CHAPTER   I

REPORT

This Report of the Standing Committee on Information Technology deals with action taken by Government on the recommendations/ observations of the Committee contained in their Forty-Sixth Report (Fourteenth Lok Sabha) on 'Demands for Grants (2007-2008)' pertaining to the Ministry of Communications and Information Technology (Department of Information Technology).

2. The Forty-Sixth Report was presented to Lok Sabha on 27 April, 2007 and was laid on the Table of Rajya Sabha on the same day. It contained 35 recommendations/observations.

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

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

   Para Nos. 1, 5, 6, 7, 11, 17, 19, 21, 23- 28, 30, 31, 34 & 35

   Total: 18

   Chapter-II

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

   Para Nos. 18

   Total: 01

   Chapter-III

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

   Para Nos. 2, 3, 4, 8, 9, 10 and 12

   Total: 07

   Chapter-IV

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

   Para Nos. 13-16, 20, 22, 29, 32 and 33

   Total: 09

   Chapter-V

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

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

I. Plan Outlays and Allocation of Funds for IT

Recommendation (Para Nos. 2, 3 and 4)

(i) Reduction in Plan allocation during Tenth Five year Plan

6. The Committee had in their 46th Report observed drastic cuts in Plan allocation in each of the year of the Tenth Five Year Plan for a strategically important and fast growing sector like information technology. Against the allocations proposed *i.e.* Rs. 937.19 crore, Rs. 1146.90 crore, Rs. 1294.38 crore, Rs. 1400.67 crore and Rs. 1516.00 crore for the years 2002-03 to 2006-07 respectively, the allocations made by the Planning Commission were only Rs. 470.00 crore, Rs. 470.00 crore, Rs. 650.00 crore, Rs. 882.00 crore and Rs. 1090.00 crore respectively. Resultantly, the Department had to resort to postponing or slowing down some of their projects pertaining to important schemes like e-Governance, R&D, NIC, etc. The Committee had, therefore, emphasized the need to provide increased Plan support to DIT particularly in view of the sustained double-digit revenue growth, steady expansion into newer service lines and an unprecedented rise in investments by MNCs registered in the IT sector in the recent years. They had also expressed confidence that the Planning Commission would take into consideration these factors while finalising the Eleventh Plan allocation with a view to ensuring that the pace of development in IT Sector was further encouraged.

7. The Department in their Action Taken replies have stated that they have proposed Rs. 18160.79 crore for the Eleventh Plan. Approval of this outlay was requested in the meeting held with Planning Commission on 26 April, 2007.

8. The Committee note that in pursuance of their recommendations, the Department of Information Technology have projected an outlay of Rs. 18160.79 crore for the Eleventh Five Year Plan. As regards the follow up, the Department have in their action taken note furnished to the Committee on 24 July, 2007 merely stated that approval of this outlay was requested in the meeting held with the Planning Commission on 26 April, 2007. The Committee cannot remain satisfied with this. They strongly feel that DIT ought not consider their duties fulfilled by merely having one meeting with the Planning Commission. If the projected outlay has to be got allocated by the Department they have to untiringly pursue their case with not only the Planning Commission but other competent authorities and bodies within the setup. That there has been no follow-up to report by the Department to the Committee during a period of three months between their meeting with the Planning Commission and the submission of action taken replies to the Committee as well as the period subsequent thereto, is not reflective of the efforts that the Committee expect from the Department if they have to get the requisite amount of funds allocated to them for Eleventh Plan Period. Needless to mention that sufficient financial resources are key to keeping the IT juggernaut moving at a fast pace. The Committee therefore, exhort the Department to leave no stone unturned in order to ensure that none of the Schemes in IT Sector suffer due to paucity of funds during the Eleventh Plan Period.

(ii) Allocation of Funds at RE Stage

9. In their earlier Report, the Committee had noted the pruning of the outlay of Department of Information Technology for the Annual Plan 2007-08 from the proposed Rs. 2092.08 crore to Rs. 1500 crore. They had also noted the inability of DIT to secure enhancement of allocation of funds at RE stage in the previous years. The Committee therefore, had expressed their apprehension that such a pruning will lead to the Annual Plan being starved of funds. They had, therefore, desired that the Department should plead their case effectively during Plan consultations and at the RE stage for enhancing the Plan allocations to the IT Sector in keeping with the emerging trends.

10. In their Action Taken reply the Department have informed that they have pleaded their case in their meeting held with the Planning Commission on 26 April, 2007 for ZBB/Outlays for Annual Plan 2008-09 and the Eleventh Plan (2007-12) for the enhancement of funds during Eleventh Plan and also in the Steering Committee meeting of Communication & Information Technology on 30 May 2007. The

report on Steering Committee meeting of Communication & Information Technology is awaited.

11. At the cost of being repetitive the Committee exhort DIT not to be content with a meeting with the Planning Commission or another with the Steering Committee of Communication and Information Technology. If the Department want to ensure that their budgeting doesn't go haywire like in the Tenth Plan and they are not compelled to stagger or curtail some of their schemes of immense national importance they should vigorously follow-up their goal of getting sufficient funds allocated at RE stage for the ongoing fiscal and for the remaining part of the Eleventh Plan. The Committee would like to be apprised of the progress made and the concrete achievements of the Department in this regard.

(iii) Delay in Finalisation of Eleventh Plan proposals

12. In their previous Report, the Committee having noted that the Planning Commission was yet to finalise the Eleventh Plan proposals of Department of Information Technology had opined that these should have been finalized well before the commencement of the Plan so that the Department could have ensured preparedness for the implementation of Plan Schemes from day one. Since any further delay in finalisation of Plan proposals was likely to affect the implementation of major schemes envisaged in the Plan, the Committee had stressed expeditious finalisation of Eleventh Plan proposals of the Department.

13. The Department in their action taken reply have stated that a meeting was held in Planning Commission on 26 April, 2007 for Zero Based Budget/Outlays for Annual Plan 2008-09 and Steering Committee meeting of Communication & Information Technology was held on 30 May 2007 to finalize the Eleventh Plan (2007-12) proposal of the Department. The report on Steering Committee meeting of Communication & Information Technology is awaited.

14. In the opinion of the Committee advance planning is a *sine quo non* of any developmental activity. In this context the Five Year Plans, which are the foundation stones of developmental process in the country, ought to be drawn and finalized well before their commencement. This would not only enable the executing machinery to be in preparedness for implementation of Plan goals and targets but also enable the planners to have a holistic picture of the developmental requirements of the country. It is unfortunate that, unlike in the past, the Eleventh Five Year Plan proposals are yet to be given a concrete shape even when we are several months into

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the first year of the Plan. The Committee, while reiterating their recommendation about immediate finalisation of the Eleventh Five Year Plan for the Department of Information Technology would also like to know the detailed reasons for the inexplicable delays in the planning process. They would also like to be apprised of the status of finalisation of Eleventh Plan proposals.

II. National e-Governance Plan

Recommendation (Para Nos. 8, 9, 10 and 12)

(i) Delay in Establishing SWAN

15. The Committee on noting the fact that progress in respect of establishment of SWAN has been lagging far behind in some States/UTs like Arunachal Pradesh, Lakshadweep, Dadra and Nagar Haveli, Jammu and Kashmir, Daman and Diu, Goa and Andhra Pradesh, had exhorted the Department to make all out efforts so that SWAN project is operationalised in all States/UTs within the time frame.

16. The Department in their action taken reply have stated that they have undertaken intensive persuasive actions for accelerating the SWAN proposals from the remaining States/UTs so that the approval of proposals and RFP documents from these balance States/UTs are completed at the DIT level by August, 2007. The State/UT wise scenario is as under :

> The State of Goa has already initiated wide area network project through a PPP model outside the provisions of the SWAN Scheme. The SWAN proposal from UT of Lakshadweep has been received by DIT and are presently under scrutiny. The State of Andhra Pradesh has intimated that the State would soon submit a revised proposal with enhanced scope to cover all the Mandals in the State. Intensive action have been taken to prepare the individual SWAN proposals for J&K, Arunachal Pradesh, D&NH and D&D. It is expected that all the remaining proposals would be finalized and approved by the Empowered Committee by August 2007.

17. **The Committee note that the Department of Information Technology have since undertaken intensive persuasive actions for accelerating proposals for State Wide Area Network Projects. Since the Empowered Committee was expected to finalise and approve all proposals by August, 2007 as stated by DIT in their action taken note, the Committee would like to have a comprehensive update on the status of action on proposals of each of the State/UT by the Empowered Committee.**

(ii) Setting up of Common Service Centres (CSCs)

18. In their earlier Report, the Committee had noted that in the Outcome Budget (2007-2008) of the Department a target of 30,000 ICT based kiosks at village levels across the Country by March, 2007 and 1,00,000 such kiosks by December, 2007 had been fixed. However, these targets had been revised to 19000 CSCs by March, 2008 and a total of 84000 CSCs by August, 2008. As the establishment of CSCs is basically the responsibility of DIT the Committee had stressed upon them to effectively monitor the implementation of the project and also render all necessary assistance to the States, wherever required, so that the CSCs are fully rolled out at least as per the revised schedule.

19. In response the Department have stated in their action taken reply that they are monitoring and driving the CSC Scheme, being implemented by the States, on an ongoing basis. To assist the States in the implementation of the Scheme, they have also appointed a National Level Service Agency, which is handholding the States and assisting the States in managing the bid process for the selection of the Service Center Agencies in States.

20. The Committee note that DIT are monitoring and driving the CSC Scheme, being implemented by the States on an ongoing basis. They also note the other measures being taken by the Department towards making this important scheme a success. The Committee, however, find the silence of the Department on the issue of establishing CSCs at least as per revised schedule, intriguing. The original target of 1,00,000 kiosks by December, 2007 was down-sized and staggered to 84000 CSCs by August, 2008. However, the Department, inspite of their claim of monitoring the Scheme and being the driving force behind it have not furnished a definite answer to the Committee in this matter. The Committee would, therefore, like to be apprised of the position in this behalf.

(iii) Establishing State Data Centres

21. In their previous Report, the Committee had expressed their concern because State Data Centres (SDCs) were being proposed to be set-up only in 20 States by March, 2008 the time by when SWAN project would be operational in 28 States/UTs. In order to ensure that the SWANs and CSCs do not remain idle and their benefit begin to accrue to the people at the earliest the Committee had desired that the Department should make serious efforts to establish SDCs at a faster pace.

22. The Department in their action taken reply have stated that the State Data Centre Scheme is expected to be appraised by Expenditure Finance Committee in July 2007 and subsequently approval will be obtained. After approval of the SDC Scheme, individual SDC proposal of the States will be taken up by the Empowered Committee for approval. The implementation of the individual SDC would start immediately thereafter and is expected to take about nine – twelve months

23. From the reply of the Department it is but clear that now even March, 2008 time line for setting up of SDCs in 20 States cannot be adhered to by the Department, which is, to say the least, unfortunate. Such slippages cannot be condoned particularly when they are affecting Projects and Schemes of immense national importance. The Committee would like the Department to atleast now come up with a definite road map in the matter.

(iv) Difficulties in Implementation of NeGP

24. In their previous Report, when being given to understand that DIT had been facing difficulties in dealing with issues relating to Project Conceptualization and Capacity Building the Committee had asked the Department to highlight and sort out difficulties being experienced by them in relation to various agencies of the Government in the next review meeting of e-Governance projects by the High Level Body chaired by the Prime Minister with a view to facilitating speedier implementation of the National e-Governance Plan.

25. The Department in their action taken reply while noting the recommendation of the Committee have stated that Capacity Building Scheme for an amount of Rs. 313.00 crore has been appraised by Expenditure Finance Committee. The process of obtaining Cabinet Committee on Economic Affairs (CCEA) approval is currently underway.

26. The Committee note that an amount of Rs. 313.00 crore has been appraised by the Expenditure Finance Committee for Project Conceptualisation and Capacity Building and CCEA approval is also under process. The Committee, however, regret to point out that the action taken reply is completely silent about the action taken by the Department in highlighting the difficulties in the implementation of National e-Governance Plan before the High Level Body and the outcome thereof. The Committee expect a comprehensive reply from the Department in the matter.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1)

On scrutiny on Demand No. 15 in respect of the Ministry of Communications and Information Technology (Department of Information Technology), the Committee observe that the total Budgetary allocation for fiscal 2007-08 is Rs. 1536 crore with the Plan section accounting for Rs. 1500 crore and the Non-Plan section for Rs 36 crore. As compared to the Budgetary Support for the year 2006-2007 which was Rs. 1126 crore, consisting of Rs. 1090 crore in Plan section and Rs. 36 crore in the Non-Plan section, the Committee note that the overall budget for the year 2007-2008 has been increased by Rs. 410 crore which marks an increase of 36.41%. The Committee also note with satisfaction that the Department of Information Technology (DoIT) ahve been able to almost fully utilise the funds allocated to them in all the five years of the Tenth Plan. Out of the Plan Outlay of Rs. 470 crore, Rs. 470 crore, Rs. 750 crore, Rs. 929.30 crore and Rs. 1090 crore during the years from 2002-2003 to 2006-2007 respectively, the corresponding utilization had been Rs. 465.35 crore, Rs. 492.88 crore, Rs. 644.74 crore, Rs. 880.10 crore and Rs. 1090.00 crore (expected). Having seen a steady upward trend both in Plan allocation and utilization, the Committee are hopeful that DoIT will leave no stone unturned to ensure optimum utilization of the funds allocated to them in fiscal 2007-2008.

Action taken by the Government

Optimum utilization of the funds will be made during the year 2007-08.

Recommendation (Para No. 5)

The Committee note that Manufacturing, Software Exports, Domestic Software, Human Resource Development and Research & Development are the major thrust areas of the Department of IT for the Eleventh Five Year Plan and accordingly for the year 2007-2008 Manufacturing, Software Exports, Domestic Software are covered under the major head, Infrastructure Development. After downsizing the

annual Outlay for 2007-2008 by the Planning Commission, the schemes for Research & Development, Infrastructure Development and Human Resource Development were provided only Rs. 238 crore, Rs. 884.70 crore and Rs. 44.50 crore respectively as compared to the corresponding proposed allocation of Rs. 410.92 crore, Rs. 1120.16 crore and Rs. 122.00 crore. In the Committee's opinion, sufficient funds need to be made available to these schemes if electronics Industry has to be given a boost for India's long-term global competitiveness. This is also required to sustain the country's global leadership in software exports, to increase domestic software production and most importantly to meet the gap of demand and supply of IT skilled professionals as per the requirement of the IT industry. besides, India's expenditure on R&D ought to be increased, as at present it is merely 0.8% of the GDP. Needless to say, DoIT have a significant role to play in supplementing the efforts of the IT Industry in all the above mentioned areas. The Committee trust that the Department would effectively project the above demand sat RE stage for obtaining additional funds so that their targets in these areas do not remain illusory.

Action taken by the government

DIT would project a suitable demand at RE stage.

Recommendation (Para No. 6)

The Committee note that the Department has taken the initiative quite recently to undertake comprehensive, in-depth and independent evaluation of Plan schemes and programmes under implementation in order to measure their developmental outcomes, cost effectiveness and efficiency so as to provide vital inputs for finalising programmes for the Eleventh Plan. The Plan Schemes selected for Impact Evaluation Studies (IES) in 2006-07 on the basis of their importance and implication for the growth of the sector were Software Technology Parks in India, Convergence, Communication, Broadband Technologies and Strategic Electronics, Telemedicine and Technology Development in Indian Languages. The Committee feel that such an exercise should have been done much earlier. With the Plan period having commenced, the Impact Evaluation Studies in respect of the above mentioned schemes should be completed expeditiously so that the findings of the studies could serve as valuable inputs while formulating Plan strategies and allocations for the Eleventh Plan period. The Committee would like to be informed of the findings of Impact Evaluation Studies (IES) conducted on the schemes/programmes during 2006-07. They also desire that the DoIT should continue to conduct such studies

periodically and take corrective measures in the areas found wanting in order to improve upon the process of effective implementation of the Plan Schemes.

Action taken by the Government

Status of:

(a) Impact Evaluation Studies (IES)

    (i) Software Technology Parks in India: A Draft report has been made by M/s. Frost & Sullivan.

Recommendations made:

- Continuation of 10a and 10b of the Income Tax Act 1961 has a significant effect on IT development.

- Deduction under 10a and 10b should be extended for Tier II and Tier III cities till 2011-12 to ensure de-congested development of IT industry.

- STPI would move to facilitator role for SME, Tier II and Tier III city companies. Its incubation, certification, manpower development role needs to be accentuated.

- Investments from Central, State and STPI are require to ensure IT development is realized in different States. Budgetary support in DIT Scheme, especially R&D, infrastructure development, HRD and Export market development should be targeted at Rs. 1500 crore each year realize the IT export and domestic market growth.

- 10% of Educational cess collected needs to be targeted for S&T infrastructure development including software, hardware including ASIC level courses both at graduate and undergraduate level.

- Advanced instates such as IIIT needs to be promoted across state.

- IT education standardization bodies such as BITES need replication and special grant may be made from Central Government export development fund.

    (ii) Convergence, Communication, Broadband Technologies and Strategies Electronics:

    A Request for Proposal (RFP) is prepared.

(iii) Telemedicine: Media Lab Asia has advertised in the press for IES. They have received proposals/offers from 15 different parties. The Bid Evaluation Committee has been constituted.

(iv) Technology Development in Indian Languages: RFP have been finalized. Call for proposal is to be initiated.

(b) Major Findings of IES of Schemes mentioned above will be forwarded to the Standing Committee as soon as they are available.

(c) A decision has also been taken to make IES a regular feature of DIT. Towards this end all Plan Schemes which require SFC/EFC approval will have IES as an integrated part of the Scheme.

Recommendation (Para No. 7)

The Committee find that one of the critical areas in implementation of national e-Governance Programme is the provision of core and support infrastructure, which will be common for all the projects across the board, and it is the responsibility of DoIT to provide it by March, 2008. Core and support infrastructure include State Wide Area Network (SWAN), State Data Centres (SDCs) and Common Service Centres (CSCs). The Committee hope that the infrastructure, on which the timely implementation of National e-Governance Programme depends would be ready in all the States by the middle of 2008 as indicated by the DoIT.

Action taken by the Government

DIT is striving its utmost in coordination with the States to adhere to the above timelines.

Recommendation (Para No. 11)

The Committee note that the role of the DoIT, as stated in the Cabinet approval for NeGP, is to be the facilitator and catalyst for the implementation of NeGP by various Ministries and State Governments and also to provide technical assistance to them either directly or in collaboration with external professional consultants. They would serve as a Secretariat to the Apex Committee and assist it in managing the programme. In addition, they would implement pilot/infrastructure/ technical/special projects and support components. DoIT would also prepare a suitable template for preparing project document, which could

be used by individual Departments for preparing their detailed project reports. The Committee have been informed that for timely and effective roll out, it is necessary that the programme is undertaken in a mission mode where each initiative should state clear and well defined timelines, goals and deliverables. Proper conceptualization, preparation of detailed project documents and mechanisms to ensure aspects of change management, awareness, process reengineering, etc. would speed up the implementation schedule of the programme. Issues of capacity building, setting up of project and programme management and monitoring mechanisms are also certain key requirements for timely and effective roll out of NeGP. The Committee note that timely implementation of NeGP would, to a great extent, depend on attending to these basic responsibilities by DoIT. The Committee trust that DoIT would explore all ways and means to ensure timely and effective implementation of the NeGP for meeting all the e-Governance requirements so that there would not be any delay in rolling out the electronic services to the people of the country.

Action taken by the Government

DIT is monitoring the implementation of the various directions/ decisions of the Apex Committee on an ongoing basis and is placing the status of the implementations of these decisions before the apex Committee, so that the Committee can take a view on the matter. The DIT has prepared a DPR template and is working in close coordination with the various departments with the aim of assisting these departments in better conceptualizing, developing and implementing their respective Mission Mode Project (MMPs).

Recommendation (Para No. 17)

The Committee express their concern over the drastic cut that has been made in the allocation for STPI. Out of the proposed allocation of Rs. 12 crore, the Planning Commission has approved only Rs. 0.50 crore. However, the Committee hope that the projects planned under the Scheme will not suffer, as assured by DoIT that STPI would carry out their programmes with their internal accruals and will not restrict their activities to the amount provided to them in the budget for the year 2007-2008.

Action taken by the Government

The annual plan of STPI for the financial year 2007-08 will be taken care of through internal accruals.

Recommendation (Para No. 19)

The Committee note with satisfaction that through the efforts of STPI, software exports in 2006-2007 would be to the tune of Rs. 131,255 crore (estimated). Significantly, STPI accounts for over 92.56 percent of India's software exports with total exports being to the tune of Rs. 141,800 crore (estimated). However, it is a matter of serious concern that the percentage of growth of software exports through STPI units has been on a declining trend. The percentage of growth registered was 44 percent, 36 percent and 30 percent (estimated) in the years, 2004-05, 2005-06 and 2006-07 respectively. Needless to mention that with an ambitious target of achieving software export of US$ 50 billion by 2008-2009 and US $60 billion by 2009-2010, STPI will have to devise innovative strategies for stepping up software exports by its units. It is in this context that the Committee do not find any justification for reduction of Plan Allocation for STPI. Instead, they feel that STPI should receive support form the Government in terms of financial allocation and a hassle-free environment congenial for its growth.

Action taken by the Government

The plans of STPI are supported through internal accruals.

Recommendation (Para No. 21)

The Committee observe that the export revenue earned by Information Technology (IT) Software and Related Services have grown from Rs. 6,723 crore in 1997-1998 to Rs 104,500 crore in 2005-2006 and are estimated to reach Rs. 141,800 crore in 2006-2007. India now accounts for 65 percent of the global market in offshore IT and 46 percent of the ITES market. The growth of the sector has led to tremendous pay-offs in terms of wealth creation and generation of high quality employment. In addition to the direct economic impact, the growth of this sector has also indirectly contributed to economic and employment development in other parts of the economy such as the increased demand for commercial and residential real estate, catalyzing urban development, and playing a significant role in driving demand for other commercial services such as retail, hospitality and transportation, etc. Looking at the tremendous prospects of this sector, the Committee consider the reduction in the Annual Plan allocation for the Scheme, Infrastructure Development which includes software export, domestic software production and hardware manufacturing, from the proposed amount of Rs. 1120.16 crore to Rs. 884.70 crore to be unfortunate. Even out of Rs. 884.70 crore provision made for infrastructure Development, Rs. 800 crore has been earmarked for the

e-Governance programme, practically leaving only a meagre allocation for schemes meant for software production and hardware manufacturing. The Committee urge that the Department should pay focused attention to the area of software production and hardware manufacturing.

Action taken by the Government

DIT acts as facilitator for IT Industry and to ensure speedy IT led development. As regard hardware manufacturing, inputs have been provided under Recommendation No. 24.

Recommendation (Para No. 23)

The Committee further note that the Working Group on IT sector constituted by the Planning Commission to formulate the Eleventh Five Year Plan has set-up Study Teams to make recommendations in their respective sectors. A Study Team thus constituted for "the Exports of Computer software and services" had *inter alia* recommended some measures like improving the supply of suitable talent, building adequate basic, business and social infrastructure, ensuring a favourable business policy and regulatory environment with a special focus on encouraging SMEs and new ventures, global trade development and promoting global free trade in services and fostering a sustainable ecosystem for innovation and R&D for further growth of IT sector. The Committee would like to be apprised of the DoIT's plan on the recommendations made by the Study Team.

Action taken by the Government

DIT is in the process of setting up a Working/Expert Group on HRD in IT for evolving pilot projects during the 11th Five Year Plan in the areas of (a) Capacity building in selected areas to address the requirement of emerging knowledge economy; (b) Technology Incubation Centres and Hardware Infrastructure facility for entrepreneur development; (c) Integration of new courses in ITI and support to Women's Polytechnics; and (d) Spreading the concept of Finishing School-teachers training by DOEACC/C-DAC, etc.

The proposed Working/Expert Group on HRD in IT will assess the need of the sector, evolve/finalise and prioritize various activities to be initiated during the 11th Plan period.

The Ministry of Human Resource Development (MHRD) is in the process of launching Finishing Schools to enhance the employability

of engineering graduates, on a pilot scale at seven NITs (at Surathkal, Durgapur, Warangal, Jaipur, Calicut, Trichi and Kurukshetra) and IIT Roorkee. The recommendations of the Standing Committee on IT at para 25 have been forwarded to MHRD for further action.

- One of the major recommendations for R&D is to set-up Advance Project Agency (APA)—through a PPP model. A committee has been set up in this regard constitution of this committee is given in Annexure.

- So far as the matter relating to building adequate basic, business and social infrastructure are concerned the Principal Secretary to Prime Minister has set up a Group in Nov, 2006 comprising Secretary, IT, Secretary, Urban Development, Secretary, Industrial Policy & Promotion and JS, PMO to formulate a scheme on "Initiative for Setting up Integrated Moden Townships for Sunrise Industries including IT and BPO" in consultation with NASSCOM. A Draft Policy on "Creating Information Technology Investment Regions (ITIR) for Setting up Integrated Modern Townships for Sunrise industries including IT/ITES/Electronic hardware in the country", is under preparation which will be referred to concerned Ministries for comments. Thereafter a draft Cabinet Note would be prepared for submission to the CCEA for approval.

- Matter relating to the extension of tax benefits under Section 10A and 10B of the Income Tax Act, 1961 is under consideration of DIT.

  The National Venture Fund for Software and IT Industry (NFSIT) was set up in association with Small Industries Development Bank of India (SIDBI) and IDBI with the objective of making venture capital investments in software and IT companies in SME segment. The fund was set up with a corpus of Rs. 100 crore contributed by SIDBI (Rs. 50 crore), Department of Information Technology (Rs. 30 crore) and IDBI (Rs. 20 crore). It was launched by the Hon'ble Prime Minister on December 10, 1999.

- The issue of liberal visa regime in countries like France, Germany & Japan etc. enabling Indian IT professional to work in these countries has been taken up aggressively under the on-going GATS services negotiations in WTO. The issue of "full commitment" by countries such as France, Germany, Japan etc. (Movement of natural person-Model-4)

is also part of the on-going GATS services negotiation. The negotiations are still going on and are expected to conclude soon. **The entire matter is being coordinated by Deptt. of Commerce as they are the nodal agency for this matter.**

- A proposal for "free trade in services" has been initiated by the Department of Commerce. A Working Group coordinated by Commerce Secretary is looking into the possibilities of having such an agreement with US and EC.

- The amendments to Information Technology Act has been finalized and the Bill was already been introduced in Parliament in December 2006. The matter is under consideration by the Standing Committee of the Parliament.

- The data protection/privacy are covered under sections 43, 66, 72 of the Information Technology Act. It is also proposed to introduce sections 43A and 72A as penal provisions relating to privacy/data protection.

- The respective Ministries are taking necessary steps in that direction. It may not be advisable and also proper to mandate such activities through Act.

- Provision has been proposed in the Indian Penal Code through the Information Technology (Amendment) Bill. A separate new section is proposed for punishment of Identity theft and identity theft has been proposed to be made as a criminal offence.

- A proposal for setting up of Regional Cyber Forensic Research and Training Centres evolved jointly with Directorate of Forensic Science (DFS) under Ministry of Home Affairs, is being pursued.

- Adjudicating Officers have been nominated and Cyber Regulations Appellate Tribunal has been set up under the IT Act 2000 to resolve computer related crimes.

- For protection of critical infrastructure of national importance, it has been proposed to amend section 70 of the Information Technology Act. It is proposed to declare any computer resource which directly or indirectly affects the facility of critical information infrastructure to be a protected system. The penal provisions are quite stringent under section 70 of the Information Technology Act.

- Department of Bio-technology has drafted and circulated public funded R&D projects (Protection of Intellectual

Propriety Bill) 2007. This bill was discussed in a meeting held under the Chairmanship of Hon'ble Minister for S&T and ES. This is likely to be introduced in the Parliament shortly. This bill proposed sharing of Intellectual Propriety Rights as per the Bayh Dole Act. Regarding exploitation of commercial potential of any research, and setting up a separate entity, views of all groups involved in technology development should be obtained.

- DIT is involved in conducting IPR awareness clinics in the institutes as per their specific requirements. Regarding lack of well qualified patent examiners in the country it is understood that DIPP is in the process of setting up a National Institute for managing IPRs so as to train patent examiners as per international standards.

- A scheme is under preparation in DIT to provide assistance to SMEs in filing patents. Incubations and start up units will also be eligible to apply under this scheme. For setting up of incubators, inputs may be obtained from R&D division.

No. DIT/R&D/Coord./1(11)/2007
IT Emerging Areas & Coordination Division
Department of Information Technology
Government of India
Electronics Niketan 6, C.G.O. Complex, New Delhi

Office Memorandum

Subject: Constitution of the Committee to develop "Scheme(s) for Promoting Innovation in Electronics & IT"

1. The undersigned is directed to convey the approval for setting-up of a Committee to discuss and develop a Scheme(s) for Promoting Innovation in Electronics & IT.

Composition:

(a)	Shri Vinay L. Deshpande, Chairman & Eco, Encore Software Ltd., Bangalore	:	Chairman
(b)	Dr. A.K. Chakravarti, Adviser, DIT	:	Co-Chairman
(c)	Dr. U.P. Phadke, Adviser, DIT	:	Member
(d)	Shri S. Basu, Scientist-'G', DIT	:	Member
(e)	President, NASSCOM	:	Member
(f)	Shri Vinnie Mehta, Executive Director, MAIT	:	Member
(g)	Prof. M. Balakrishnan, CSE Dept., IIT, Delhi	:	Member
(h)	Prof. H.P. Khincha, Elect. Engg. Deptt. IISc, Bangalore	:	Member
(i)	Nominee of CSIR (NIMITLI)	:	Member
(j)	Nominee of DBT (SBIRI)	:	Member
(k)	Director General, STPI	:	Member
(l)	Shri V.B. Taneja, Scientist-'G' & HoD	:	Member Convener

Terms of Reference:

(i) To consider feasibility of implementing PPP models for research with committed funding from industry;

(ii) To examine the existing schemes in the Government;

(iii) To consider the Recommendations of different Groups/ Committees on this subject:

    (a) The Group to promote the Growth of the Electronics/ IT Hardware Manufacturing Industry;

    (b) The Working Group on Fostering Innovation and sustaining competitiveness; and

    (c) The DIT Study team on R&D for the 11th Five Year Plan; and

(iv) To take an integrated view and recommend "Technology Innovation Promotion Scheme(s) (TIPS)" for implementation in DIT.

2. The Committee shall submit its recommendations by August 31, 2007.

3. TA/DA of non-official members will be governed by the prevailing norms laid down by the Ministry of Finance, Government of India.

<div align="right">
Sd-
(Smt. Kiran Gulati)
Joint Director
29.6.2007
</div>

To: As per mailing List Enclosed

1. The Chairman and Members of the Committee.
2. Sr. PPS to the Secretary.

Recommendation (Para No. 24)

The Committee note that the Government have identified growth of Electronics and IT hardware manufacturing sector as a thrust area. However, they are at loss to understand the delay in finalization of a hardware Policy when the discussions and the process for formulating the Policy had started way back in 2003. India has the potential to develop and manufacture Electronics/IT Hardware for the global markets and gain higher global share besides meeting the country's future requirement in the covering areas of information, communication and entertainment. The Committee are informed that the IT industry suffers disability factors on account of high incidence of duties/taxes, inadequate infrastructure, high cost of finance, transaction cost, freight and power, low volume of production and inverted custom duties structure in some products, etc. While examining the Demands for Grants of DoIT for 2006-2007, the Committee were informed that the Department had prepared a paper on "The Conceptual Policy Framework to promote growth of Electronics/IT Hardware Manufacturing Industry" in consultation with the industry associations. The Committee were subsequently informed that a Task Force set up by the Prime Minister's Office had submitted its recommendations on 6th March, 2007. Prior to that while examining the Demands for Grants for the year 2003-2004, they were informed about a similar exercise undertaken by the Government when another Task Force had gone into the entire issue and given its report. It is distressing to note that despite having identified Electronics and IT Hardware manufacturing sector as a thrust area, the Government have been dragging their feet on formulation of a policy in this regard. The Committee urge that at least now the report submitted by the Task Force should be taken up for serious consideration leading to formulation of policy initiatives for promoting growth of electronics/IT hardware manufacturing industry.

Action taken by the Government

The approach of the Discussion Paper on "The Conceptual Policy Framework to promote growth of Electronics/IT hardware Manufacturing Industry" has been pursued and in the last few years, the Government has taken a number of fiscal and Foreign Trade Policy measures to promote the growth of domestic Electronics/IT Hardware Manufacturing industry. These are briefly enumerated below:

- The foreign Trade Policy for Electronics & IT products has been liberalized.

- Customs & Excise procedures have been simplified.

- Information Technology Agreement (ITA-1) of WTO has been implemented.

- EDI has been implemented by customs and is under implementation by central excise.

- The Electronics Hardware Technology Park (EHTP) and Special Economic Zones (SEZ) Schemes have been tailored to boost manufacturing in the country.

- The peak rate of customs duty has been reduced from 35% in 2001-02 to 10% in 2007-08.

- Customs duty on specified capital goods and raw materials has been brought down to 0%.

- The customs duty on basic chemicals, non-ferrous metals and capital goods is @ 5-7.5%.

Thus, the customs duty level in India is nearing the ASEAN levels. Incentives provided by the Government for promotion of Electronics/IT Hardware Manufacturing are given in Annexure. This is an ongoing process and has resulted in prices of Electronics/IT products showing a continuous declining trend, leading to increase in demand. Further, the time gap between introduction of latest products in the world and domestic market has come down significantly. The above initiatives have also addressed the problem related to inverted tariff structure to a great extent. The National manufacturing Competitiveness Council (NMCC) has been set up by the Government to provide a continuing forum for policy dialogue to energise and sustain the growth of manufacturing industries in India, including IT Hardware.

Sale of Personal Computers (PC) in the country has gone up from 5 million nos. in 2005-2006 to 6.5 million nos. in 2006-07, representing a growth of 30%. PC penetration has gone up from 18 per thousand population in 2005-06 to 22 per thousand population in 2006-07. The subscriber base for telephony services continued its growth, with a total of 66.51 millions subscribers added during the year 2006-07, as compared to 41.91 million in 2005-06, registering an increase of 58% in annual growth. The gross subscriber base reached 206.83 million at the end of March 2007. The teledensity is 18.31% at the end of March 2007 as compared to 12.80% at end of the March 2006, registering an increase of 43%.

The production of Electronics/IT hardware in the country has grown from Rs. 56,000 crore in 2005-06 to Rs. 66,000 crore in 2006-07,

registering a growth of 16.6%, as compared to a growth rate of 12% in 2005-06. Although, this growth rate is less than that achieved by the software sector, however, it is higher than the growth rate of 12.3% achieved by the manufacturing sector in the country during 2006-07.

In order to encourage investments for setting up Semiconductor Fabrication and other micro and nano technology manufacture industries in India, a Special Incentive Package Scheme, has been announced by the Government *vide* Gazette Notification No. 78, Part I, Section I dated 21st March, 2007.

As a result of various steps taken by the Government on a continuing basis to make India a manufacturing destination, as brought out above, India is now very high on the agenda of several leading global Electronics and IT hardware manufacturers. To capitalize on the growth potential, a number of reputed companies in Electronics/IT/Telecom hardware manufacturing have either set up their units or are coming forward to invest in the country. These include world renowned companies like Nokia, Motorola, Foxconn, Flextronics, Aspocomp, Samsung, LG, Elcoteq, Ericsson, Alcatel, Tessolve and DELL. Investment of around US$ 2 billion has already been made in hardware manufacturing sector in the last 2 years. Foreign Direct Investment of the order of US$ 25 billion is in the pipeline.

The Member Secretary, Planning Commission has submitted the report of the group set up by the PMO Task Force to promote growth of Electronics/IT Hardware Manufacturing Industry, to the Task Force on 6.3.2007. The second meeting of the Task Force was held on 18.5.2007, wherein the report of the group was considered.

INCENTIVES PROVIDED BY THE GOVERNMENT FOR PROMOTION OF ELECTRONICS/IT HARDWARE MANUFACTURING

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

2. Peak rate of customs duty has been reduced to 10%. 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%.

3. Excise duty on computers is 12%. Microprocessors, Hard Disc Drives, Floppy Disc Drives, CD ROM Drives, DVD Drives/DVD Writers, 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.

4. Export Promotion Capital Goods Scheme (EPCG) 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 DTA provided the realization is in free foreign exchange.

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

6. 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 available to SEZ units for 5 years, 50% for next 5 years and 50% of ploughed back profits for 5 years thereafter.

7. Second hand capital goods are freely importable.

8. Weighted deduction of 150% of expenditure incurred on in house R&D in case of a company engaged in the business of electronic equipment, computers and telecommunication equipment is available under clause (1) of sub-section (2AB) of Section 35 of the Income Tax Act.

Recommendation (Para No. 25)

Manpower Development in IT sector has been engaging the attention of the Committee year after year. The Committee note that the All India Council for Technical Education (AICTE) has projected a considerable gap of about 0.26 million between the demand and supply of IT manpower by 2012 which calls for increasing the enrolment in the colleges and opening of new colleges. AICTE is reportedly taking steps to speed up the enrolment to engineering stream to touch the figure of about 1 million by 2010-11 from the current level of about 0.50 million. Admittedly another major challenge in this sphere is to make the existing engineering graduates employable. To cope with the requirement, the Ministry of HRD are in the process of launching Finishing School courses in seven NITs at Surathkal, Durgapur, Warangal, Jaipur, Calicut, Trichi and Kurukshetra from May 2007 on a pilot scale. These pilot Finishing Schools would formulate model curriculum and syllabus which in future could be made part of the engineering curriculum so as to make it compatible with industry needs. The Committee note that DoIT have also proposed to spread the concept of Finishing Schools for ITS/ITES sector by way of launching pilot projects in the areas of teacher's training/courseware development/conducting Master Trainers' Training Programmes/bridge courses, etc. The Committee consider it a step in the right direction. At the same time, they are of the strong view that after assessing the utility of the Finishing Schools being started on a pilot scale, the concept should be replicated on an urgent basis and on a large scale. They further stress that much more is required to be done to develop skilled workforce for the IT industry and, therefore, it calls for the focused attention and concerted efforts on the part of the Department. The Committee would like to be apprised of the follow up action taken in this regard.

Action taken by the Government

The Ministry of Human Resource Development (MHRD) is in the process of launching Finishing Schools to enhance the employability of engineering graduates, on a pilot scale at seven NITs (at Surathkal, Durgapur, Warangal, Jaipur, Calicut, Trichi and Kurukshetra) and IIT Roorkee. The recommendations of the Standing Committee on IT have been forwarded to MHRD for further action.

DIT is in the process of setting up a Working/Expert Group on HRD in IT for evolving pilot projects during the 11th Five Year Plan in the areas of (a) Capacity building in selected areas to address the

requirement of emerging knowledge economy; (b) Technology Incubation Centres and Hardware Infrastructure facility for entrepreneur development; (c) Integration of new courses in ITI and support to Women's Polytechnics; and (d) Spreading the concept of Finishing School-teachers training by DOEACC/C-DAC, etc.

The proposed Working/Expert Group on HRD in IT will assess the need of the sector, evolve/finalise and prioritize various activities to be initiated during the 11th Plan period.

Recommendation (Para No. 26)

The Committee are informed that DoIT's HRD activities are aimed towards generation of trained human resources for the manufacturing & service sectors of electronics and IT industry. Projects have been initiated for generation of quality and skilled manpower in the area of Information Security, VLSI Design and Computer Science/IT and setting up of a Regional Institute for e-Learning and Information Technology (RIELIT) at Kohima, Nagaland and ITEs/BPO training facilities in Jammu & Kashmir and in the North-East region. They have also engaged C-DAC and DOEACC for conducting industry oriented education programme both in formal and non-formal sectors. DOEACC is implementing ITEs-BPO courses in the North East and Jammu & Kashmir region and would initiate this course in its other centres and accredited institutes spread cross the country. Besides this, NASSCOM and the Department of Information Technology & Communication, Government of Rajasthan have launched an employment benchmarking test called NASSCOM Assessment of Competence (NAC) as pilot phase for ITEs-BPO Sector during November, 2006. The NAC would create a continuous pipeline of talent through continuous assessment of candidates on key skills by a national standard assessment. DOEACC would reportedly assess the progress of NAC and its' impact on the industry for initiating complimentary training efforts in other areas. The Committee desire to be apprised of the findings of DOEACC specifically with regard to the effectiveness of NAC. They recommend that DoIT should review the situation and draw up a comprehensive action plan in consultation with the Ministry of HRD for capacity building with a view to bridging the gap between the demand and supply of IT skilled workforce. There is also a need to extend the training programmes undertaken by C-DAC and DOEACC to more centers across the country.

Action taken by the Government

DOEACC has observed that NASSCOM has so far conducted two NAC pilot testing in August 2005 and November 2006 in Rajasthan.

More than 6000 candidates had appeared in the test. A job fair was held in Rajasthan in April 2007 for candidates who had appeared in the aforesaid test and about 1200 NAC candidates were interviewed. The NAC pilot test is being rolled out in Gujarat, West Bengal, Chandigarh and some other States.

In the meantime, DOEACC Society had launched ITEs-BPO (Customer Support) courses at its various centres through which over 4450 candidates have been trained so far. The Society has also finalized the ITEs-BPO courses in Banking and Insurance verticals and these courses are expected to be launched during 2007-08.

The Ministry of Human Resource Development (MHRD) had constituted a Working Group under the chairmanship of Secretary, Department of Higher Education on improving the supply of suitable talent in the IT & BPO Sectors. The Working Group has members drawn from the Department of Information Technology (DIT), AICTE, Industry and the academia. The Working Group has recommended setting up of Finishing Schools to enhance the employability of engineering graduates. In line with the recommendations of the Working Group, MHRD is in the process of launching Finishing Schools on a pilot scale at seven NITs and IIT-Roorkee.

DIT is in the process of setting up a Working/Expert Group on HRD in IT for evolving pilot projects during the 11th Five Year Plan in the areas of (a) Capacity building in selected areas to address the requirement of emerging knowledge economy; (b) Technology Incubation centres and Hardware Infrastructure facility for entrepreneur development; (c) Integration of new courses in ITI and support to Women's Polytechnics; and (d) Spreading the concept of Finishing School-teachers training by DOEACC/C-DAC, etc. The proposed Working Group would have members from MHRD, Industry and academia.

Recommendation (Para No. 27)

The Committee further note that DoIT are in the process of setting up a Working/Expert Group on HRD for evolving pilot projects during the 11th Five Year Plan in the areas of capacity building in selected areas like Nanotechnology, Power and Communication, Computer Science, Biotechnology, Infrastructure, Energy, Manufacturing and Mechatronics to address the requirement of emerging knowledge economy; Technology Incubation Centres and Hardware Infrastructure facility for entrepreneur development; Integration of new courses in ITI and support to Women's Polytechnics and Spreading the concept

of Finishing School teachers training by DOEACC/C-DAC, etc. Although it is a move in the right direction, the Committee feel that the allocation of Rs. 43 crore in the Annual Plan for Manpower Development is quite inadequate to meet the vast requirements in the sphere. The concern about the need for funds for DOEACC to start course on generic skills in States other than the North East and J&K was also voiced by the Secretary, DoIT during evidence, In fact, DOEACC was provided only Rs. 50 lakh against the proposed sum of Rs. 22 crore which is quite unfortunate. The Committee trust that the Pilot projects taken up by DoIT will go a long way in bridging the gap between demand and supply of IT skilled workforce at present and also for meeting the projected requirements in the future. In view of the pressing needs in the sphere of manpower development, the Committee would impress upon DoIT to pursue with the Planning Commission the need for allocation of more funds during the Eleventh Plan for HRD schemes in the IT sector. The Committee would await the outcome in this regard.

Action taken by the Government

As part of the exercise of formulation of the 11th Five Year Plan (2007-12) and Annual Plan 2008-09, the Department of Information Technology (DIT) has taken up with the Planning Commission the budgetary requirement for the 11th Five Year Plan and annual Plan 2008-09.

National Informatics Centre (NIC)

General

Recommendation (Para No. 28)

The Committee note that DoIT have proposed an allocation of Rs. 427 crore for implementation of various projects/programmes during the year 2007-2008 against which the Planning Commission has approved only Rs. 320 crore. They have learnt that on account of the reduced outlay, NIC would have to carry out the following activities in a reduced scale, viz. Cyber Security, business continuity planning, Disaster Recovery centres, E-Governance Standards, land records computerisation, knowledge management and training, strengthening of districts, upgradation of video conferencing facility, geographic information system, Data Centres, last mile solution, etc. The urgent need for investing more on business continuity plan, protection to the system, higher bandwidth, etc. for enhancing and stabilizing the operations of NIC was forcefully brought out before the Committee

during evidence. The Committee have a strong conviction that with NIC having been entrusted with the unique role of providing network backbone and e-Governance solutions to all the Government institutions, should not be starved of funds for its key operations. It is crucial that NIC should make a steady progress in the pursuit of developing state-of-the art application software related to various sectors and also for providing cyber security to its network by incorporating security systems. The Committee would urge that the requirement of additional funds by NIC should be taken up forcefully with the Planning Commission while finalising the Eleventh Plan proposals as well as at the 2007-08 RE stage and the Committee be apprised of the outcome thereof.

Action taken by the Government

Noted for compliance. For the financial year 2007-08 the additional requirement will be projected at RE stage.

Government Informatics Training Programme

Recommendation (Para No. 30)

The Committee note that NIC is responsible for organising various courses for Government employees under the sponsorship of the Department of Personnel & Training (DoP&T). It is seen that during the year 2006-2007, the total number of workshops on e-Governance projects held were only three with one held at NIC, Chennai and two at NIC, Delhi. During the year 2007-2008, also only two such workshops are proposed to be organised; one at NIC, Chennai and another at NIC, Delhi. According to NIC such programmes would be conducted on demand basis for the States on e-Governance Projects. In view of the ambitious e-Governance programme under implementation in the country, there is a growing need to organise more such workshops at various levels to promote the concept of e-Governance. The Committee, therefore, stress that NIC should devise more number of workshops and training programmes on e-Governance and also take the initiative of offering its services to the State Governments for creating better awareness about the e-Governance programme among the people at large.

Action taken by the Government

NIC proposes to undertake the following steps:

- Two additional workshops at two different States.

- Conduction of Orientation programme for Senior NIC Officers from Delhi and State Centres, who would in turn be ready to conduct Workshops on e-Governance in collaboration with State IT departments and State Administrative Training Institutes in coming years.

- Creation of a multimedia CD of about one hour duration, about Government's initiatives in e-Governance, and its expected impact on the people at large. This CD can be distributed to Training Institutes all over India for distribution in various programmes and also to different State Departments of IT.

Video Conferencing

Recommendation (Para No. 31)

The Committee note with satisfaction that NIC has set up videoconferencing facility in 490 locations in the country using cost effective solutions. This facility is extensively being used for monitoring of various projects and discussions. The facility has been provided in 21 States up to District level so far. Remaining States and Union territories have at least one Videoconferencing location. The Committee, however, are not satisfied with the rate of utilisation of multi-point videoconferencing facility provided in many of the States. The Committee find that whereas in States like Madhya Pradesh and Chattisgarh the facility was used for 8720 hours and 3039 hours respectively, in States like Maharashtra and Jammu & Kashmir where the videoconferencing facility is available up to district level, the facility was used only for 84 hours and 95 hours respectively. Therefore, it highlights the need to back up the provision of infrastructure with imparting of awareness programmes and training sessions. While the committee would like to encourage NIC to network more number of stations in all the States and UT in the country with videoconferencing facilities, they would also urge that NIC should devise the package for setting up infrastructure for videoconferencing by combining it with training programmes targeting the users in order that the facility provided is made optimum use of.

Action taken by the Government

DG (NIC) has sent letter to State IT Secretaries requesting them to use the videoconferencing services by the State Government effectively. They may issue official notification to their Departments to use video conferencing for their regular official work and project monitoring.

A website (satcom.nic.in) on the utilization of videoconferencing facility has been made available to State Governments so that they can directly monitor the same.

Nano-Technology Development Programmes

Recommendation (Para No. 34)

The Committee observe that Nano-technology is an emerging, disruptive and interdisciplinary technology widely recognised as the next technological revolution that has attracted the attention of scientists and engineers all over the world. Realizing the potential of Nano-technology, governments in the developed countries have been funding R&D in this area for quite some time. Despite the trends elsewhere, it surprises the Committee that although Rs. 40.43 crore was spent in the year 2005-2006, an outlay of Rs. 40 crore provided in 2006-2007 was reduced to Rs. 34 crore at RE stage. Against the proposed allocation of Rs. 40 crore in 2007-08 only Rs. 29 crore has been provided. According to DoIT against an allocation of Rs. 10 crore sought in 2007-2008 under the Semi Conductor Integrated Circuit Lay Out Design (SICLD) Act activities, only Rs. 0.75 crore has been provided on account of which only routine SICLD Registry activities could be carried out and DoIT would be forced to shelve the proposal for setting up of a National IPR Institute for Semiconductor Layout Design in the current year. The trend of Budget allocation for Nano-technology, widely recognised as the next technological revolution, has been, to say the least, disappointing. The fact that the planning process which has not been able to keep itself abreast with technological advancement the world over calls for a reversal of the trend. The Committee, therefore, expect the DoIT to accord highest priority for encouraging Nano-technology development programmes and, as assured, to pursue the issue of adequate funding for it at the RE stage. The Committee would like to be apprised of further developments in this regard.

Action taken by the Government

The Nano-technology Development Programme of DIT is oriented towards nano-electronics and related areas. As electronics is all pervading having applications in Information Technology, healthcare, avionics, defence, education, communication, computing etc. It is expected to bring benefits in good measure. The challenge before researchers is to discover and develop nano-devices and nano-processes to integrate these devices for fabricating the chips. It also presents another challenge to design giga scale systems/chips i.e. the chips using large number of nano-devices/translators (say one billion

transistors in a single chip) alongwith Computer-Aids for doing chip designs (also called CAD tools or EDA tools for VLSI design). In last two decades or so, substantial strength has been built in the country in the area of chip/VLSI design. Today, besides many indigenous companies, almost all the big global players in these areas (chip design & EDA tool development) have set up their R&D/Design Centres in India. Due to requirement of prohibitively large investment, the chip fabrication activity in India has lagged behind. Recently on DIT initiative, Government has announced a policy measure "Special Incentive Package Scheme to encourage Investments for setting up Semiconductor Fabrication and other micro and nano-technology manufacture industries in India" to provide incentives to attract fabrication facilities in the country. Further, in comparison to funding provided to micro-electronics research in the past an increased level of funding for nano-technology research is being provided by the Government.

This declining quantity and quality of manpower in these institutions coupled with shortage of S&T manpower in DIT is a major difficulty in speedy evolution and implementation of a major nano-technology R&D projects. Notwithstanding the above, all efforts are being put to evolve sponsored R&D projects in new challenging of nano-technology.

Technology Development for Indian Languages

Recommendation (Para No. 35)

The Committee note that during 2007-08, DoIT had proposed an allocation of Rs. 30 crore for Technology Development for Indian Languages (TDIL) in order to carry out various on-going projects and also take up new projects to be initiated in the area of speech technology in Indian languages, *viz.* (i) Linguistic resources and capacity building and (ii) Localization and basic R&D projects in language computing against which the approved Plan outlay is Rs. 11 crore only. The Committee learn that under the 'National Roll-Out Plan' projects of TDIL, software tools and fonts for 10 Indian languages namely Hindi, Tamil, Telugu, Assamese, Kannada, Malayalam, Marathi, Oriya, Punjabi and Urdu languages have been released in public domain. Software tools and fonts for remaining official Indian languages are being developed/consolidated. The Committee believe that in a multilingual and multi script society like ours where e-Governance programme is being implemented on an extensive sale, there is an urgent need to develop tools for information processing in the local

languages, applications and contents and be made available for wider use of ICT to benefit the people at large. The Committee, therefore, feel that availability of funds should not become a hindrance in the implementation for projects under Technology Development for Indian Languages Scheme.

Action taken by the Government

Additional requirement of Rs. 19 crore will be met from the R&D budget of e-Governance as localization is also one of the priority areas of e-Governance Programme. If there are any shortfalls, it will be projected at RE stage.

CHAPTER III

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

Recommendation (Para No. 18)

The Committee note that at present there are 45 STPI centres across the country and 5 more are in the pipeline. The department have commissioned a study to find out the potential sites or setting up of STPI centres as they have a plan to set up at least one STPI in each State. The Committee desire that the possibility of setting up more STPI centres should be explored, particularly in smaller cities, in order to generate employment opportunities for the youth and also promote IT exports from across the country.

Action taken by the Government

STPI has set up 48 centers across the country and about 11 more centers are in pipeline. Out of 48 centers, 7 centers are in Metros and 41 centers in Tier-II and Tier-III cities.

A feasibility study has to be conducted by STPI jointly with the State Government to evaluate the export potential and commercial viability of the proposal.

As per the current policy for setting up a new STPI Centre, the State Government has to provide 3 acres of land, 10,000 sq. ft. of built up space and a grant-in-aid of Rs. 1 crore to STPI and for the Northeast States, the State Government has to provide 3 acres of land and 3000 sq. ft. built up space.

CHAPTER IV

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

Recommendation (Para No. 2)

Over the years, the Committee have been closely observing that drastic cuts continue to be made in the Plan Allocation for a strategic and fast growing sector like information technology as compared to the proposed allocations by the DoIT. During the Tenth Plan, the allocations proposed were Rs. 937.19 crore, Rs. 1146.90 crore, Rs. 1294.38 crore, Rs. 1400.67 crore and Rs. 1516.00 crore for the years 2002-2003 to 2006-2007 respectively, against which the allocations made by the Planning Commission were only Rs. 470.00 crore, Rs. 470.00 crore, Rs. 650.00 crore, Rs. 882.00 crore and Rs. 1090.00 crore respectively. The DoIT have conceded that as a result of the reduced allocations, the Department have resort to postponement or slowing down of some of their projects pertaining to important schemes like E-Governance, R&D, NIC, etc. In this context, the Committee would like to emphasise the need to provide increased Plan support to DoIT keeping in view the sustained double-digit revenue growth, steady expansion into newer service-lines and an unprecedented rise in investments by MNCs registered in the IT sector in the recent years. They trust that Planning Commission will take into consideration these factors while finalising the Eleventh Plan allocations with a view to ensuring that the current pace of development in the IT sector is further encouraged.

Action taken by the Government

DIT has proposed Rs. 18160.79 crore for the Eleventh Plan. Approval of this outlay was requested in the meeting held with Planning Commission on 26.4.2007.

Comments of the Committee

(Please *see* Para No. 8 of Chapter-I)

Eleventh Plan & Demands for Grants 2007-2008

Recommendation (Para No. 3)

Having closely scrutinised the scheme-wise details of Annual Plan allocations for 2007-2008, the Committee note that with the actual

allocation being only Rs. 1500 crore as against the proposed amount of Rs. 2092.08 crore, there has been a cut of Rs. 592.08 crore. Out of the allocation of Rs. 1500 crore to DoIT, Rs. 800 crore is meant for e-Governance and Rs. 320 crore for NIC with only the remaining Rs. 380 crore available for other schemes/programmes of DoIT. The Committee sense that this will result in some of the crucial schemes proposed in the Annual Plan being starved of funds. They are, however, not inclined to go by the routine plea of DoIT that the Plan Allocation will be reviewed during consultations with the Planning Commission at the time of finalization of the Eleventh Plan considering the past experience. They find that the allocation was revised upward only once in the year 2003-2004 from Rs. 470 crore to Rs. 495 crore. During 2002-2003 and 2006-07 the allocation remained unchanged at RE stage at Rs. 470 crore and Rs. 1090 crore respectively. During 2004-2005 and 2005-2006, the allocations were in fact reduced at RE stage from Rs. 750 crore to Rs. 650 crore and from Rs. 929.30 crore to Rs. 882 crore respectively notwithstanding the good track record of utilization of allocated funds by the Department in the previous years. The Committee, therefore, desire that DoIT should plead their case effectively during the Plan consultations and at the RE stage for enhancing the Plan allocations to the IT sector in keeping with the emerging trends.

Action taken by the Government

DIT has pleaded its case in meeting held in Planning Commission on 26.4.2007 for ZBB/Outlays for Annual Plan 2008-09 and the Eleventh Plan (2007-12) for the enhancement of funds during Eleventh Plan and also in the Steering Committee meeting of Communication & Information Technology on 30th May 2007. The report on Steering Committee meeting of Communication & Information Technology is awaited.

Comments of the Committee

(Please *see* Para No. 11 of Chapter-I)

Recommendation (Para No. 4)

The Committee also note that the Planning Commission has not yet finalised the Eleventh Plan proposals of DoIT though an allocation of Rs. 1500 crore has been made for the Annual Plan 2007-2008. In the Committee's opinion, the Eleventh Plan proposals should have been finalised well before the commencement of the Plan period so that the Department could have ensured their preparedness for implementation

of the Plan schemes right from day one of the Plan period. As any further delay in finalisation of the Plan proposals is likely to affect the implementation of the major schemes envisaged in the Plan, the Committee stress that the Eleventh Plan proposals in respect of the Department of Information Technology be finalised expeditiously.

Action taken by the Government

A meeting was held in Planning Commission on 26.4.2007 for Zero Based Budget/Outlays for Annual Plan 2008-09 and Steering Committee meeting of Communication & Information Technology on 30th May 2007 to finalize the Eleventh Plan (2007-12) proposal of the DIT. The report on Steering Committee meeting of Communication & Information Technology is awaited.

Comments of the Committee

(Please *see* Para No. 14 of Chapter-I)

Recommendation (Para No. 8)

The Committee take a serious note that in some States/Union Territories, namely Arunachal Pradesh, Lakshadweep, Dadra and Nagar Haveli, Jammu and Kashmir, Daman and Diu, Goa and Andhra Pradesh, the progress in respect of establishment of SWAN has been lagging far behind the schedule. With the preparatory work having not been completed by these States/Union Territories, the SWAN proposals, as felt by the Department, might not be ready even by the middle of 2008. In fact, the progress has been extremely slow even thought he scheme for the establishment of SWAN at a total outlay of Rs. 3334 crore was approved by the Government on 28th March, 2005. While taking serious note of the inordinate delay in submission of SWAN proposals by these States, the Committee desire that the Department should pursue the matter with the remaining States/UTs and make all out efforts to operationalise the SWAN project in all the States/UTs with the time frame.

Action taken by the Government

Department of IT has undertaken intensive persuasive actions for accelerating the SWAN proposals from the remaining States/UTs so that the approval of proposals and RFP documents from these balance States/UTs are completed at the DoIT level by August, 2007. The State/ UT-wise scenario is as under:

The State of Goa has already initiated wide area network project through a PPP model outside the provisions of the SWAN Scheme.

The SWAN proposal from UT of Lakshadweep has been received by DIT and presently under scrutiny. The State of Andhra Pradesh has intimated that the State would soon submit a revised proposal with enhanced scope to cover all the Mandals in the State. Intensive actions have been taken to prepare the individual SWAN proposals for J&K, Arunachal Pradesh, D&NH and D&D. It is expected that all the remaining proposals would be finalized and approved by the Empowered Committee by August 2007.

Comments of the Committee

(Please *see* Para No. 17 of Chapter-I)

Recommendation (Para No. 9)

As per the outcome Budget (2007-08), a target had been fixed to set up 30,000 ICT based kiosks at village levels across the country by March, 2007 and 1,00,000 kiosks by December, 2007. However, as of now only 19000 CSCs are likely to be established by March, 2008 and a total of 84000 CSCs would be set up by August, 2008. By the end of October 2008, the Scheme is expected to be completely rolled out in the country, subject to the speed with which the State Governments implement the Scheme. As establishment of CSCs is basically the responsibility of the Department, the Committee stress that they should effectively monitor the implementation of the project and also render necessary assistance to the States, wherever required, so that CSCs are fully rolled out at least as per the revised schedule.

Action taken by the Government

DIT is monitoring and driving the CSC Scheme, being implemented by the States, on an ongoing basis. To assist the States in the implementation of the Scheme, DIT has also appointed a National Level Service Agency, which is handholding the States and assisting the States in managing the bid process for the selection of the Service Center Agencies in States.

Comments of the Committee

(Please *see* Para No. 20 of Chapter-I)

Recommendation (Para No. 10)

The Committee were earlier given to understand that as part of core and support infrastructure of NeGP, DoIT have considered it

necessary to first complete the establishment of State Wide Area Network (SWAN) and Common Service Centres (CSC) as these projects require longer time frame for implementation as compared to the State Data Centres. However, they feel concerned to learn that State Data Centres are proposed to be set up only in 20 States by March, 2008, the time by when SWAN project would be operational in 28 States/UTs, as assured by DoIT. The Committee desire that the Department should make serious efforts to establish the SDCs at a faster speed so that the SWANs and CSCs do not remain idle and their benefits begin to accrue to the common people at the earliest.

Action taken by the Government

The State Data Centre scheme is expected to be appraised by EFC in July 2007 and subsequently approval will be obtained. After approval of the SDC scheme, individual SDC proposal of the States will be taken up by the Empowered Committee for approval. The implementation of the individual SDC would start immediately thereafter and is expected to take about 9-12 months.

Comments of the Committee

(Please *see* Para No. 23 of Chapter-I)

Recommendation (Para No. 12)

The Committee are given to understand that DoIT have been facing difficulties in dealing with issues relating to Project Conceptualization and capacity Building. In order to accelerate the implementation of various e-Governance projects, a review meeting of e-Governance is proposed to be held soon by a high level body, chaired by the Prime Minister. The Committee desire that DoIT should utilise this opportunity to highlight and sort out the difficulties being experienced by them in relation to various agencies of the Government with a view to facilitating speedier implementation of the programme.

Action taken by the Government

Noted. Capacity Building Scheme for an amount of Rs. 313.00 crore has been appraised by EFC. The process of obtaining CCEA approval is currently underway.

Comments of the Committee

(Please *see* Para No. 26 of Chapter-I)

CHAPTER V

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

Recommendation (Para No. 13)

The Committee observe that Programme Management Unit (PMU) set up in the DoIT is to provide Secretarial support for the NeGP and technical cum managerial support to line Ministries/Departments. A report prepared by PMU on the status of implementation of NeGP is also being constantly updated based on inputs mainly through the concerned line Ministries/Departments. The Committee would like to be informed of the periodicity of receiving these inputs from the line Ministries/Departments and the mode of receiving them in the PMU. They recommend that inputs in respect of projects implemented/to be implemented by the States/UTs should also be obtained from them and used as the basis of the report prepared by PMU. The Committee further welcome the move by PMU officials to organise field visits to the concerned Ministries/States.

Action taken by the Government

As of now there is no formal mechanism through which Line Ministries/Departments send inputs regarding status of their respective Mission Mode Projects on a periodic basis to DIT/PMU. Information is collected by the PMU through interaction with officials and field visits to Line Ministries and States. Status report is updated continuously and is circulated on a fortnightly basis. To formalize this process, a Monitoring and Evaluation Framework ahs been developed by DIT and implementation process is about to start shortly. This Framework proposes to procure a web enabled application which is to be hosted on the internet. Login id and passwords would be given to key people in various central line Ministries and States, who would directly enter the status information of their projects in the application. This would then be analyzed by the PMU for providing programme level status and feedback to implementing agencies along with meeting out other reporting requirements.

Recommendation (Para No. 14)

The Committee note that 11 market Research agencies empanelled by DoIT have been detailed to carry out impact assessment of

e-Governance initiatives across different States and the Centre. In Phase I of the assessment, about 40 projects covering 10 States and four nationwide projects have been taken up. The Committee recommend that specific time target for completion of the assessment should be fixed so that the assessment reports would be available at the earliest. The shortcomings in the implementation of the programme on the basis of the assessments should be communicated to the concerned Departments/States so that corrective measures thereon could be initiated and the pace of implementation of e-Governance programme speeded up.

Action taken by the Government

Phase-I of the Impact Assessment exercise is likely to be completed by September/October, 2007. Thereafter, the assessment reports shall be made available to all stakeholders, specially implementers of e-Governance projects at State and Central line Ministry/Department to share learnings from this exercise and provide feedback & caveats to enable a more end-user oriented project development and implementation methodology.

Recommendation (Para No. 15)

As informed, the report submitted by PMU would provide a key snapshot of the implementation status of Mission Mode Projects under NeGP. DoIT is reportedly exploring the option of placing the status of implementation of MMPs in the public domain. The Committee believe that this step would play a meaningful role in the implementation of NeGP as all the stakeholders will have acess to the status of implementation of MMPs bringing in transparency in the system. They desire that the possibility of making the public aware of the status of MMPs and inviting their feedback and suggestions to facilitate their cooperation and participation, should also be looked into.

Action taken by the Government

A Monitoring and Evaluation Framework has already been developed by DIT and work on development of application for the same is also in progress. In the meantime, PMU has started collecting information about various projects and it has also been published on the website of DIT at *www.mit.gov.in.* Though this information is not updated on a real time basis, it is envisaged that once M&E framework is implemented, continuous updating of status information would be possible. As far as making public aware of the status of Mission Mode Projects (MMPs) and inviting feedback and suggestions is concerned,

that is the basic idea with which status has been published on the website and this would be publicized in various e-Governance workshops and forums.

Recommendation (Para No. 16)

The Committee note that in order to spread awareness and promote usage of e-Governance amongst common man, the DoIT have adopted a multi-pronged strategy involving multi-media approach such as use of mass media, advocacy seminars and workshops for implementers, sensitization workshops for implementing agencies, and on ground activities specific to the context for rural audience. Currently the Department are in the process of selecting and empanelling advertising agencies to carry out these tasks. The Committee suggest that the mobilization process should primarily target the common people who would ultimately be the users and the strategy and the medium of advertising e-Governance should be chosen keeping them in mind.

Action taken by the Government

While the multi pronged strategy does target the different stakeholders of NeGP, the primary focus of the awareness strategy is the common man and the advertising campaign shall be designed keeping the same in mind.

Recommendation (Para No. 20)

In their 29th Report on Demands for Grants (2006-2007) relating to the Department, the Committee had expressed their serious concern about the sustainability of STP Scheme after the emergence of Special Economic Zones (SEZs). The SEZs Scheme in its present form did not meet the objective of spreading the growth of software industry and the companies under STP Scheme had expressed their concern about the sustainability of the STP Scheme. Although the STP Scheme is a standing scheme, the tax holiday would be available to STPI units only upto 31st March, 2009 with the move to restrict corporate tax exemption to only new units of SEZ. however, a Committee chaired by Member Secretary, Planning Commission with Secretaries from Departments of Commerce, Information Technology, Revenue and Economic Affairs as members had recommended further extension of fiscal benefits to STPI units as there is no intrinsic merit in forcing existing STPI units to move to SEZs for availing the fiscal benefits. The Committee have been informed that based on the recommendations of the Committee, DoIT have taken up with concerned Ministries a proposal for extension of tax benefits under Sections 10A and 10B of

the Income Tax Act, 1961 to STPI units for 10 years and granting to STPI units the same facilities that are available to SEZs. The Committee trust that the matter would be pursued to its logical conclusion and STPI units would be provided with the same tax concessions that are available to SEZs. The Committee would like to be apprised of the final decision taken in this regard.

Action taken by the Government

DIT has taken up this matter with Ministry of Finance.

Recommendation (Para No. 22)

The Committee are informed that as only 10 percent of the US$ 300 billion market potential in IT and IT Enabled Services (IT-ITES) has been addressed so far, there is significant headroom for growth. Moreover, India is fundamentally advantaged and uniquely positioned to sustain its global leadership position, grow its offshore IT-ITES industries at an annual rate of 24-25 percent, sustain nearly 10 million jobs, and generate export revenues of about US$ 86 billion by 2012. They also note that the Hon'ble President in his address at the special session of NASSCOM-2006 had asked the industry to aspire to increase its market share to $200 billion in the IT services, ITES and BPO sector. He had also called for the required policy initiatives in the area of concerns and challenges needed to be addressed in the IT Industry and proposed to constitute a Committee to conduct mid term review of the progress on the recommended policy action and their impact. The Committee would like to be informed of the status in this regard.

Action taken by the Government

The Working Group on IT for the Eleventh Five Year Plan had noted that the targets of about US$ 86 billion by 2012 and US$ 60 billion by 2010 are relatively modest compared to US$ 200 billion; and indicated that the certain concerns and challenges need to be addressed urgently for the industry to even achieve these targets. The required policy actions for achieving the same have been recommended by the Working Group, which are listed under the recommendation No. 23 of the Standing Committee on IT. Further, it has been proposed by the above Working Group that a Committee be re-constituted to conduct a mid term review of the progress on recommended policy action and their impacts and may consider an upwards revision of the industry revenue targets, based on the observed success.

Information Kiosks in all the High Courts

Recommendation (Para No. 29)

The Committee observe that a target had been fixed for NIC to set up Information Kiosks in all the High Courts and their Benches. Upgrade LAN and Servers to the High Courts and to develop digital signature and related software in the High Courts by September, 2006 which has not been executed. However, it has been stated that approval was given subsequently for computerization of 13000 district and subordinate courts throughout the country and upgradation of the computer/IT facilities at the Supreme Court and 21 High Courts at a cost of Rs. 442.00 crore for which NIC has been made the implementing agency. As a result of this, all activities connected with provision of IT facilities to the judiciary would be undertaken as part of this project. In view of the importance of the project at hand meant to provide IT backup to the entire judicial system in the country, the Committee trust that NIC will rise to the occasion and execute the project well within the timeline.

Action taken by the Government

The Government has given approval for computerization of 13,000 District & Subordinate Courts and upgradation of computer/IT facilities at Supreme Court & 21 High Courts. NIC being the implementing agency is to executive the project in coordination with E-Committee. NIC and E-Committee would work out the action plan for the timely implementation of the project.

Media Lab Asia

Recommendation (Para No. 32)

The Committee observe that Media Lab Asia was set up as a non-profit organization with a vision of leveraging the information and communication technologies and other advanced technologies for the benefit of the common man. In their 29th Report on Demands for Grants (2006-2007) of DoIT, the Committee had expressed their serious concern that although a sum of Rs. 65 crore was released during the first two years of its operation, nothing substantial had been done for four years up to 2005-2006. With an allocation of Rs. 10 crore to MLA in fiscal 2006-2007, the Committee had also expressed hopes that its restructuring process would be completed expeditiously. However, the Committee were further informed that although a full time MD/CEO had joined on 16th October, 2006 the full team in MLA is expected

to be in position only by 30th June, 2007 as the process of selection of officers and staff has been initiated. The Committee express their serious displeasure about the manner in which MLA, set up to take the benefits of new technologies to the common masses, has been functioning since its inception. They fail to comprehend as to why the process of selection of officers and staff should take such a long time on account of which its operations are practically on a standstill. They, therefore, stress that the restructuring of MLA should be completed within the shortest possible time and the Committee be apprised of the status thereon.

Action taken by the Government

MD & CEO, Media Lab Asia (MLA) after his joining in October, 2006 initiated the action of recruitment of Officers and Staff for MLA during the month from January to March 2007. Some Staff and Officers at lower levels have joined, while others are going to join in next couple of months. The Officers at senior levels have been selected by a Selection Committee and the process of their appointment has been initiated. A Senior level Committee under the Chairmanship of Dr. R. Chidambaram, Principal Scientific Adviser to Government of India has been also set up to review Media Lab Asia Programme. The Committee is expected to give their recommendations by end of October-November, 2007.

Recommendation (Para No. 33)

The Committee observe that the Sub-Committee on Research & Development on IT constituted for making recommendations for the Eleventh Plan had recommended an allocation of Rs. 150 crore per annum for each year of the Plan period which amount to a total of Rs. 750 in five years to MLA for achieving the massive task of reaching out to 6.5 lakh villages in the country with ICT based personalised services. Against this, the Plan outlay for 2007-2008 has been only Rs. 10 crore. However, DoIT have informed that an Evaluation Committee has been constituted to review the activities of MLA as per the Cabinet decision and allocation of additional funds would be taken up subsequently. While welcoming the move to review the functioning of MLA, the Committee only hope that this process would be completed expeditiously. The Committee recommend MLA should be revamped on the basis of the findings of the Evaluation Committee so that it could become an effective agent for embarking upon the ambitious mission of reaching the information and communication technologies to the common man. Soon after this process is completed,

allocation of additional outlay for funding the projects envisaged should also be taken up for serious consideration.

Action Taken by the Government

A Committee of experts has been constituted under the Chairmanship of Dr. R. Chidambaram, Principal Scientific Adviser to Government of India. The first meeting of the Committee was held on 11.7.2007 and second is fixed in middle of the August, 2007. The Committee is expected to give its recommendations by end October—November, 2007.

NEW DELHI;

3 *December,* 2007

12 *Agrahayana,* 1929 *(Saka)*

NIKHIL KUMAR,

Chairman,

Standing Committee on

Information Technology.

APPENDIX I

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2007-08)

The Committee sat on Friday, the 30th November, 2007 from 1630 hrs. to 1815 hrs. in Committee Room No. G-074, Parliament Library Building, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Ramesh Dube
4. Shri Nikhil Kumar Choudhary
5. Shri G. Nizamuddin
6. Shri Badiga Ramakrishna
7. Shri Tufani Saroj
8. Shri Tathagata Satpathy
9. Shri K.V. Thangka Balu

Rajya Sabha

10. Shri N.R. Govindrajar

SECRETARIAT

1. Shri P. Sreedharan	—	*Joint Secretary*
2. Shri P.C. Koul	—	*Deputy Secretary*
3. Shri D.R. Mohanty	—	*Under Secretary*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. Thereafter, the Committee considered and adopted the following Draft Reports:—

(i)   ***   ***   ***

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

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

(iv) Draft Report on action taken by the Government on the recommendations/observations of the Committee contained in their Forty-Sixth Report on Demands for Grants (2007-2008) relating to the Ministry of Communications and Information Technology (Department of Information Technology).

3. The Committee, then, authorised the Chairman to finalise the above said Draft Reports and present the same to the House.

The Committee, then, adjourned.

***Matter not related to this Report.

[*Vide* Paragraph No. 5 of Introduction]

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE
RECOMMENDATIONS/OBSERVATIONS CONTAINED IN
FORTY-SIXTH REPORT (FOURTEENTH LOK SABHA)
OF THE COMMITTEE

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

Sl. Nos. 1, 5, 6, 7, 11, 17, 19, 21, 23—28, 30, 31, 34 & 35

Total: 18

Percentage: 51.43%

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

Sl. No. 18

Total: 01

Percentage: 2.86%

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

Sl. Nos. 2, 3, 4, 8, 9, 10 and 12

Total: 07

Percentage: 20%

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

Sl. Nos. 13—16, 20, 22, 29, 32 and 33

Total: 09

Percentage: 25.71%

FIFTY-FOURTH REPORT

STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2007-2008)

(FOURTEENTH LOK SABHA)

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

[Action taken by Government on the Recommendations/Observations of the Committee contained in their Forty-Sixth Report (Fourteenth Lok Sabha) on Demands for Grants (2007-2008)

Presented to Lok Sabha on 04.12.2007
Laid in Rajya Sabha on 05.12.2007

LOK SABHA SECRETARIAT
NEW DELHI

December, 2007/*Agrahayana,* 1929 *(Saka)*

C.I.T. No. 176

Price : Rs. 56.00

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ON INFORMATION TECHNOLOGY
(2007-2008)

Shri Nikhil Kumar — *Chairman*

MEMBERS

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2. Shri Abdullakutty

3. Shri Ramesh Dube

4. Shri Nikhil Kumar Choudhary

5. Shri Sanjay Shamrao Dhotre

6. Smt. Jayaprada

7. Shri Narahari Mahato

8. Shri Bhubaneshwar Prasad Mehta

9. Shri Harish Nagpal

10. Shri G. Nizamuddin

11. Shri Sohan Potai

12. Shri Lalmani Prasad

13. Kunwar Jitin Prasad

14. Shri Badiga Ramakrishna

**15. Prof. Prem Kumar Dhumal

16. Shri Tufani Saroj

17. Shri Tathagata Satpathy

18. Smt. Rubab Sayeda

19. Shri K.V. Thangka Balu

20. Shri P.C. Thomas

21. Shri Kinjarapu Yerrannaidu

Rajya Sabha

22. Shri Praveen Rashtrapal

23. Shri Ravi Shankar Prasad

24. Shri Dara Singh

25. Shri A. Vijayaraghavan

26. Shri N.R. Govindrajar

27. Shri Motiur Rahman

28. Shri Eknath K. Thakur

29. Shri Shyam Benegal

30. Shri Rajeev Chandrasekhar

*31. Shri Gireesh Kumar Sanghi

SECRETARIAT

1. Shri M. Rajagopalan Nair — *Additional Secretary*

2. Shri P. Sreedharan — *Joint Secretary*

3. Shri P.C. Koul — *Deputy Secretary*

4. Shri D.R. Mohanty — *Under Secretary*

---

* Nominated *w.e.f.* 24 August, 2007.

** Nominated *w.e.f.* 5 October, 2007 vice Vishnu Deo Sai ceased to the member of this Committee *w.e.f.* 30 August, 2007.

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology, (2007-2008) having been authorised by the Committee to submit the Report on their behalf, present this Fifty-Fourth Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in their Forty-Sixth Report (Fourteenth Lok Sabha) on 'Demands for Grants (2007-2008)' relating to the Ministry of Communications and Information Technology (Department of Information Technology).

2. The Forty-Sixth Report was presented to Lok Sabha on 27 April, 2007 and laid on the Table of Rajya Sabha on the same day. The Department furnished Action Taken Notes on the Recommendations/ Observations contained in the Report on 24 July, 2007.

3. The Report was considered and adopted by the Committee at their sitting held on 30 November, 2007.

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

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

New Delhi;
3 *December,* 2007
12 *Agrahayana,* 1929 *(Saka)*

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

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FOURTEENTH LOK SABHA

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

[Action taken by Government on the Recommendations/Observations of the Committee contained in their Forty-Sixth Report (Fourteenth Lok Sabha) on Demands for Grants (2007-2008)

FIFTY-FOURTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2007/*Agrahayana*, 1929 *(Saka)*