme. The Committee drew the attention of the Department to the suggestion made by the Advisor (C&T) during the discussion for half-yearly progress report of the DIT for the year 2005-2006 held on 04.01.2006, that a proper policy guideline for setting up of Mega Fab should first be framed by DIT and widely circulated among States and interested private agencies so that more proposals might come up for investment towards setting up FAB Industry in India. The Secretary, DIT in response stated that FAB Industry would require different treatment and special packages would have to be provided. He added that if FAB Industry could be set up in India, it would fast propel us right into the Hardware development.

55. The Committee then desired to know about the progress made so far in this regard. In a written reply, it has been informed that after the visit of the Minister C&IT to USA in June 2005, as a part of efforts to attract FDI in the hardware manufacturing and in particular, in semiconductor manufacturing in the country, a number of CEOs of American MNCs visited India. India Semiconductor Association, Bangalore made a presentation in November, 2005 to Hon'ble Minister, C&IT for promoting a Fab City in the country to facilitate the process of bringing the investments in the high-tech semiconductor fabrication to the country. Further, they were also looking for preferential treatment/total exemptions for a longer period for Fabs in respect of income tax, excise duty, customs duty, sales tax, service tax, etc.

56. It has been informed that the investment proposals received in DIT for setting up units for semiconductor fab/ATMs envisages special incentives from the government over and above the incentives available under the SEZ policy. The investors have also sought infrastructure support from States regarding land, water, power, connectivity, effluent treatment plants, etc. Various States have devised incentive packages to attract investment in the semiconductor fab and other hi-tech industries. The status each of new projects is brought out below:

- A Memorandum of Understanding has been signed on 16.2.2006 between M/s Semindia Inc. and the Government of Andhra Pradesh for establishing a Fab in Hyderabad. The project involves total investment of US$3 billion in phases. Semindia had earlier signed an MoU with AMD,

USA for technology transfer to manufacture semi conductor in India.

- Intel is in discussions to set up ATM facilities in India, involving investment of US$ 600 million.
- The first Fab unit in the private sector in the country, promoted by Nano Teach Solutions Pvt. Ltd. (NTSI) with a capital outlay of US$ 350 million, is coming up at Rajiv Gandhi Nano Technology Park, Hyderabad.

57. As further informed, the FM in his Budget Speech on 28.2.2006 have made the following statement with regard to policy for attracting investment in Semiconductor fabrication/ATM and other hi-tech industries:

> "With the spread of Information Technology (IT) and IT Enabled Services (ITES), the time is ripe to make India a preferred destination for the manufacture of semi-conductors and other high technology IT products including Wafer; Assemble, Test and Manufacture of Semi-conductors; Flat LCD/OLED/Plasma Panel Displays; and Storage Devices. To achieve this goal the Ministry of Information Technology will announce a policy shortly. It is proposed to use the existing vehicles of viability gap funding and the India Infrastructure Finance Company Limited (IIFCL) to create a window to provide equity participation and/or viability gap funding to the new ventures. The window will be open for three years in order to accelerate investment."

58. As a follow up of the statement made by the FM in his Budget Speech, it has been stated that a Draft policy for investments for setting up semiconductor fabrication and other micro and nano technology manufacture industries in India has been prepared to DIT. The draft policy has been forward to Ministry of Finance for consideration and early finalisation.

XII. Centre for Development of Advance Computing (C-DAC)

59. DIT proposed an allocation of Rs. 90 crore for C-DAC for the year 2006-07, however Planning Commission approved only Rs. 64.50 crore. Asked about the projects which the DIT would have to sacrifice in view of the reduced allocation, it has been stated that some of the new proposed activities will get curtailed. Besides, C-DAC had envisioned compelling needs to provision for migrating to main GARUDA National Grid Computing initiative; much needed

infrastructure/development/upgradation/augmentation, etc. For some of the C-DAC development initiatives, a stage has come for moving them into the market through seed funding to enable large-scale commercialisation. These may suffer due to reduced allocation of funds.

60. On the concept of grid computing (GARUDA project), it has been stated that PoC GARUDA phase represents Proof of Concept phase of National Grid Computing initiative. As originally envisaged, the PoC phase was intended to answer many questions in efforts involving resource sharing and collaboration tool framework that Grid Computing represents. Given that shared Grid National Computing infrastructure will be of great value to a variety of Institutions is still not a mature field even world over, because of:

- Non-finalisation of all inter-operability standards and components.
- Somewhat limited experiences on performance issues, scalability, etc.
- Still evolving technological issues such as Security to be offered over such a Grid (through middleware components), user interfaces for job submission, etc.

61. The Committee have further been informed that the First GARUDA Meet in December 2005 evinced excellent response. Most Partners participated and agreed to become partners contributing resources and actively involving themselves in the deliberations.

62. The Committee desired to know about the strategy proposed for full utilisation of grid computing. In reply, the future plans of DIT/C-DAC in this regard are given as under:

- Demonstration of value proposition of Grid Computing from end-user view-point (a researcher or a designer or an educational institution or a set of institutions attempting to solve a grand challenge problem such as Disaster Management, Drug Discovery, Weather Prediction).
- Development of capability to understand and develop many of the underlying concepts, components and technologies which are still evolving as part of Grid Computing paradigm.
- Sharing of resources among a limited set of institutions as a representative case study of the value of Grid Computing (computing resources, storage and data).

- Developing collaboration tools and platforms.
- Bringing institutions and individuals together to work collaboratively, share resources and in general benefit from the Grid infrastructure.

63. The Committee drew the attention of the Department to the meeting held to discuss the Half-yearly progress Report of the DIT in which by MOS(P) enquired about the business plan of C-DAC and DG, C-DAC in reply had stated that they have already made a classification among users regarding chargeable rates for using the Supercomputers. The utilisation of the Supercomputers was stated to be around 70 percent. Secy., DIT in turn had assured that they would make a detailed and shortly forward a commercial business plan mainly for the Supercomputers developed by C-DAC.

64. When further enquired about the progress in this regard, the Committee have been informed that C-DAC has today a set of thematic enabling technology areas in which it is focusing on. Supercomputers/ High Performance Computing has been one right from the beginning. Technologies have been developed, systems have been developed and deployed and facilities for multiple users to benefit from have been set up and managed at Pune and Bangalore since 1998 and December 2002 respectively. Besides, a set of application domain groups have been nurtured to work with users.

65. In this context, the Committee have further been informed that National PARAM Supercomputing Facility (NPSF) at Pune, with PARAM 10000 has already served its life and badly in need to replacement. CTSF Facility enclosing PARAM Padma Teraflop System at Bangalore is being fully put to use with close to 40 Technical Affiliates using the same. It is helping users and institutions in a variety of Scientific and Engineering disciplines. Since November 2005, user charges have been introduced with differential rates for Academic, R&D and commercial users. In the current year it is expected to give revenue to defray part of its operating costs. Nowhere in the world have Supercomputers or such facilities of this kind recovered their full cost of operation or cost of replacement. They have a life of 3-5 years after which upgradations are needed; and after 5-7 years require total replacement. As such, the utility of such Supercomputers in terms of return on investment has to be seen through the benefit it provides to the Scientific and Engineering Community rather than in terms of financial rate of return. Governments all over the world support such facilities directly or through periodic grants for system upgradation or replacement. C-DAC's Supercomputing effort is focused on Science &

Engineering applications and not on commercial applications. As such, for Supercomputers, C-DAC's approach is one of building systems for science & engineering applications and making available high-end systems as a shareable facility, which a number of agencies and small users can use to solve higher-order problems (than what they can do with lower-end clusters that they can afford to host in their own organisation).

66. The Committee have subsequently been informed that there is a serious short supply of supercomputing resources for problem solving even as India is coming of age in its aspirations in terms of research, engineering and grand challenge problems. If at all India should aim to have more Supercomputer resources and build capacity in the form of shared facilities, building of user competence of learn to benefit from Supercomputers, etc. Grid is one way to enable to large number of academic and research institutions distributed nationwide to access and share scarce supercomputing resources located at a few institutions and thus increase access.

67. There is further stated to be a need for increasing parallel programming experience, parallelising of application programmes which can make good use of clusters, need for user-friendly interfaces for non programmes and greater collaborative opportunities to address diverse problems. Towards the above, PoC GARUDA will help besides building of Supercomputers and Facilities. Workshops, Seminars and Training are being conducted by C-DAC. Specific diploma and Training courses are held to improve parallel programming skills of application programmes, who can develop programs to make effective use of supercomputing resources. C-DAC also does hand-holding to users to parallelize their programs and get optimum performance in its systems. It also offers consultancy. C-DAC has opined that more supercomputing resources have to be added for which support for funding for shareable resources is a very important issue at this point of time.

XIII. National Plan on e-Governance (NeGP)

68. The Committee observed that the National Common Minimum programme adopted by the Government accords high priority to improving the quality of basic governance and in that context the Government have proposed to promote e-Governance on a massive scale in areas of concern to the common man. A National Plan on e-Governance (NeGP) was accordingly drawn up covering 26 Mission Mode Projects and 8 support components to be implemented at the Central, State and Local Government Levels. DIT jointly with the

Department of Administrative Reforms & Public Grievances (DAR&PG) conceived a National e-Governance Plan (NeGP) in the year 2003 and this plan envisaged to implement the first phase of the programme by 2007. The concept note was discussed by the then Prime Minister in a meeting held on 6th November, 2003, when in-principle approval was given to the concept note and it was envisaged that approval for budgetary outlays would be obtained separately from Planning Commission/Ministry of Finance.

69. The Committee have further been informed that a Cabinet Note was prepared by the DIT in consultation with various Central Ministries/Departments as well as State Governments and UT Administrations and submitted seeking Cabinet approval for the Vision, Mission Mode Projects (MMPs) and Key Components of the NeGP, Strategy, Rules/Responsibilities being discharged by various Government entitles and the Management Structure. When asked about the date when the concept note was placed before the Cabinet for approval, it has been informed that the final note was sent to the Cabinet on 17.04.2006 and the Cabinet approved it on 18.05.2006.

70. The Committee enquired about the reasons for late submission of the Cabinet Note with regard to NeGP. To this, a representative of DIT submitted:

> "...in 2003, the contours of e-Governance programme for the country were placed before the Government at the level of the Prime Minister and an in-principle approval was accorded for proceeding in that direction. At that time also, an estimate was made of the quantum of money that could be absorbed by various programmes and projects that were indicated over a four-year period till the year 2007. This was in 2003. It was recognised that the primary question was the ability to implement and the pace of implementation. The bottleneck was not of money but of ability to implement. So, the projects were made on that basis and on the basis of in-principle approval and other authorisations that were given, action for implementation of the various elements of that programme were proceeding."

71. It was supplemented:

> "In fact, an Apex Committee was constituted under the Chairmanship of the Cabinet Secretary and individual projects were being taken up by the Ministries concerned and financial approvals were being taken as per the normal process which involves EFC, SFC and then the Cabinet approval, as applicable. This progress in

the implementation of different projects and elements by different Ministries was being reviewed from time to time and based on the experience over the two or three years, it was also felt that time had come to take a formal Cabinet approval for laying down the responsibilities and the powers and functions of various players because in the whole implementation, there are lots of different agencies involved. There are government bodies; there are Ministries and it was felt that some clarity is also needed to be laid down in terms of responsibilities of various agencies. So a detailed proposal was prepared and considered at various levels and then placed before the Cabinet for consideration. That was considered and approved by the Cabinet finally on 18.05.2006.

72. Based on the written information furnished to the Committee that the first phase of the NeGP would be completed by 2007, the Committee desired to know that in how many phases would the NeGP programme would be completely rolled out. In the post evidence information, it has been stated that when a NeGP was initially conceived in 2003, a plan for the period 2003-2007 was drawn up including approximate, broad financial projections taking into account the likely quantum of funds that could be absorbed by various projects/components of the Plan over that period. However, no financial approvals were sought for the NeGP as a whole.

73. It has been added that financial approvals were obtained by individual departments for their respective projects/components through the competent authority. The NeGP provided as over-arching framework designed to enable individual Ministries/Departments/State Governments to implement their assigned projects/activities and yet integrate into an overall national vision and plan. This approach had received in-principle approval by the then Prime Minister in November, 2003. Subsequently, in May, 2006, the Union Cabinet accorded approval to the Vision, Scope, Management Structure and implementation Strategy on NeGP. While doing so, the Cabinet also approved the assignment of specific roles and responsibilities of various authorities as well as a list of Mission Mode Projects.

74. As regards the phasing of NeGP, it has been stated that NeGP as a whole is an ongoing umbrella programme and various Mission Mode projects/initiatives are elements of this composite plan. Phasing is decided upon for specific projects/components by the individual Line Ministries, and incorporated into the implementation plan and built-in as a part of their proposal as the time for seeking financial

approvals. Individual projects are also expected to have specific timeline for complete roll out. Some of the more advanced projects like Income Tax, Central Excise, MCA-21, EDI, e-Courts, etc. have already indicated specific timelines and financial requirements for complete roll-out, while a few of the projects are still at the conceptualisation phase and detailed timelines for roll-out are expected to be available in due courses. Thus, there is no phasing of the NeGP as a whole. However, the projects *viz*. Income Tax, Central Excise, SWAN, CSCs, MCA 21 and India Portal are expected to be substantially completed by 2007.

75. With regard to the present progress in respect of the various Mission Mode Projects under NeGP e.g. in respect of 'land record'. The representative of the DIT stated that:

> "...As regards the land records, the Department of Land Records under the Ministry of Rural Development has drawn up a programme, and it has been placed before the apex Committee. It indicated the time-lines for bringing the land records on-line and bringing them in a digital format on a continuous and sustainable basis. In this context, I would like to state that there are some States—like Karnataka, Tamil Nadu and to some extent States like Maharashtra, etc. that have already done it."

76. In this context, it was added:

> "...there are a couple of States where progress has been a little slow. The point to be taken into account is the emphasis that is given by the States to it."

77. The Committee stressed on taking up the matter earnestly so as to achieve a better level of implementation at least in the future course. To this, a representative of DIT replied as under:

> "Our effort in all the projects is to assist the department to come to a point where they have very clear or specific plans with specific time-lines. I am saying this because it is the first point to be taken into consideration..."

78. To a similar query, a representative from NIC submitted:

> "...the achievement in a lot of places, basically, depends upon the State because it is a State Government subject. In some States they implement it very fast, and in some other States they do not implement it so fast. As we have already mentioned, progress is

there in all the States they do not implement it so fast. As we have already mentioned, progress is there in all the areas. I do not say that we have achieved 100 percent, but software is available, testing has been done in some of the areas, and it has been rolled-out. But the process of conversion of some of the data is a little tardy and time-consuming because one cannot do it without verifying those records."

XIV. State Wide Area Networks (SWANs)

79. Network connectivity is a significant enabler of any modern, efficient administration. The Development Block is the basic tier of the development administration, particularly for rural areas of the country. Provision of reliable network connectivity, particularly for rural areas, is an imperative. The DIT has, therefore decided to extend the high-speed, high capacity (minimum 2 Mbps) reliable network connectivity for Government-to-Government communication up to Block level through State Wide Area Networks and/or NICNET. Govt. have also approved a scheme for the establishment of State Wide Area Networks (SWAN) at a total outlay of Rs. 3,334 crore over a period of 5 years. The scheme for establishment for SWAN was approved by the Government on 28th March, 2005. The Committee have been informed that SWAN proposals from 22 States have been approved. The States of Arunachal Pradesh, Goa, Jammu and Kashmir, Manipur, Nagaland, Andaman & Nicobar, Dadra & Nagar Haveli and Daman & Diu have not submitted their SWAN proposals as yet.

80. During the discussion for half-yearly progress report of the DIT for 2006-07 held on 04.01.06, MOS(P) had suggested that a small study group may be formed to motivate the Governments of NE States and J & K. It would be of real benefit, if the Ministries concerned are appropriately apprised of the usage of SWANs. When asked about the steps taken in this regard, DIT have stated that Department of IT SWAN Team and the SWAN Programme Management Consultant (SPMC) Group are in constant touch with the States/UTs mentioned which have not submitted their proposals. Moreover, NE-States mentioned above are likely to take up NIC as their SWAN implementation agency and are in discussions with NIC for project proposal formulation.

XV. State Data Centres

81. Establishment of State Data Centres (SDCs) has been proposed to create data repositories/data centres in various States so that common secured data storage could be maintained to serve host of

e-Governance applications. Most of the States are conceptualising setting up of Data Centres and would need GOI technical and financial assistance both for the project formulation and its establishment. The Committee have observed that the Policy guidelines on State Data Centres were still under formulation. Broad guidelines have been prepared and were being discussed with experts from States and NIC. The timeline for approval by Minister of Communications and Information Technology was given on August, 2005.

82. When asked about the factors responsible for the delay in finalisation of Policy Guidelines for State Data Centres, the Committee have been informed that one of the important Component of National e-Governance Plan (NeGP) is establishment of core-infrastructure which apart from creation of State Wide Area Networks (SWAN) and Common Service Centres (CSC) includes State Data Centres. All these elements are necessarily required to put in effective e-Governance plan and delivery of services to the Citizens on-line. The relevance of Data Centres in the form of Central repositories or Common Technology Infrastructure is to avoid duplication or separate computing and storage facilities by each department in the State and incur avoidable cost. As e-Governance applications are rolled out in the State through the process of backend computerisation and more and more applications get introduced, the creation of State Data Centres would become necessary. Therefore, it was felt necessary to first address creation of State Wide Network and delivery mechanism and then take up the requirement of State Data Centre.

83. It has further been informed that DIT is now in the process of formulating Policy Guidelines for Technical and Financial Assistance to the State for creation of State Data Centres. To a specific query, it has been replied that as the Data Centres can be planned, established and operationalised in relatively shorter time frames, any delay on finalisation of the Policy Guidelines will not adversely affect the implementation of NeGP. The Guidelines are expected to be ready by June 2006.

XVI. Capacity Building

84. The Committee have been informed that the DIT in consultation with the Planning Commission have prepared the Capacity Building Guidelines and issued the same to all the States/Union Territories (UTs) who have been advised to prepare the proposal for Capacity Building implementation. Orientation programmes, training and workshops have been arranged for key State's representatives and

personnel. The Planning Commission have allocated funds as Additional Central Assistance (ACA) to all the States for taking Capacity Building measures as a first step towards NeGP.

85. On being asked when the Capacity Building Guidelines were approved and circulated to all the States/UTs, it has been informed that the guidelines were jointly prepared with the Planning Commission and were approved in March 2005 and circulated to all the States/UT's IT Departments.

86. The Committee wanted to know about the number of States/UTs who have prepared and submitted the proposals for Capacity Building measures. In reply, DIT have informed that one Union Territory *i.e.* Chandigarh and 11 States have submitted their proposals. These States are Assam, Chhattisgarh, Goa, Haryana, Jammu & Kashmir, Jharkhand, Kerala, Punjab, Sikkim, Tamil Nadu and West Bengal. Status in respect of the remaining 18 States and 5 UTs is given as under:

1. Gujarat—State approval received. Being sent to DIT.
2. Delhi—Under preparation.
3. Arunachal Pradesh—Not responded yet.
4. Bihar—Initiated the process.
5. Himachal Pradesh—Under Preparation.
6. Maharashtra—Under Preparation.
7. Rajasthan—Under Preparation.
8. Uttaranchal—Initiated the process.
9. Andhra Pradesh—At the stage of completion.
10. Karnataka—At the stage of completion.
11. Madhya Pradesh—At the stage of completion.
12. Manipur—At the stage of completion.
13. Meghalaya—Under preparation.
14. Mizoram—Initiated.
15. Nagaland—Completed, awaiting State's approval.
16. Orissa—Completed awaiting State's approval.
17. Tripura—At the state of completion.
18. Uttar Pradesh—Under preparation.

Remaining Union Territories—5

1. Pondicherry—Under preparation
2. Daman and Diu—Yet to be initiated
3. Andaman & Nicobar—Under preparation
4. Lakshadweep—Yet to be initiated
5. Dadra & Nagar Haveli—Yet to be initiated

87. As regards orientation programmes, training programmes and workshops that have been held so far in different States/UTs, it has been informed that 3 courses that have been undertaken are as under:

(i) 3 Capacity Building workshops were held. First one was held in DIT, second in NISG, Hyderabad and third in Kolkata. All State's representatives were invited.

(ii) NISG under financial support from DOPT is conducting special training for e-Champions. Directives were sent to all States. The training program was scheduled to start from 17th April, 2006. Subsequently similar programs may be scheduled in future.

(iii) The State-wise training requirements are as received through Capacity Building proposals (CBRMs) and are being processed for initiating training courses.

88. When further asked about the details of programmes proposed to be taken up during the year 2006-07, it has been stated that detailed Capacity Building proposals (CBRMs) are being received from various States/UTs and those will be consolidated and suitable training programs and formation of SeMT will be taken up during 2006-07.

XVII. Common Services Centres (CSCs)

89. It has been observed that the Department of Information Technology have formulated a proposal to establish 100,000 Common Services Centres (CSCs) in rural areas, which will serve not only as the front end for most government services, but also as a means to connect the citizens of rural India to the World Wide Web. CSCs would extend the reach of electronic services, both government and private to the village level. The timelines for the project has been shown as December, 2007.

90. It is learnt that DIT proposed to reach out 6,00,000 villages through 1,00,000 CSCs proposed rolled out by the end of 2007. The CSCs seek to transform rural India by providing access to: e-Government Services, education, Health and Tele-Medicine, Financial services, Entertainment etc. The Government intends to provide financial support to the State Centre Agencies (SCAs) and facilitate delivery of Government and private sector content and services through the CSCs to create economically sustainable models for social development. However, in the material supplied to the Committee, it has been stated that draft policy guidelines for CSCs are being considered for approval. It has also been noticed from the outcome budget for 2005-06 that approval of Minister of Communications and Information Technology was expected to be obtained in July, 2005.

91. On being pointed out that when the approval of guidelines for setting up of CSCs are still awaited, how the target to set up 1,00,000 CSCs would be achieved by 2007, the Department have replied that a Draft Framework for Establishment of 100,000 CSCs has been finalised with the approval of the competent authority, by the Department of Information Technology in 2005. The draft framework was prepared based on extensive discussions with State Governments, Civil Society Organisations, Mission 2007, Corporates etc. The draft framework outlines the process by which implementation modalities, funding requirements and project development work for the CSC scheme would be detailed.

92. The DIT have further stated that based on the Framework and extensive consultations mentioned above, an organisation has been selected for developing the CSC scheme and a Detailed Project Report on the CSC Scheme has already been prepared and put up to the Expenditure Finance Committee (EFC) for appraisal. The EFC has since appraised the CSC scheme and recommended approval of the said scheme by the Competent Authority, which in this case would be the Cabinet/CCEA. DIT has perpared a Draft Cabinet Note and Circulated to the Planning Commission and Ministry of Finance for comments. Whole comments from the Planning Commission have been received. Replies from the Ministry of Finance Deptt. of Expenditure are still awaited. The note would be put up to the Cabinet after the comments from Department of Expenditure are received. DIT is currently undertaking project development activities relating to the CSC scheme, keeping in mind the target of facilitating establishment of 1,00,000 CSCs by end 2007.

XVIII. Media Lab Asia

93. Media Lab Asia has been set up as a non-profit organisation under Section 25 of the Companies Act with a vision of leveraging the information and Communication Technologies and other advanced

technologies for the benefit of the common man. The ML Asia works with the academic/research institutions, industry, NGOs and the Government to bring these innovations for the benefit of the masses. It has been informed that the Board of MLA has decided that MLA will now focus on facilitation and support for taking technologies from lab to land. DIT proposed an allocation of Rs. 65 crore for MLA during 2005-06. However Planning Commission approved only Rs. 1 crore. Allocation at the RE stage was reduced to zero. During 2006-07, DIT proposed an allocation of Rs. 65 crore, however, the Planning Commission has reduced the same to Rs. 10 crore.

94. The Committee have observed that expenditure on MLA project was nil during the 2003-04, 2004-05 and 2005-06. Looking at the past performance, the Committee pointed out that how the allocation of Rs. 10 crore would be justified for 2006-07. In reply, DIT have stated that Media Lab Asia was released a sum of Rs. 65 crores during the first 2 years' of its operation. In the second year, Media Lab Asia programme was restructured and the services of all the employees were terminated. Media Lab Asia has been using the funds already available with them for the ongoing projects and for the new projects initiated by them. Since the funds were already available with Media Lab Asia, no additional funds have been released by the Government, and the expenditure of the Government is "Nil".

95. In this context, the DIT added that the restructuring of Media Lab Asia would be completed on appointment of a full time MD/CEO, who will also induct people at senior level. Once this is completed, Media Lab Asia can operate at its full capacity and also utilise the funds at a level originally envisaged in the project proposal. Media Lab Asia has identified a suitable person as its MD/CEO and with his joining, the level of operations will pick up and the funds requirements would be higher. The next year's allocation will be used not only to meet the ongoing commitments for the current projects, but also for the enhanced requirements of the next year.

XIX. Cyber Security/Cyber Laws

96. During the discussion for half-yearly progress report of the DIT held on 04.01.06 MOS(P) had emphasised on designing appropriate programmes for cyber security. The Committee have further learnt that the Government have identified Information Security as one of the thrust areas. The Department of IT had set up an inter-Ministerial Working Group on Cyber Security Education and Awareness Programme. The aim of the Working Group was to recommend an

Action Plan and strategy for Human Resource Development in the country in the area of Cyber-Security/Information Security leading to development of indigenous hardware and software capabilities in the core area of Information Security. On the recommendations of this Working Group the Information Security Education and Awareness (ISEA) Project for development of human resources in the area of Information Security has been initiated.

97. It has further been stated that the project has a component of creating awareness of Cyber Security amongst industry/educational institutes and the masses. This campaign will help them know about cyber attacks and how to protect their data and systems. The project also aims at imparting training to the Central and State Government Officers on issues related to Cyber/Information Security.

98. The Department have further informed the Committee that specific initiatives are also being taken for enhancing the legal framework through proposed amendments to the IT Act, 2000 which is currently under review of the Government thus increasing interaction between industry players and enforcement agencies to help create greater awareness about information security issues and facilitate mutual support as and when required. An Expert Committee on Information Technology Act was set up to review the IT Act and proposed appropriate amendments in the right of national and international development post IT 2000. Based on the recommendations of the Committee, the amendments to the IT Act are being finalised and will be put up to the Parliament very shortly.

PART II

RECOMMENDATIONS/OBSERVATIONS

I. General

1. The Committee note that the Department of Information Technology had proposed an outlay of Rs. 1516 crore for the year 2006-07 in order to implement their various schemes viz. Research & Development, Infrastructure Development, Human Resource Development, National Informatics Centre and towards various programmes, but the Planning Commission reduced the same to Rs. 1090 crore. In fact, the Planning Commission had resorted to down-sizing of the outlays during the entire Tenth Plan period. From the information furnished to them, the Committee find that the Department of Information Technology had proposed an allocation of Rs. 937.99 crore, Rs. 1146.90 crore, Rs. 1294.38 crore and Rs. 1400.67 crore during 2002-03, 2003-04, 2004-05 and 2005-06, but the Planning Commission had downsized the same to Rs. 470 crore, Rs. 470 crore, Rs. 750 crore, Rs. 929.30 crore respectively during the corresponding years. Significantly, the utilization of funds by the Department in the previous years of the Tenth Plan was almost full. The Committee are of the view that the financial curtailments by the Planning Commission in the projections made by the Department will have serious impact on the pace of implementation of various schemes/ programmes proposed to be taken during the year 2006-07 and thus will delay the benefits that could accrue thereon.

2. The Committee's examination further revealed that for Infrastructure Development programme, the DIT had projected Budgetary support of Rs. 818.00 crore, which has been reduced to Rs. 530.10 crore. For Human Resource Development, Rs. 50.40 crore have been allocated against the projection of Rs. 72.00 crore. R&D programmes have been allocated Rs. 218.50 crore against the request of Rs. 298.00 crore. The Committee find it distressing that even for an important scheme like E-Governance, the Department will not be getting the required funds and the programme would be curtailed to a large extent. The Planning Commission has reduced the proposed allocation of Rs. 670 crore for E-Governance to Rs. 440 crore. It is equally surprising to find that the allocations have been reduced even for the thrust areas of the Department like Human Resource

Development. Further, for promotion of electronics and IT hardware manufacturing, the allocation has been reduced to Rs. 5.00 crore from Rs. 10.00 crore. Technology Development of Indian Langauges in IT has been provided with Rs. 9.00 crore against the demand of Rs. 12.00 crore. R & D programmes including Nano-Technology for Indian languages will suffer as the allocation have been made of Rs. 203.50 crore against the request of Rs. 280 crore. The Committee strongly feel that such important schemes should not be starved of funds and urge that sanctity of the budget allocation be maintained at all costs as implementation of these schemes are for the service of the masses and will accelerate the development of the country. The importance of the most promising IT Sector in boosting the efficiency and productivity in today's fast changing global economy should be taken into consideration. The Committee trust that these factors will merit due consideration for appropriate enhancement of funds at RE stage.

II. Task Force on Human Resource Development

3. The Committee note that manpower development is one of the thrust areas of the DIT during the year 2006-07. DIT had projected an outlay of Rs. 60 crore for the scheme, but the same has been brought down to Rs. 38.40 crore by the Planning Commission. With the projected outlay, the Department had planned to carry the ongoing programmes viz. Information Security Education and Awareness Programme, Skill Enhancement for Employment in the ITES/BPO Space at DOEACC Centre, Srinagar/Jammu, Special Manpower Development Programme (SMDP-II) in VLSI Design & Related Software, ME/M. Tech. Programme at C-DAC, Mohali and projects in the area of Implementation of recommendations of the Task Force on Human Resource Development in IT and a new project-Special projects in embedded system & VLSI Design. However, as informed it seems that with the reduced allocation the Department will not be able to undertake all these projects. The Committee to their dismay further note that in the previous years of the Tenth Plan also except in the year 2005-2006, the projected outlay for the scheme "Manpower development" was reduced to a larger extent. Like in the years 2002-03, 2003-04, against the demand of the DIT of Rs. 42.70 crore and Rs. 132.55 crore, the funds were allocated to the tune of only Rs. 8.00 crore and Rs. 8.50 crore respectively. During 2004-05 also, Rs. 39.50 crore were proposed, however the Planning Commission allocated Rs. 29.00 crore. The Committee consider it unfortunate that the scheme, "Manpower Development/ Employment Generation" has never got the importance it deserves. Undoubtedly, this position needs to be rectified.

4. The Committee learn that the 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 skilled set *vis-a-vis* global ITES requirement during the 10th and 11th Plan period. They are extremely unhappy to note that though the said Task Force had submitted its Report way back in December, 2003, no strategy has yet been finalised to implement the recommendations contained in the Report. They deprecate the indifferent attitude of the DIT in dealing with the important recommendations of Task Force. The Committee strongly feel that the Task Force Recommendations in the areas of attracting resources into IT/ITES, educating/developing requisite skills, certifying skills levels of resources, deploying trained/certified resources and monitoring and guiding efforts related to IT/ITES and R&D, are of paramount importance as far as development of the requisite manpower in the upcoming IT sector is concerned and need to be implemented without further loss of time.

5. The Committee learn that the task of evolving a detailed plan for implementation of the priority recommendations has been entrusted to DOEACC. In order to generate manpower in key verticals like bioinformatics, VLSI Design and Information Security, DOEACC is implementing ITES-BPO course to enhance skills of youth for employment/self-employment in ITES/BPO sector in North-East and in Srinagar/Jammu and more than 1500 students are stated to have been trained. The Committee find the number of students trained by DOEACC for ITES/BPO Sector to be too meagre to meet the present need of skilled manpower in the country not to speak of future projections. They further opine the DOEACC should look into the possibilities of starting ITES-BPO course at its other Centres also.

6. The Committee find that DOEACC in association with the Industry has developed verticals *viz*. finance-banking and insurance, travel and hospitality, pharmaceuticals and retail marketing as the promising areas requiring immediate attention. However, they believe that with the on-goring growth of the IT-ITES BPO industry and changing technology there may be many more emerging verticals for which specialised manpower may be required and those need to be identified and attended to.

7. The Committee further note that two sub-committees for selected verticals viz. banking and insurance sectors have been set up under the Syllabus Committee of DOEACC with experts drawn

from professional bodies, representatives of the Industry, experts from academia etc. These sub-committees would identify the vertical segment specific manpower and skill-set requirement, their, levels, curriculum and course structure, training methodology & institutional mechanism for implementation including finance, evaluation and certification methodology. The Committee trust that these sub-committees would work out the detailed implementation plan and institutional mechanism within a short-time so that they can soon be rolled out. They further desire that sub-committees in respect of other verticals *viz.* travel and hospitality, pharmaceuticals, retail marketing and other such promising areas should also be set up at the earliest.

8. The Committee are informed that DIT propose to launch online examination, online course delivery—content development etc. for the selected verticals like Banking and Insurance, Travel & Hospitality-airline ticketing, pharmaceuticals, etc., by DOEACC. This involves creating infrastructure including Hardware & Software alongwith necessary bandwidth, trained professionals, development of courseware material, launching of online examination, conducting online courses etc., in the identified potential verticals of ITES/BPO. The Committee consider it a step in the right direction; however, they desire that some timeframe should also be laid down for completion of the process in this regard.

III. Software Export and ITES Export Vs Manpower requirement

9. The Committee are happy to note that the Software and ITES exports in India have grown from US$ 12.9 billion in the year 2003-04 to US$ 17.7 billion in 2004-05. Further, it is estimated to exceed US$ 23.4 billion during 2005-06. They further observe that though NASSCOM-Mckinsey target is to clock $ 60 billion software export by the year 2010, another suggestion was made in the NASSCOM, 2006 leadership Summit by the Hon'ble President to achieve a target of $ 200 billion software exports by the same year. It is desired that IT services and ITES-BPO sector which accounts for 3.5 percent of the global market should be increased to 15 percent by 2010. The Committee are informed that DIT in collaboration with NASSCOM and State Governments have been looking into the suggestions of the Hon'ble President for further implementation and development. They would, however, like the Department of IT to closely look into the suggestions made in the NASSCOM, 2006 leadership Summit and formulate a comprehensive plan to realise the set targets for software export enabling India to become an IT

superpower. They trust that right initiatives will be taken by the Government to give a new momentum to the software industry.

10. The Committee observe that as per the NASSCOM McKinsey report 2005, the States and Central Governments have been suggested to accelerate efforts to ensure free trade in services through the Mode 4 negotiations at the WTO and through trade agreements with select countries; to ensure efficient visa regime for professional workers with the US, EU, and other source countries; to take reciprocal market-opening steps such as liberalising important industry sectors such as financial services and retail; to set up Focused-Education-Zones to improve quality of higher education; to deregulate higher education in stages over the next five to seven years, and to shift to a largely demand-based funding system for colleges and universities; to develop immediately a master plan for 10-12 integrated townships with associated urban infrastructure including international airports, roads and land development; to provide facilities for large scale land acquisition and land development for each integrated township; to expedite modernisation of existing international airports and to expand the domestic IT market by further computerising government functions and citizen services. The Committee are of the view that DIT will have to play a proactive role in arranging a closer and more intense interaction between the State Governments and Central Government to work out the modalities at a faster pace for smooth implementation of the suggestions made in the NASSCOM-McKinsey Report, 2005.

11. The Committee are informed that as indicated by the Task Force, there is a possibility of a shortage of skilled manpower to the tune of 2,35,000 for IT and 2,62,000 for ITES which could increase in 2012 unless special efforts would be made in this direction. At the same time, NASSCOM McKinsey Report, 2005 has also indicated a need for additional 500,000 suitable graduates in the next five years beyond the current supply trends to enable the industry to reach Offshore IT and BPO exports of US$ 60 billion by 2010. The Committee consider it a matter of great concern. The Committee desire that all out efforts should be made to meet the expected shortage of manpower as indicated by the Task Force. Further as no specific projections have so far been made by DIT for manpower requirement to realise a target of US$ 200 billion software export by 2010, the Committee would like the DIT to work out of the same and apprise them about the concrete measures proposed to be taken in this regard.

12. The Committee feel that though addressing the anticipated gap in manpower requirement is critical for India to achieve its target market share in the IT/ITES market, however the overall strategy to meet the Human Resource requirement rests on the ability to inculcate the skill sets, establishing a standard to certify the quality of skills provided and attracting people to get them certified and deployed in IT/ITES. The Committee, therefore, impress upon the Department of IT to take remedial measures to meet the challenges so that the target market share in the IT/ITES market does not get a setback due to lack of skilled manpower.

13. The Committee note that as per NASSCOM McKinsey Report 2005, the off-shoring potential for each service line in the IT market and for each industry vertical in the BPO market, there is a huge untapped potential. The addressable market for global off-shoring is estimated to be about US$ 300 billion split evenly between IT and BPO sector and only around 10 per cent of which has been realised so far thus leaving ample headroom for the future growth. The report further says that the addressable market for the global BPO industry is equally sizeable and could expand by more than 10 times from its current size of approximately US$ 11.5 billion to at least US$ 120-150 billion. BPO growth will be driven largely by traditional industries (e.g., retail banking) and cross-industry functions such as Human Resources and Finance & Accounting. The Committee trust that the DIT would work in unison with Ministry of Human Resource Development and NASSCOM and devise counteractive measures to exploit the untapped potential in order to meet the estimated shortfall of manpower.

IV. Software Technology Parks of India (STPIs)

14. The Committee observe that there are 6129 STPI units in India which are operational and 4088 are exporting units. It is appreciable to find that during 2004-05, STPI units accounted for software export of Rs. 74,019 crore out of the total software export of Rs. 80,180 crore from our country. Further, out of the total estimated software export of Rs. 106,000 crore in the year 2005-06, STPI accounted for Rs. 100,965 crore. The Committee are informed that several measures are proposed to strengthen STPI like developing more IT grade built up space for incubation; setting up STPI centres in secondary cities to promote exports from across the country and promoting the small and medium entrepreneurs of the country to enable a level playing field to STP units *vis-a-vis* SEZ units. The Committee find that these steps are in right direction; however, they

desire that steps should be taken to implement them at the earliest, in view of the targets set by NASSCOM-McKinsey of $60 billion in software export by 2010 and of $200 billion suggested during NASSCOM, 2006 Leadership Summit.

15. The Committee appreciate that the norms for setting up of STPI Centres have been relaxed for smaller States and North-Eastern States where no STPI centre exist today. Though as per the current policy for setting up of new STPI centres, the State Government has to contribute 3 acres of land, 10,000 sq. ft of built up space and grant-in-aid of Rs. 1 crore to partially defray the total project cost; under relaxed conditions the State will have to provide 3 acres of land and 3000 sq. ft built up space only. The Minister for Communication and Information Technology has already written letters to State Governments of Nagaland, Mizoram and Arunachal Pradesh to provide their contribution so as to enable STPI to firm up the plans for setting up of STPI Centres in these States. The Committee desire that similar steps should be taken to set up STPI centres in other North-Eastern States and also in other smaller States.

16. The Committee regret to note that during 2005-06, Rs. 2 crore kept for the scheme 'STPI' for NE region remained unutilised, the reason being non-receipt of any concrete proposal for setting up of new STPI centre. The Committee strongly recommend that the matter may be pursued vigorously with these States so that the funds are optimally utilised and they are not left behind in promotion of Software Industry and Software Export.

17. The Committee understand that success of STPI centres depend on the State Government policy framework and implementation as well as the responsiveness of IT entrepreneurs. While STPI would provide assistance in framing appropriate policy, the State Governments would have to play a very proactive role. They would have to ensure an attractive IT Policy and availability of appropriate manpower and requisite general industrial infrastructure, exemption from power cut to IT industry, abolition of unnecessary controls/inspections. The Committee trust that the Department of IT and STPI would work in unison with the State Governments of those States where no STPI Centre exist as on date so as to promote software export across the country.

18. One of the constraints being faced by STPI is inadequate grant-in-aid for setting up of new STPI Centres across the country. The Committee note with dismay that though IT and ITES industries

under the STP scheme account for about 90 percent of India's total software and ITES export, STPI was never provided with funds projected by the Department. During 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07, Rs. 57 crore, Rs. 92 crore, Rs. 8 crore, Rs. 10 crore and Rs. 4 crore respectively were proposed, however the Planning Commission allocated Rs. 8 crore, Rs. 6 crore, Rs. 6 crore, Rs. 4 crore and Rs. 4 crore. The Committee further note that for dealing with the constraint of attrition of skilled manpower, STPI have started hiring skilled manpower on contract as per project need basis. The Committee expect that the Department of IT would examine these constraints faced by the STPI without further loss of time and soon resolve them for improved functioning of STPI particularly keeping in view the promotional and pivotal role played by them in the phenomenal success of I.T. Sector in the country.

19. The Committee are informed that due to the emergence of Special Economic Zones (SEZ) Scheme announced by the Ministry of Commerce, the Companies operating under STP scheme have expressed serious concern about the sustainability of STP scheme and continuity of fiscal incentives for the IT Industry. The SEZ Scheme in its present form does not meet the objective of spreading the growth of the software industry across smaller cities and towns, and at the same time STP scheme provides this flexibility. The Government have, therefore, been requested to bring IT specific SEZs under the Department of Information Technology, so that the existing operational framework of STPI can be effectively used to further strengthen the SEZ scheme itself in the interest of the IT Industry, bringing-in a level playing field for the IT Industry, STP/EHTP units with the other additional benefits that are extended to the SEZ units. The Committee desire that the matter should be taken up at the highest level and pursued vigorously to its logical conclusions. They would like to be informed of the progress made and decision, if any taken, in this regard.

20. The Committee also note that STPI has planned to commission a study to assess the impact of SEZ Act and phasing out of concessions under the STP scheme on software industry. The Committee of Secretaries from Department of IT, Commerce, Revenue, Economic Affairs and Member Secretary, Planning Commission as Chairperson would then examine the report and furnish the recommendations to PMO for consideration of Hon'ble Prime Minister. The Study was expected to be completed by 15 April 2006. The Committee would like to know the present status in this regard. They would like to be apprised of the major recommendations contained in the aforesaid report and the action taken thereon, in due course.

V. Domestic Software

21. The Committee note that the Domestic Software turnover during 2002-03, 2003-04 and 2004-05 accounted for Rs. 13,400 crore, Rs. 16,250 crore and Rs. 21,740 crore respectively. Domestic Software turnover during 2005-06 is estimated to be of Rs. 26,460 crore. Reasons for a weak Indian domestic software market are stated to be while ITES-BPO penetration is very low, a sizeable proportion of end-user organisations have an internal division to focus on these specific business processes; expressed intent to move from an in-house captive sourcing model to outsourcing is very low; satisfaction with existing systems; lack of trust in outsourced service providers; high cost of services; non-availability of suitable vendors and lack of skilled personnel (with vendors) as reasons for not looking to outsource. Further, little overlap between the service providers serving the domestic and export markets; key players currently serving the domestic market have little export exposure or are niche horizontally—focused players; most traditionally export focused players are not very keen on the domestic market and they prefer to wait-and-watch for the segment to develop. The Committee find that NASSCOM McKinsey Report, 2005 has suggested certain aspects for boosting domestic IT market *viz*. penetration of Indian market in the high-end software like product development, engineering designs, e-learning curriculum development, embedded systems designs, simulations etc.; extending tax holiday, duty free import of capital goods etc., facilities for BPO/Call Centre companies catering to the needs of Indian industry; and promotion of localisation efforts of software and use of local language in office work etc. in order to address the domestic IT market of multi-lingual, multi-cultural society like India. Although the Committee find force in the reasons cited for weak domestic market, they desire that the suggestions given in NASSCOM McKinsey report, 2005 should be considered and implemented to make the domestic IT market strong and stable so that domestic software can sustain a high growth rate and be competitive in the years to come. In the opinion of the Committee, a strong and developed domestic market would immensely contribute to the growth of the Indian IT-ITES industries in the future.

VI. PC penetration in the country

22. The Committee find that PC penetration in India is very low around 14 per 1000 people in March, 2005. This is one of the factors for low IT capital in India. They appreciate the initiative taken by the DIT to roll out sub Rs. 10,000 fully loaded computers to increase

PC penetration in the country. DIT had discussions with various computer manufacturers and many of them have launched their low cost PC at a price below Rs. 10,000 during 2005. However, the Committee believe that providing low cost PCs cannot be one solution to increase PC penetration in India and therefore, desire that besides making the PCs affordable by lowering the taxes/tariff, increasing the depreciation rates etc., there is a need for helping and funding the content developers in the local languages; launching a mass campaign on the electronics media about the utility of PC and replication of the successful programmes piloted by different States throughout the country as mission modes, promotion of use of PC and internet by spreading e-Governance and citizen centric services offered by the Government by extending SWAN at the village level and scaling up of State level initiatives. Needless to mention that these measures have to be implemented with a sense of urgency so that the targets of PC penetration at 65 per 1000 and Internet penetration to 40 per 1000 by 2008 do not remain illusory. According to the Committee, such steps would certainly give a boost to the IT capital in India.

23. The Committee are of the view that besides the above mentioned steps to bridge the digital divide and to make e-Governance programme successful, there is a need to increase the availability of PCs that can withstand the dusty and extreme climatic conditions prevailing in most parts of India especially rural areas. All these factors are required to be looked into well in time to increase PC penetration thereby minimising the digital divide.

VII. Electronics Hardware Exports

24. The Committee are concerned to find that Electronics Hardware Exports in India during the years 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 were Rs. 5,800 crore, Rs. 5,600 crore, Rs. 7,700 crore, Rs. 8,000 crore and Rs. 8,500 crore (estimated) respectively. The percentage increase in the Electronics Hardware Export during all these years remained at 21.4 per cent, -3.45 per cent, 37.5 per cent, 3.90 per cent and 6.25 per cent respectively. The factors responsible for slow growth in Electronics Hardware Export are stated to be the disabilities suffered by the Indian Electronics Hardware industry on account of high incidence of duties/taxes, inadequate infrastructure, high cost of finance, transaction cost, freight and power, low volumes of production, elimination of duties on parts of Information Technology Agreement (ITA-1) items, Free Trade Agreement (FTA) with neighboring countries, etc. A need has been

felt to unify manufacturing streams for domestic and export market to help in realising benefit of economies of scale. The Committee are happy to note the various benefits/incentives for the electronics and IT sector have been provided in the budget for the year 2006-07 *viz*. reduction in the peak rate of customs duty from 15% to 12.5%; imposing excise duty of 12% on computers to complete the value chain to encourage local manufacturing; reduction of excise duty on storage device *i.e.* DVD drives, USB flash memory and Combo-drives to Nil; reduction of Customs duty on Integrated Receiver Decoders, also known as Set Top Boxes to 0% and impositions of excise duty of 16% to encourage local manufacturing. The Committee welcome these steps taken by the Government for the benefit of the Hardware Sector. However, they are afraid that these measures may not be adequate and desire that with more interaction with the people from the industry, grey areas affecting the Hardware Sector should be identified and remedial steps be taken urgently to boost the Sector.

VIII. National Electronics/IT Hardware Manufacturing Policy

25. The Committee consider it a matter of serious concern that till date there is no broad IT Hardware Manufacturing Policy, which is of utmost importance to the development of the Hardware Sector. They are deeply anguished to find that though the Task Force constituted by the Prime Minister had given a Report on Hardware way back in the year 2003 and the discussions were going on since them to formulate the said Policy, it has not been finalised as yet. No reason can however justify such inordinate delays in finalising the matter. Evidently the matter was not getting the due attention it deserved. The Committee hope that now when the Government has identified the growth of Electronics and Hardware Manufacturing as one of their thrust areas, the Department of IT would try to remove all the bottlenecks in the way of Hardware Policy and finalise it at the earliest.

26. The Committee further learn that the DIT has prepared a discussion paper on "Conceptual Policy framework to promote growth of Electronics/IT Hardware Manufacturing Industry" in consultation with the Industry association and the same has been forwarded to the PMO which in turn asked the DIT to finalise the Policy. The Committee desire that as proposed by the Department of Information Technology to the PMO, a Task Force should be set up at the earliest so that the Hardware Policy can soon be finalised to help promote the growth of Electronic/IT Hardware manufacturing industries during 2006 along-with time-lines for implementing the recommendations.

The absence of the clear Policy on hardware may hamper the growth of the Hardware Industry.

IX. Setting up of Mega Fab

27. The Committee appreciate the efforts being made by the Government for setting up Semi-Conductor Fab in the country. One of the initiatives taken by the Government is the visit of the Minister, Communication and Information Technology to USA to attract FDI in the hardware manufacturing and in particular, for semiconductor manufacturing in the country. As a result, a number of CEOs of American MNCs visited India. The Committee further note that the investors are seeking for preferential treatment/total exemptions for a longer period for Fabs in respect of income tax, excise duty, customs duty, sales tax, service tax, etc. and envisages incentives available under the Special Economic Zones (SEZ) Policy. They are also seeking infrastructure support from States regarding land, water, power, connectivity, effluent treatment plants etc. The Committee are glad to note that various States have devised incentive packages to attract investment in the Semiconductors Fab and other high-tech industries. They recommend that the Government should extent all possible help and assistance to encourage the investors to establish the hardware manufacturing facilities in India. Needless to say, these bottlenecks have to be overcome urgently to give impetus to the hardware manufacturing in India.

28. The Committee learn that a number of reputed world renowned companies have announced their investment plans to invest in Electronics/IT/Telecom hardware manufacturing in the country. M/s. Sem-India Inc. and the Government of Andhra Pradesh have signed a Memorandum of Understanding on 16.02.2006 for establishing a Fab in Hyderabad. Intel also is in discussions to set up ATM facilities in India. The first Fab unit in the private sector in the country, promoted by Nano-Tech. Solutions Pvt. Ltd. (NTSI) is being set up at Rajiv Gandhi Nano-Technology Park, Hyderabad. The Committee hope that in view of the incentive packages devised by various other States also to attract investment in the Semiconductor Fabs, DIT should explore every possibility to set up Semi-Conductor Fabs in all parts of the country.

29. It is a known fact that India has no dearth of engineering and technical manpower and is an intended target for global players. With the establishment of the Semiconductor Fabs, India would have an added advantage in manufacturing of electronics products. If this

advantage is fully exploited, there would be numerous job and business opportunities enabling India to become a major electronic products manufacturing and consuming country. The Committee learn with satisfaction that the Department of Information Technology have prepared a "Draft policy for investments for setting up semiconductor fabrication and other micro and nano-technology manufacture industries in India" and is presently with the Ministry of Finance for consideration and early finalisation. The Committee would like to impress upon DIT to vigorously pursue the matter with the Ministry of Finance and finalise the Policy as early as possible to enable India to propel itself into Hardware development.

X. Centre for Development of Advance Computing (C-DAC)

30. The Committee note that DIT proposed an allocation of Rs. 90 crore for C-DAC for the year 2006-07. The Planning Commission, however, approved only Rs. 64.50 crore. They are perturbed as with the reduced allocation, C-DAC inspite of the compelling needs would not be able to migrate to main GARUDA National Grid Computing initiative; much needed infrastructure/ development, upgradation/augmentation, etc. Further C-DAC would not be able to take some of their developed initiatives into the market to enable large-scale commercialisation. The Committee take a serious view of the substantial reduction of funds for C-DAC and desire that the Planning Commission should re-look into the matter and enhance the allocation suitably.

31. The Committee are informed that PoC GARUDA phase represents Proof of Concept phase of National Grid Computing initiative and would answer many questions in efforts involving resource sharing and collaboration tool framework that Grid Computing represents. They note that first GARUDA Meet in December 2005 showed excellent response. Most partners who participated agreed to become partners contributing resources and actively involving themselves in the deliberations. The Committee are in complete agreement with the Department that their continuous efforts will enthuse many more agencies to join the National Grid Computing initiative and the main GARUDA will get the approval of the Government during the year 2006-2007.

32. The Committee note that DIT/C-DAC propose to take several steps for optimum utilisation of grid computing like they would exhibit value proposition of Grid Computing from end-user view-point; develop the capability to understand and develop many of

the underlying concepts, components and technologies which are still evolving as part of Grid Computing paradigm; share the resources among a limited set of institutions as a representative case study of the value of Grid Computing; develop collaboration tools and platforms and bring institutions and individuals together to the work collaboratively etc. The Committee feel that these steps are in the right direction and would sustain interest in utilisation of grid computing among participating agencies.

33. The Committee further note that there is a serious short supply of supercomputing resources. There is a need to have more supercomputing resources and building capacity in the form of shared facilities, building user competence to learn benefit from supercomputers etc. The Committee recommend that the Government should provide adequate financial support to build more supercomputers to help meet the research, scientific and engineering need of India. As Grid is one way to enable a large number of academic and research institutions distributed nationwide to access and share scarce supercomputing resources located at a few institutions and thus increase access, the Committee strongly desire that efforts should be made to deploy Grid Computing for a number of promising applications as well as promoting resources sharing through distributive computing as a stable and viable alternative.

XI. National Plan on e-Governance (NeGP)

34 The Committee are disappointed to note that though National e-Governance Plan (NeGP) was conceived in the year 2003, the Department of Information Technology prepared a concept note on the vision, Mission Mode Projects (MMPs) and Key Components of the NeGP, Strategy, Roles/Responsibilities being discharged by various Government entities and the Management Structure etc. and placed the same before the Cabinet only on 17.4.2006. Though an Apex Committee was constituted under the Chairmanship of the Cabinet Secretary and individual projects were being taken up by the Ministries concerned and financial approvals taken, it was only after reviewing the progress with regard to implementation of different projects and elements by different Ministries from time to time and also based on the experience over the two or three years, DIT felt a need take a formal Cabinet approval for laying down the responsibilities and the powers and functions of various players involved. The Committee feel that DIT should have anticipated that to run such a vast programme like NeGP across the country in which different agencies/Ministries/State Governments are involved, some

sort of clarity would also be needed to be laid down in terms of responsibilities of various agencies. Undoubtedly, the status and quality of implementation of the Programme would have been different, had the responsibilities been formally assigned well in time. At this stage, Committee can only hope that necessary lessons would be drawn by DIT from this with a view to avoiding such instances in future.

35. The Committee find that the Cabinet approval has now been obtained on the concept note on NeGP. They would like to be ensured that all the 26 Mission Mode Projects and 8 support components under NeGP are implemented at the Central, State and Local Governments levels within certain specific time-frame as assured by the representatives of DIT during evidence.

36. The Committee are informed that the progress in respect of projects under NeGP depend upon the States in the emphasis they confer on the project/s. They feel that the DIT cannot escape from their responsibilities on this ground. On the other hand, being the nodal agency for NeGP, DIT has to play a proactive role by motivating the different Departments/State Governments/UTs involved and help them in the areas wherever it is required so that NeGP achieve a better level of implementation.

37. The Committee are apprised that one of the reason for slow achievement of projects is that the process of conversion of some of the date is tardy and time-consuming as one cannot do it without verifying those records. In such a situation, the Committee desire that the possibility of taking the help of the outside agencies should be looked into to avoid delays in implementation of the projects. The Committee are apprised that NeGP as a whole is an ongoing umbrella programme and, therefore, does not specify a fixed time-frame for complete roll-out. However, various Mission Mode projects/ initiatives which are elements of this composite plan have their implementation plan decided by the Line Ministries. Individual projects are also expected to have specific timeline for complete roll out. The Committee further learn that some of the more advanced projects like Income Tax, Central Excise, MCA-21, EDI, e-Courts, etc. have already indicated specific timelines and financial requirements for complete roll-out, while a few of the projects are still at the conceptualisation phase, the detailed timelines for roll-out would be available in due courses. The Committee would like to be informed of the specific time frame indicated in the implementation plan of all the 26 Mission Mode Projects and 8 components under NeGP.

They would further like to be apprised of the present status with regard to each of these projects.

XII. State Wide Area Networks (SWANs)

38. The Committee note that the Government have approved a scheme for the establishment of SWAN at a total outlay of Rs. 3,334 crore over a period of 5 years. The Committee regret to note that through the scheme for establishment of SWAN was approved by the Government on 28th March, 2005, the SWAN proposals have so far been received from 22 States only. The States of Arunachal Pradesh Goa, Jammu and Kashmir, Manipur, Nagaland, Andaman & Nicobar, Dadra & Nagar Haveli and Daman & Diu have not submitted their SWAN proposals as yet. They are further informed that the DIT SWAN Team and the SWAN Programme Management Consultant (SPMC) Group are in constant touch with the States/UTs mentioned which have not submitted their proposals. The Committee take a serious note of this inordinate delay in submission of SWAN proposals by the States as SWAN is an important component of the NeGP and has been identified as an element of core infrastructure for supporting e-Governance initiatives. Under NeGP SWAN policy, it is proposed to connect State Head Quarters (SHQ) with all the Districts Head Quarters (DHQ) and subsequently all the DHQ to be connected with Sub-division Head Quarters/Blocks (SDHQ/Block). Further delay in submission of SWAN proposals may seriously hamper the implementation of SWAN and hence NeGP. The Committee trust that necessary steps will be taken by all concerned for submission and finalisation of proposals for establishment of SWAN.

XIII. State Data Centres

39. The Committee observe that establishment of State Data Centres (SDCs) is proposed to create data repositories/data centres in various States so that common secured data storage could be maintained to serve host of e-Governance applications. The Committee are, however, concerned to note that the Policy guidelines on State Data Centres are still under formulation. DIT is in the process of formulating Policy Guidelines for Technical and Financial Assistance to the State for creation of State Data Centres which are expected to be ready by June 2006. The Committee hope that the proposed guidelines have been formulated by DIT within the specified time frame. State Data Centres are one of the important Component of National e-Governance Plan (NeGP) and is an element

of the core-infrastructure. Hence they are necessarily required to put in effective e-Governance plan and delivery of services to the Citizens on-line. Data Centres are relevant in the form of Central repositories or Common Technology Infrastructure which will avoid duplication or separate computing and store facilities by each department in the State and incur avoidable cost. As considerable time has already been taken to roll out NeGP, the Committee feel that any further delay in establishing the core infrastructure will delay the facilities to be provided to the masses. Hence, the matter require urgent attention of the appropriate authorities at the highest level.

40. The Committee are informed that the projects like Income Tax, Central Excise, SWAN, CSCs, MCA 21 and India Portal are expected to be substantially completed by 2007. However, they find that the very purpose in setting up SWAN and CSCs would be defeated if State Data Centres are not established by them. The Committee would like to be informed of the status of SDCs by 2007.

XIV. Capacity Building

41. The Committee learn that the DIT, in consultation with the Planning Commission, have prepared the Capacity Building Guidelines and issued the same to all States/Union Territories (UTs) and advised them to prepare their proposal for Capacity Building implementation. However, it is disquieting to note that so far 11 States and only one Union Territory have submitted their proposals. Eighteen States and 5 UTs are yet to submit their proposals. All the same time, the Committee to their satisfaction observe that the Planning Commission has allocated funds as Additional Central Assistance to all the States for taking Capacity Building measures. The Committee, therefore, impress upon DIT to follow up with the remaining States/UTs for submission of capacity building proposals as already much time has elapsed since guidelines were issued by DIT in March 2005.

42. The Committee further note that three capacity building workshops were held in DIT, in NISG, Hyderabad and in Kolkata. Further, NISG under financial support from DOPT is conducting special training for e-Champions from 17th April 2006. Besides, the State-wise training requirements are being received through Capacity Building proposals (CBRMs) and are being processed for initiating training courses during 2006-07. The Committee consider these are steps taken in the right direction and desire that such courses should remain a continuous feature of the e-Governance programme.

XV. Common Service Centres (CSCs)

43. The Committee learn that DIT had finalised the draft framework for establishment of 100,000 CSCs and got the approval of the competent authority in 2005. Based on the framework and extensive consultations, a detailed project Report on the CSC Scheme has been prepared and waiting Cabinet approval. The Committee are perturbed to note such inordinate delay in finalising the policy guidelines for CSCs and desire that the same should be finalised without further loss of time to give the much needed impetus to the undergoing CSCs project development activities.

44. The Committee note that DIT has to set up 100,000 CSCs by the end of the year 2007. They are aware that in order to make CSCs a real success, certain steps are very important like, the need for developing Indian language content over the Internet and also to developing innovative software/hardware solutions to utilise content effectively. The Committee, however, trust that the Department are taking all measures to make available these features in the 1,00,000 CSCs which are likely to be set up by December, 2007.

XVI. Media Lab Asia

45. The Committee observe that the Media Lab Asia was set up with a vision to research and innovate developments in the areas of information and communication technologies relevant for the common man and to promote deployment of research projects in rural and remote areas to serve the poor and need population. A sum of Rs. 65 crore was released during the first 2 years of its operation. In the second year, Media Lab Asia programme was restructured and the services of all the employees were terminated. The funds already available with Media Lab Asia were being used for the ongoing and also for new projects initiated by them. Then nothing has been done during the last 4 years which is a matter of concern to the Committee. The Committee further note that during 2006-07, DIT proposed an allocation of Rs. 65 crore, however, the Planning Commission has reduced the same to Rs. 10 crore. The Committee trust that restructuring of MLA would soon be completed.

XVII. Cyber Security

46. The Committee learn that Information Security is one of the thrust areas of the Department of Information Technology. The Department had set up an inter-Ministerial Working Group on Cyber Security Education and Awareness Programme which has given recommendations on an Action Plan and strategy for Human Resource Development in the country in the area of Cyber-Security/Information

Security leading to development of indigenous hardware and software capabilities in the core area of Information Security. Based on them, the Information Security Education and Awareness (ISEA) Project for development of human resources in the area of Information Security has been initiated, which has a component of creating awareness of Cyber Security amongst industry/educational institutes and the masses. This campaign will help them know about cyber attacks and how to protect their data and systems. The project also aims at imparting training to the Central and State Government Officers on issues related to Cyber/Information Security. The Committee would like to be informed of the strategy developed for implementation of the recommendations of the Working Group and also how far these have been implemented. They hope that the measures on Information Security recommended by the Working Group will be implemented in the right earnest.

47. The Committee further observe that the Government have also taken specific initiatives for enhancing the legal framework through proposed amendments to the IT Act, 2000. The Act is currently under review thus increasing interaction between industry players and enforcement agencies to help create greater awareness about information security issues and facilitate mutual support as and when required. An Expert Committee set up to review the IT Act had proposed appropriate amendments which are being finalised and will be put up to the Parliament very shortly. The Committee strongly feel that with the ongoing implementation of the e-Governance programme all over the country, it has become all the more important to take urgent steps to ensure privacy of the data stored. Success of e-Governance programmes lie in the safe and secure environment to internet access and transfer of information. There is a need to frame stronger legal framework for cyber security. The Committee desire that the process for amendment in the IT Act, 2000 should be expedited. It is high time for the Government to tighten cyber security laws.

48. The Committee feel that with the continuous development of technology and also with the increase in the number of internet users, the cyber laws become outdated in a short span of time and require amendment by adding new clauses or changes in the existing cyber laws. The Committee, therefore, desire that timely measures should be taken to see that the Cyber laws are reviewed at regular intervals for updation and amended accordingly.

NEW DELHI;
18 *July,* 2006
27 *Asadha,* 1928 *(Saka)*

NIKHIL KUMAR,
Chairman,
Standing Committee on Information Technology.

ANNEXURE I
[*Vide* Para No. 3]

ANALYSIS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE FIFTEENTH REPORT OF THE COMMITTEE ON DEMANDS FOR GRANTS (2005-2006) OF THE DEPARTMENT OF INFORMATION TECHNOLOGY

Rec. No.	Gist of Operational Portion of the recommendations	Government's response in the Action Taken Reply, in a nutshell
1	2	3
I. Gist of recommendations which were accepted by the Government		
1	**General** The Committee recognized the tremendous contribution of the IT sector in branding India globally as an economic powerhouse and a service economy.	The recommendation of the Committee has been noted.
2	**Tenth Plan Allocation** The Department should take up the matter with the Planning Commission to get adequate budgetary support for different projects.	A copy of the recommendation has been forwarded to the Planning Commission for their information and necessary action.
3	**Budgetary Allocation for the year 2005-06** The issue of enhancement of allocations for the year 2005-06 should be taken up with the Plg. Commission/MoF at the RE stage to avoid adverse impact on its various programmes.	Matter will be taken up with the Planning Commission at RE stage.
4	**Utilisation of Funds during the year 2004-05** Appreciating various measures being taken by the Department for optimum utilization of the budgetary resources for the	The recommendation of the Committee has been noted.

1	2	3
	year 2005-06 also, the Committee had desired that they should be ensured for not only optimum utilization of funds but hoped that flow of expenditure under different heads would be closely monitored.	
8	**National Action Plan on e-Governance (NeGP)** The Committee had noted that some of the initiatives under NeGP are replication of successful e-Governance projects like development of geographical Information Service/Languages Interface, Security etc. The Committee had recommended that the DIT should plead for more resources for similar implementation of such activities under NeGP at the RE stage.	DIT would be approaching MoF/ Planning Commission at RE stage for allocation of additional resources for NeGP. Possibility of raising additional funds through PPP and from external like UNDP and the World Bank is also being explored.
11	**Community Information Centres (CICs)** The Committee had recommended that 75 CICs scheduled to be set up by October, 2005 would be operationalised within the fixed time frame.	DIT is pursuing with the J&K Government and NIC—project implementing agency for completion of setting up of remaining 75 CICs of J&K and making them operational as per schedule by October, 2005.
15,16 & 17	**Media Lab Asia (MLA)** DIT should expedite the submission of the Report of the Export Sub-Committee constituted to look into the MLA programme so as to initiate proposed activities of MLA at the earliest. The bottlenecks in the implementation process of the MLA project should be identified and removed immediately.	In reply, it has been stated that based on the recommendations of the Technology Advisory Board, new projects were evolved and initiated. The Export Sub-Committee has held two meetings so far and the recommendations of the Committee are being finalized which will be placed before the board for their consideration and implementations.
20	**Electronics & Computer Software Export Promotion Council (ESC)** The Committee learnt that ESC had	The Department has written to the Planning Commission that ESC and Export Market Development

1	2	3
	fully utilised the allocation during the last three years. However, they were disappointed to find that the Planning Commission had not allocated any amount for ESC for 2005-06, though the Deptt. had proposed and outlay of Rs. 10 crore to carry out its various programmes.	programme is essential to take care of SMEs for Export promotion. The Department would take up with the Planning Commission for separate budget head in future.
21	The Department should make efforts to get suitable allocation for ESC at the RE stage so that it could effectively perform its various programmes planned during the 2005-06 to benefit the exporters of IT products.	It has been submitted that the matter would be taken up with the Planning Commission and MoF for enhancement of allocations for ESC & Market Development Programme at RE stage.
22	**SAMEER** The Committee had recognized the invaluable contribution SAMEER has been making in the field of high power RF amplifiers, RF communications systems, linear accelerators, atmospheric instrumentations and industrial RF/microwave based applications etc. The Committee had emphasized on the R&D spend which is very-very critical for sustaining the growth rate for strengthening the economy.	It has been informed that SAMEER has proposed establishment of the state-of-art Linac infrastructure facility at Kharghar, Navi Mumbai for which DIT has already made available the requisite land. The Working Group on Medical Electronics projects has recommended Rs. 25 crore project for Linac Machines. The proposal is being shortly put up to SFC for approval.
23	The Committee had desired that SAMEER should optimally utilise the allocation of Rs. 20 crore made for the year 2005-06.	It has been submitted that annual action plan for 2005-06 has been drawn including the core project activities and funds would be fully utilized.
24	Taking into consideration that SAMEER had been making an effort to pass the technology for manufacturing the LINAC machine to private entrepreneurs also, the Committee had desired that the Department should take care that	It has been stated that the action for filing patents for sub-systems in Linac machine such as High Power Modulator and RF window has been initiated in consultation with IPR cell of DIT.

1	2	3
	the patent right is first obtained before the technology is passed on to the private sector.	
25	**R&D** The Committee had desired that as expenditure on R&D is very critical for sustaining the growth rate for an emerging economy, required funds for Research and Development should be provided for the growth of the technology sector.	The Department have taken note of the recommendation of the Committee.
26	In view of the reduced allocation for C-DAC from Rs. 87 crore to Rs. 60 crore for 2005-06, the Committee had recommended that the position should be explained with all its ramifications to the Planning Commission for suitable enhancement of allocations for C-DAC probably at the RE stage.	It has been stated that the Department will take up the matter with the Planning Commission and Finance Ministry for enhancement of allocations for C-DAC at the RE stage.
27&28	**Manpower Development** The Committee had desired that the DIT should urgently formulate a strategy for implementation of the recommendations of Task Force on HRD to solve the problem of shortage of manpower specialised in certain skills which the IT Industry has been facing.	A series of meetings have taken place with NASSCOM which has proposed to initiate a certification scheme for ITeS/BPO skill sets to help the IT industry. State Govts. have initiated measures to train the manpower to suit ITeS/BPO sectors. DOEACC Society has commenced specialized courses for making available manpower for ITeS/BPO sector in North East area and J&K region. DIT has also initiated a number of measures to generate manpower in key verticals like Bio-informatics, VLSI Design and Information Security.
29	The Resource Centres which had been assigned for the participating and engineering institutions should explore the feasibility of having a tie up with the industry so as to obtain the actual feed back	It has been submitted that 9 Resource Centres (RCs) and 35 Participating Institutes (PIs) are being requested to include the representative from Industry/private entrepreneurs during the various training courses and

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	regarding emerging needs of the time and thus the training programmes can be strengthened and regularly updated.	conferences in order to get the proper inputs from the industry in the form of presentations, lectures and the case studies by the private institutes.
31& 32	**(DOEACC) Society** In view of the shortfall in targets for registering and admission of students in DOEACC courses, the Committee had, desired that the matter for academic recognition of DOEACC 'B' Level courses should be pursued vigorously.	The DOEACC Society is stated to be pursuing with AICTE the recognition of DOEACC courses. Action has also been initiated for recognition of DOEACC "B" level course for Bio-Informatics for the award of a Post Graduate Degree by West Bengal University of Technology.
34 & 35	**Nanotechnology** The Committee had recommended that adequate funding should be done for R&D in Nanotechnology and allocation of Rs. 40 crore made during the year 2005-06 for programmes should be fully utilised.	In the first two months of 2005-06, Rs. 6.4 crore had been released for sponsored Nanotechnology R&D projects. Further a joint proposal on 'Nanoelectronics Centre' at IISC, Bangalore and IIT, Mumbai with an outlay of Rs. 99.80 crore has been recommended by 'Working Group' on Nanotechnology for funding by DIT. The proposal has been conceived by EFC and submitted to the competent authority for approval. Another project on Nanotechnology at NPL, Delhi has been recommended for funding by the DIT with an outlay of Rs. 17.78 crore. It has further been submitted that the allocated fund of Rs. 40 crore for the 2005-06 would be fully utilized.
36	The Committee had strongly recommended that the Government should take a clear view and initiative for framing policy to facilitate the creation of fabrication units in the country.	The Department is stated to be formulating a policy framework for attracting mega fab to the country and this process is underway.
37, 38, 39 & 40	**National Electronics/IT Hardware Manufacturing Policy** The Committee had noted that the "National Electronics/IT Hardware Manufacturing Policy" had not	It has been submitted that the draft paper on "National Electronics/IT Hardware Manufacturing Policy" has been referred to National Manufacturing Competitive Council

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	been finalized. 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. They, had recommended that all the formalities should be completed expeditiously and the policy finalised soon.	(NMCC) to look into the problems of the manufacturing sector including IT Hardware and to provide a continuing forum for policy dialogue on this subject. NMCC has constituted a Sub-Group on IT Hardware Sector which is having discussions with the stakeholders, as a part of the on-going exercise for energizing and sustaining the growth of manufacturing industry in general including IT Hardware. It has been admitted that once the NMCC would submit its recommendations, it would go a long way in energizing the growth of this sector.
44	**Intellectual Property Rights Promotion Programme (IPRPP)** Attaching a very high priority to the protection of Intellectual Property Rights (IPRs) in the country, the Committee urged that the Government should take all measures to reaffirm the commitment of the country to safeguard them.	It has been informed that an IPR cell has been established in DIT to nurse the niche area of ICT-IPR facilitation, HR development, contribution to Inter-Ministerial meetings related to amendments in the IPR Acts in regard to IT/Computer Software. An IPR Exchange Forum is being set up at IISC, Bangalore to facilitate SMEs in particular. Manual on E&IT Patents-2002, Copyrights and other digital works-2002 and Industrial designs-2004 were widely distributed through ELITEX and other forums to enable all creators/inventors in ICT area. R&D projects have been evolved responding to the needs of the country in ICT-IPRs to develop tools and databases relevant to the Software, embedded Systems, digital Intellectual Properties etc.
45	**Information Security** The Committee had urged that the Government should take all measures towards branding India globally as a secure nation by strengthening security aspects of IT and to create the confidence.	In view of importance of Cyber Security and matter related to protection of databases, R&D in IT Security is being continued to be promoted under a specific programme of the DIT.

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46	**Standardisation Testing and Quality Certification (STQC)** The Committee had hoped that STQC would strengthen their Information Security Management System programme as it would be very important in the implementation of e-Governance.	Considering the importance of Information Security, especially in the context of e-Governance programme, STQC has initiated several steps to strengthen the Information Security Infrastructure/activities. STQC has expanded its Information Security Mgmt. System Certification network in Govt. & PUs STQC has come up with certified trg. Programmes on Information Security and Network Security of International standards. STQC has also taken up initiatives to provide Quality Assurance support in e-Governance Programme.
II.	**Gist of recommendations which were not pursued by the Committee in view of the Government's reply**	
12	**Community Information Centres (CICs)** The matter for setting up CICs in Uttaranchal should be pursued with the Planning Commission/ MoF so that Uttaranchal may soon be benefited of CICs. They also advocated the replication of CICs model in remote and under-developed region of India.	DIT has pursued with the Planning Commission and MoF for setting up CICs in Uttaranchal. Further for replication of CICs model in remote and under-developed regions in India, DIT is not considering State-wise rollout of CICs. However, DIT is in the process of formulating a plan to facilitate establishment of CSCs in rural areas across the country. Draft guidelines have been prepared for establishment of CSCs through appropriate PPP.
13	**(NIC)** During 2004-2005, out of a target of setting up of 10 NIC district centres in newly created districts, NIC could set up only 2 Centres. The Committee had desired that NIC should take up the matter with the concerned State Governments for availability of the sites which was the reason for the shortfall in achievement of target.	It has been clarified that many a times, district authorities are not able to provide suitable space and electricity load. In certain cases, new districts are not even provided with any separate space to start the collectorate office. While NIC has been aware of space problems, they have to fix the targets to complete the maximum number of new districts so that it can continuously pursue with the district authorities.

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14	The Committee had noted 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. They recommended that the reasons for the same should be identified and corrected for timely implementation of these critical projects. NIC should strengthen itself to play a pivotal role in implementation of e-Governance programme in close co-ordination with DIT and NISG.	In reply, the status for various projects which could not be completed in 2004-05 has been given. For the e-Governance programme, the requirement of manpower and additional financial resources is stated be worked out by DIT.
18	**Electronics & Computer Software Export Promotion Council (ESC)** The Committee had viewed that the ESC effort in organising Japanese and German language programmes would help preparing IT professional in developing alternative market like Japanese and German IT market.	The Japanese and German language programmes by ESC are a regular event and are part of its Annual Action Programmes. These activities are covered under Market Access initiative scheme of the Department of Commerce, Govt. of India.
30	In view of the problem of attrition that SAMEER had been facing for long, the Committee had desired that the DIT should examine the desirability of providing suitable initiatives to minimize the rate of attrition of technical personnel.	SAMEER has submitted to DIT a comprehensive document for recruitment and sustaining the manpower for the next 5 years and the same is under consideration. Regular promotion to meritorious staff both Scientists and Administration under FCS will go a long in achieving excellence in R&D efforts. SAMEER is engaged in start-of-the-art projects with strategic implications for the Nation. Exemptions on the same lines as given to DRDO/DOS in recruitment by MoF will definitely keep the positive momentum going and allows continuous induction of talented and capable young scientists to SAMEER.

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33	The Committee had desired that greater importance should be attached to contents of the DOEACC courses in consonance with the market demand by framing a forward looking curriculum. They desired to be apprised of the academic recognition of the courses launched/proposed by DOEACC.	It has been stated that the Society interacts regularly with the industry to review/design the DOEACC courses with regard to their appropriate employability. The courses contents are revised periodically to take care of the requirements of the industry. They would be kept apprised of the academic recognition of DOEACC courses.
41, 42 & 43	**Digital DNA Park** The Committee had observed that the Department had not utilized the allocation during 2003-04 and 2004-05 for the biotechnology/bio-tech sector in the country. They, however, hope that implementation of the project would start soon and Rs. 10 crore allocated for the scheme would be fully utilized for the biotechnology/biotech sector in the country to foster the growth of bio-formatics/bio-technology sector.	DIT in conjuction with Department of Biotechnology is intending to set up Bio-IT Park. It was proposed to set them on PPP model wherein STPI would be minority stakeholder and private promoter would be majority stakeholder. A detailed feasibility Report has been prepared and submitted to the Planning Commission which has given In-Principle approval for the project. Further, the details regarding the progress so far and the future course of action has been given. It has subsequently been stated that the funds allotted for Bio-IT (Digital DNA Park) is likely to be utilized in the current year.
III.	**Gist of recommendations which were reiterated by the Committee in their Twenty-Fifth Report**	
5	**National Action Plan on e-Governance (NeGP)** The Committee had emphasized on the need for effective co-ordination among the various participants like the NIC, National Institute of Smart Governance (NISG), NICSI, Line Min./Deptts/State Govts. etc. with a view to providing a more focused attention to the implementation of e-Governance programme.	DIT has proposed roles/responsibility for various entities such as DAR&PG, DIT, NIC, NICSI, NISG, Line Ministry/Deptt. and the State Govt. towards implementation of NeGP, DIT has initiated a study to clearly define services and service levels for each of the identified Mission Mode Projects. MMPs would tune to these requirements.

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6	The Committee had desired that the funds allocated for the year 2005-06 towards creation of State Wide Area Networks (SWAN), State Data Centres and Common Service Delivery Centres, are fully utilized. They further desired that these should be set up in an integrated manner.	It is proposed to utilize about 88 per cent of the budget for the year 2005-06 towards establishing key Core Infrastructure like SWAN, SDCs and CSCs. Guidelines for SDCs and CSCs are under formulation and these would include necessary provisions for integration of those components.
7	Comprehensive planning in all areas like issues of standardization, interoperability, implementation of pilot projects, infrastructural requirements, augmentation of capacity and those relating to technical support 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.	Guidelines for capacity buildings and institutional framework for e-Governance under NeGP which have been circulated to State Governments/UTs for adoption. DIT along with DAR&PG is planning to organize series of training programmes for government staff.
9&10	DIT should take seriously the suggestions of the Planning Commission with regard to linking-up transfer of 2-3% of Plan funds allocated to Line Ministries for e-Governance and IT related activities, and co-ordinate with the Line Ministries/Departments.	Allocation of funds have been restricted to the e-Governance activities where DIT has direct responsibilities for execution. For other components and MMPs, Line Min./ Department have been identified and they would be owning complete responsibility for these projects including obtaining required financial approvals which would be responsible for carrying out the required business process re-engineering for the project(s) assigned to them. The Department is also evolving suitable Programme Mgmt. Structure for the NeGP.
IV.	**Gist of recommendations for which replies of the Government were of interim nature**	
19	**Electronics & Computer Software Export Promotion Council (ESC)** The Committee learnt that ESC was planning to set up something on the lines of INDIASOFT for the promotion and growth of hardware sector. They desired that they should apprised of the results achieved in those areas.	ESC's proposal to set up an export facilitation and business support centre in the USA is under consideration of the DIT and the idea of organizing an international event on the lines of INDIASOFT in India for the hardware sector is still at a conceptual stage. It has been assured that the Committee will be appraised once finalized.

ANNEXURE II

MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2005-06)

The Committee sat on the 30th May, 2006 from 1030 hrs. to 1230 hrs. in Committee Room 139, Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Nikhil Kumar Chaudhary
3. Shri Mani Cherenamei
4. Shri Sanjay Shamrao Dhotre
5. Shri P. Karunakaran
6. Shri Tathagata Sathpathy
7. Shri K.V. Thangka Balu
8. Shri P.C. Thomas
9. Shri Ram Kripal Yadav

Rajya Sabha

10. Shri Vijay J. Darda
11. Shri Motiur Rehman

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri K.L. Arora — *Under Secretary*
4. Shri Hoti Lal — *Assistant Director*

WITNESSES

Representatives of Department of Information Technology

1. Shri D.S. Mathur, Secretary,
2. Shri M. Madhavan Nambiar, Addl. Secretary

3. Shri Ajeer Vidya, JS & FA
4. Shri R. Chandrasekhar, Addl. Secy.
5. Shri Pankaj Agarwala, Joint Secretary
6. Dr. A.K. Chakravorti, Advisor
7. Dr. U.P. Phadke, Advisor
8. Dr. N. Vijayaditya, Director General, NIC
9. Dr. S.L. Sarnot, DG, STQC
10. Shri D.K. Sareen, ED, ESC
11. Dr. Gulshan Rai, ED-ERNET
12. Shri G.V. Raghunathan, ED-DOEACC
13. Shri S. Ramakrishnan, DG (C-DAC)

2. At the outset, the Chairman welcomed the representatives of the Department of Information Technology to the sitting of the Committee. The Secretary, DIT then gave a brief account of the Demands for Grants (2006-2007) with the help of a presentation.

3. The members sought certain clarifications on the issues relating to the Demands for Grants (2006-2007) of the Department of Information Technology. The representatives of the Department replied to the queries raised by the members.

4. The Chairman thanked the representatives of the Department for appearing before the Committee as well as for furnishing the required information.

5. A verbatim record of the proceedings has been kept separately.

The Committee, then, adjourned.

ANNEXURE III

MINUTES OF THE TWENTY-THIRD SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2005-06)

The Committee sat on Friday, 30 June, 2006 from 1100 hours to 1240 hours in Committee Room 'D', Parliament House Annexe, New Dlehi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Nikhil Kumar Chaudhary
3. Shri Mani Cherenamei
4. Dr. P.P. Koya
5. Shri G. Nizamuddin
6. Shri Sohan Potai
7. Shri Tathagata Sathpathy
8. Shri Ashok Kumar Rawat
9. Shri K.V. Thangka Balu

Rajya Sabha

10. Shri Motiur Rehman

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri K.L. Arora — *Under Secretary*
4. Shri Hoti Lal — *Assistant Director*

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

(i) Draft Report on Demands for Grants (2006-2007) relating to the Department of Information Technology.

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

(iii) *** *** ***

(iv) *** *** ***

(v) *** *** ****

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

4. The Committee, then, authorised the Chairman to finalise and present the above mentioned Reports to the House in light of the factual verifications received from the concerned Ministries/ Departments on a day convenient to him.

The Committee, then, adjourned.