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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2008-2009)**

(FOURTEENTH LOK SABHA)

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

[Action Taken by the Government on the Observations/Recommendations of the
Committee contained in their Fifty-eighth Report (Fourteenth Lok Sabha) on
Demands for Grants (2008-2009)]

SIXTY-FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2008/Bhadrapada, 1930 (Saka)

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(DEPARTMENT OF INFORMATION TECHNOLOGY)

*[Action Taken by the Government on the Observations/
Recommendations of the Committee contained in
their Fifty-eighth Report (Fourteenth Lok Sabha)
on Demands for Grants (2008-2009)]*

*Presented to Lok Sabha on 20 October, 2008
Laid in Rajya Sabha on 22 October, 2008*



LOK SABHA SECRETARIAT
NEW DELHI

August, 2008/Bhadrapada, 1930 (Saka)

CIT No. 198

Price : Rs. 76.00

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eleventh Edition) and Printed by S. Narayan & Sons, New Delhi-20.

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(ii)

COMPOSITION OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2008-2009)

Shri Nikhil Kumar—*Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Shri Ramesh Dube
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. Vacant
14. Shri Tufani Saroj
15. Shri Tathagata Satpathy
16. Smt. Rubab Sayeda
17. Shri K.V. Thangka Balu
18. Shri P.C. Thomas
19. Shri Kinjarapu Yerrannaidu
20. Vacant
21. Vacant

* Shri Badiga Ramakrishna, M.P. ceased to be a member of the Committee *w.e.f.* 26 August, 2008.

Rajya Sabha

22. Shri Praveen Rashtupal
23. Shri Gireesh Kumar Sanghi
24. Shri Ravi Shankar Prasad
25. Shri Dara Singh
26. Dr. C.P. Thakur
27. Shri A. Vijayaraghavan
28. Shri N.R. Govindarajar
29. Shri Rajkumar Dhoot
30. Shri Rajeev Chandrasekhar
31. Shri Shyam Benegal

Secretariat

- | | | |
|-----------------------------|---|-------------------------|
| 1. Shri Rajagopalan Nair M. | — | <i>Secretary</i> |
| 2. Shri P. Sreedharan | — | <i>Joint Secretary</i> |
| 3. Smt. Sudesh Luthra | — | <i>Director</i> |
| 4. Shri P.C. Koul | — | <i>Deputy Secretary</i> |
| 5. Shri D.R. Mohanty | — | <i>Under Secretary</i> |

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2008-2009) having been authorised by the Committee to submit the Report on their behalf, present this Sixty-fifth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-eighth Report (Fourteenth Lok Sabha) on 'Demands for Grants (2008-09)' of the Ministry of Communications and Information Technology (Department of Information Technology).

2. The Fifty-eighth Report was presented to Lok Sabha on 16 April, 2008 and laid on the Table of Rajya Sabha on 15 April, 2008. The Department furnished their Action Taken Notes on the Observations/Recommendations contained in the Fifty-eighth Report on 10 July, 2008.

3. The Report was considered and adopted by the Committee at their sitting held on 27 August, 2008.

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

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

NEW DELHI;
27 August, 2008

5 Bhadrapada, 1930 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

REPORT

CHAPTER I

This Report of the Standing Committee on Information Technology deals with action taken by the Government on the Observations/ Recommendations of the Committee contained in their Fifty-eighth Report (Fourteenth Lok Sabha) on the Demands for Grants (2008-09) pertaining to the Ministry of Communications and Information Technology (Department of Information Technology).

2. The Fifty-eighth Report was presented to Lok Sabha on 16 April, 2008 and was laid on the Table of Rajya Sabha on 15 April, 2008. It contained 34 Observations/Recommendations.

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

- (i) Observations/Recommendations, which have been accepted by the Government:
Para Nos: 1-7, 9-11, 13-16, 19, 22-25, 27-32 and 34
(Total : 26)
(Chapter-II)
- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:
(Total : NIL)
(Chapter-III)
- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
Para No: 8, 12, 17, 18, 20, 21 & 26
(Total : 07)
(Chapter-IV)
- (iv) Observations/Recommendations in respect of which reply is of interim nature:
Para No: 33
(Total : 01)
(Chapter-V)

4. The Committee trust that utmost importance would be given to implementation of the observations/recommendations 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 observations/recommendations 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.

Tenth & Eleventh Plan Outlays

Recommendation (Para No. 3)

6. The Committee in their Fifty-eighth report had observed that the Department inspite of utilising 99.97% of the funds allocated during the Tenth Plan, have been allocated 69 per cent of the funds sought by them for the Eleventh Plan *i.e.* an allocation of Rs. 12496.00 crore against the proposed Rs. 18160.79 crore. Since the drastic cuts in the proposed funds affected the performance of the Department in view of lowering of targets, etc. the Committee had recommended that IT sector being the sunshine area of Country's economy, all efforts should be made by the Government promptly so that the genuine needs of funds of the Department were met fully.

7. The Department in their Action Taken Note have stated that efforts are consistently made for allocation of adequate resources and the Planning Commission had been approached for allocating higher GBS in the year 2008-09.

8. The Committee while examining the Demands for Grants (2008-09) of the Department had already got themselves acquainted with all the efforts made by the Department for securing the funds projected in their proposal for the Eleventh Plan including their approaching the Planning Commission for allocating higher GBS for the current fiscal (2008-09). The fact, however, remains that these efforts of the Department have not borne fruits and their proposal for the financial resources for the Eleventh Plan has been reduced by more than 30%. The Committee, therefore, expect that rather than apprising them about the efforts made in the time gone by the Department would get down to the task of securing enhanced allocations for the remaining part the Eleventh Plan right from the 2008-09 RE stage onwards. In

view of the commendable track record the Department of information Technology in utilizing the Tenth Plan allocations, the Committee find no reason why the Planning Commission/Ministry of Finance would be reluctant to cater to the legitimate financial requirement of the Department.

Outstanding Utilisation Certificates (UCs)

Recommendation (Para No. 7)

9. Having noted that as many as 504 Utilisation Certificates (UCs) for funds amounting to Rs. 615.66 core were pending by various States and implementing agencies (as on 31.12.2007), the Committee in the aforementioned Report had while expressing their concern about the insufficiency in the efforts of the Department in this regard, asked them to make all efforts to clear the pendency and also put in place adequate safeguards to avoid recurrence of the same.

10. In their Action Taken Note the Department have stated that efforts are being made to liquidate the pending UCs. The Department have further mentioned that no sanction is issued unless the UC for the earlier grant is received. In a special drive JS& FA took meetings with the Heads of different Divisions, Controller of Accounts, etc. resulting in liquidation of a large number of pending UCs on monthly basis. It is hoped that the number of pending UCs/unspent balances will certainly come down soon.

11. The Committee note the Department's efforts to liquidate the pending UCs including the Special Drive launched for the purpose which has according to the Department resulted in liquidation of a large number of UCs. However, in view of the vagueness of the reply and in order to get a better idea to the results achieved through these efforts the Committee would like to be furnished with a detailed reply complete with all facts and figures at the earliest. They would also like to be apprised about the updated position of the pending UCs/unspent balances.

National e-Governance Plan (NeGP)

Recommendation (Para No. 8)

12. In their previous Report, the Committee having observed the allocation of a sum of Rs. 800.00 crore only against Rs. 1053.63 crore sought by the Department for National e-Governance Plan had asked the Government to ensure that no roadblocks in the form of administrative

delays or financial constraints come in the way of the Department of Information Technology in their endeavours. The Committee had also impressed upon the Department to strive their utmost to meet the high expectations from NeGP and to implement it at the earliest.

13. The Department in their Action Taken Note have stated that the observations and advice of the Committee are noted.

14. The Committee are not satisfied with the vague reply of the Department. Instead of just casually dealing with the Recommendation of the Committee on matter of such national importance, the Department should unambiguously spell out the concrete measures taken by them to ensure that the implementation of NeGP does not suffer from administrative delays or financial constraints and fructifies without any further staggering of targets.

State Data Centres (SDCs)

Recommendation (Para No. 10)

15. The Committee having observed continuing time over-runs in the implementation of the State Data Centre (SDC) Scheme had in their Fifty-eighth Report expressed strong disapproval at the Department's way of handling the Scheme and desired that atleast 20 Data Centres be established and operationalised by March, 2009.

16. The Department in their Action Taken Note while agreeing with the observations of the Committee that the SDC scheme needs to be taken up on priority for implementation in the States have stated that they would take all necessary actions to ensure that the directives of the Committee are followed and all necessary steps shall be taken for establishing and operationalising of 20 Data Centres by March 2009. They have further informed that since the SDC Scheme approval by the Government in January 2008, proposal of 23 states/UTs have been approved and funds released to them as part of first year's requirement. The States/UTs have also been advised to initiate activities/actions required for timely completion of the SDC. Further the Template RFP has been forwarded to the States by DIT and State consultants assigned to the respective states shall work closely with the States in various activities connected with the successful implementation of the SDC.

17. It has been further stated that considering the linkage between SDC, SWAN and CSCs in delivery of services to citizens, DIT has been endeavouring to ensure that these three parts of the service delivery platform become available in each State together. The States, on their

part, have also been striving to coordinate the implementation of all the three and achieve their completion simultaneously. Considering the lead time for each of these projects. DIT have advised States to first put in place implementation arrangement for SWAN and CSCs and then take-up SDCs. This is now being done by most States vigorously.

18. Since the Scheme approval by the Government on 24th January 2008, the SDC proposals for the following States/UTs have been approved with outlays indicated against each:

Sl. No.	State/UT	Total Project Cost Over 5 Years (Rs. in Crore)	DIT Share	Amount Released so far
1	2	3	4	5
1.	Assam	49.04	11.97	3.82
2.	Andhra Pradesh	55.75	18.37	4.19
3.	Chhattisgarh	49.15	18.24	4.12
4.	Goa	33.06	12.48	1.80
5.	Gujarat	55.04	18.30	4.40
6.	Haryana	50.68	13.5	4.18
7.	HP	43.64	16.32	3.72
8.	Jharkhand	46.92	13.31	4.16
9.	Kerala	55.68	18.31	4.16
10.	Madhya Pradesh	55.75	18.37	4.19
11.	Maharashtra	55.77	18.38	4.19
12.	Manipur	39.04	15.16	3.14
13.	Meghalaya	39.21	15.37	3.25
14.	Nagaland	30.68	12.37	2.69
15.	Orissa	54.24	16.94	3.47
16.	Puducherry	29.69	10.28	2.64
17.	Punjab	50.58	13.44	3.72

1	2	3	4	5
18.	Rajasthan	48.92	12.59	4.05
19.	Sikkim	27.39	10.06	2.53
20.	Tamil Nadu	55.8	18.41	4.21
21.	Tripura	40.05	15.44	3.28
22.	Uttar Pradesh	55.33	18.41	4.20
23.	West Bengal	55.25	17.89	3.95
Total		1076.66	353.92	84.06

19. The Committee appreciate the action taken by the Department in pursuance of their recommendation. Now that proposals of the 23 States/UTs have been approved and funds released to them as part of the first year's requirement for the important component of NeGP, the committee exhort the Department to ensure that the SDCs are established and operationalised in the 23 States/UTs mentioned above by March, 2009 positively.

Security Of Sovereign Data

Recommendation (Para No. 11)

20. Appreciating that the State Data Centre form a crucial component of core infrastructure of National e-Governance Plan, the Committee, in their earlier Report, had suggested that the implementation of SDCs should solely be entrusted to the Government agencies like NIC, ERNET, etc. to ensure safety and sanctity of data. The Committee also desired that the Department should clearly highlight the national security perspective to all participating States and guide/help them in placing adequate safeguards in this regard.

21. The Department, in their Action Taken Note have stated that considering that the State Data Centre would be crucial and critical infrastructure of the State, it has been clearly indicated in the Policy Guidelines that the sovereign control of the data/applications shall be with the state both *de-jure* and *de-facto*. Therefore, the implementation options indicated in the Policy Guidelines put the establishment and operations of the Data Centre directly with the State to be implemented through State Government Designated Agency and would be assisted by NIC domain experts as part of the Composite Team established at the State for State Data Centre Project. Also where the State/UT adopts

outsourced option, it has been clearly indicated that the servers shall be owned and operated by the State and the management of the Data/ information shall be under the direct control of the State both *de-jure* and *de-facto*. It may be informed that all the 23 States/UTs whose proposals have been approved have opted for the option, where setting up of Data Centre and operation & management would be with the State. As part of best practices for the Data Centre, DIT have also elaborated in the Policy Guidelines on the importance of data access, data security, data privacy and data protection requirements to be followed and ensured during implementation of the State Data Centre. DIT shall continue to advise and provide/render all possible help and support to the States in this regard on an ongoing basis both during implementation and post implementation phase of the State Data Centre.

22. The Committee note the action taken by the Department to meet the concerns of the Committee about national security and protection of sovereign data. They, however, desire that their concerns should also be kept in view while establishing State Data Centres in the remaining States.

Common Service Centres (CSCs)

Recommendation (Para No. 12)

23. The Committee in their previous Report, on finding that out of 100000+CSCs proposed to be established in the country by 2008 only 3338 had been set-up thereby necessitating staggering of the timeline to March 2009 had, while expressing their disappointment in the matter, impressed upon the Department to expedite the roll out of CSCs Scheme as per the revised deadline.

24. The Department in their Action Taken Note have stated that the recommendation of the Committee is noted. It has been further stated that DIT is actively driving and monitoring the implementation of the CSCs Scheme, and doing all it can to speed up the implementation. However, it must be stressed that the actual implementation of the CSCs Scheme on the ground, as per the design of the CSCs Scheme, is the responsibility of the State Governments. The design of CSCs Scheme calls for the selection of a Service Centre Agency (Private Agencies which will actually set up the CSCs) by the State Government and it is this Agency which actually sets up the CSCs on the ground. Currently, on account of the proactive intervention of DIT and the support provided to the States by DIT through the National Legal Service Agency (NLSA) and the active involvement of the State Governments, bid evaluation for setting up more

than 90,000 CSCs has been completed. It is expected that CSCs would be set up in most States by the end of FY 2008-09. However, it must be stressed that the bid process management, award of work and facilitation of implementation by the selected agency is done by the State Government. Since as per design the contract with the Service Centre Agency (SCA) is signed by the State Government, it may be noted that the actual period of implementation from the date of signing the contract with the SCA is 12 months in most cases as per the detailed statement shown at page 52 to 56 of chapter IV Hence the projections now being made are based on actual contractual arrangements entered into by State Government.

25. From the statement furnished by the Department regarding the status of implementation of CSCs Scheme, the Committee find that information has been furnished in respect of 14 States/UTs only. In case of four States viz. Jharkhand, West Bengal, Haryana and Gujarat where a total of 18518 CSCs were to be rolled out between 5 April to 22 July, 2008 in various phases, no information as regards to their exact status has been furnished by the Department even though the roll out deadlines are over. The Committee also observe that out of the 14 States/UTs for which the status of implementation of CSC Scheme has been furnished, atleast four States viz. Uttar Pradesh, Uttarakhand, Orissa and Meghalaya, where a total of 29496 CSCs are to be rolled out, are going to miss the revised timeline of March, 2009. The Committee are concerned by this continuing unsatisfactory state-of-affairs. This indicates the casual approach of the Department towards this very important component of NeGP. The CSCs are the intended delivery platforms of the NeGP. Any delays in their roll outs would make the entire Scheme go haywire. The Committee, therefore, desire that the Department should work in right earnest to ensure that the roll out of 100000+CSCs, as originally envisaged, should be operationalised by the revised timeline of March, 2009 positively. They would also like to be furnished with the information about the exact status of implementation of CSCs Scheme in the remaining States/UTs.

Monitoring Bodies of Elected Representatives

Recommendation (Para No. 13)

26. In their earlier Report, the Committee had recommended that the Department should enforce a very comprehensive and strict monitoring regime for ensuring co-ordination amongst various agencies and State Governments for the implementation of the CSCs Scheme. The Committee had also desired that monitoring bodies of elected representative at Central, State, district and local level be formed to further this end.

27. The Department in their Action Taken Note have stated that the monitoring of the implementation of the CSCs Scheme is being done on a regular basis. This is being done by DIT with the assistance of the NLSA. Further, the State Governments, through the State Designated Agencies (SDA), are also monitoring the deliverables and performance of the Service Centre Agencies (SCAs). It may be mentioned that when the work for establishing the CSCs is awarded to the SCAs, clearly defined milestones are a part of the Master Service Agreement (MSA) which is signed between the SCA and the SDA. Further, the MSA also contains suitable clauses to ensure that if a particular SCA does not establish the CSCs as per the timelines indicated in the MSA (excluding circumstances beyond its control), it would be eligible for penalties. The performance of the SCAs is monitored on the basis of the MSA by the SDA and reports regarding the progress of implementation is also received by DIT. A detailed progress report on the CSCs Scheme is attached with this report. Hence DIT would like to assert that there is strict monitoring of the CSCs Scheme by DIT and proper coordination with the State Governments in this regard.

28. Regarding the suggestion of the Standing Committee to monitor the CSC Scheme by bodies of elected representatives, it has been stated that the DIT welcomes the suggestion of the Committee to have a body of elected representatives at the State, District and local levels, to monitor the CSCs Scheme. DIT will advise the State Governments to set up a suitable mechanism for involving elected representatives for monitoring the CSCs Scheme at the State, district and local level. However, at central level it is felt that the Parliamentary Standing Committee itself has to be the most appropriate body to carry out this monitoring.

29. The Committee note with satisfaction that the Department have acknowledged the desirability of having a body of elected representatives at the State/district/local levels to monitor the CSCs Scheme and that they intend to advise the State Governments to set up a suitable mechanism for involving the elected representatives for the purpose. The Committee, however, strongly feel that keeping in view the pressing need for expediting the CSCs Scheme roll out, the Department ought to have already sent the advisory to the State Governments in the matter by now. They, therefore, impress upon the Department to do the needful without any further delay and apprise the Committee about the action taken.

Monitoring and Follow up at Various Fora

Recommendation (Para No. 15)

30. The Committee in their earlier Report felt the urgent need to provide projects specific interfaces between the State and Line Ministries/ Departments and opined that the implementation of NeGP should be a part of the agenda of all inter State meetings and conferences, etc. so as to resolve ambiguities and remove hurdles, for timely implementation of NeGP and its components. The Committee had also desired cooperation and coordination of various State agencies for timely implementation of NeGP particularly in the context of the State sector MMPs.

31. The Department in their Action Taken Note have stated that steps have been taken to coordinate the role and the responsibility of the State Government Departments and the Central Line Ministries/ Departments in project implementation of State Sector MMPs under NeGP. Implementation of NeGP was taken up as an Agenda in the Conference of Chief Secretaries of State and Union Territories recently held on 22nd April 2008. A conference of the State IT Secretaries is proposed to be called by the Minister of Communications and Information Technology in the month of July 2008, to coordinate States' action for timely implementation of NeGP, particularly State sector MMPs. Action would also be initiated to make NeGP implementation a part of the agenda of Chief Ministers' Conference, Inter-State fora like NDC and Governors meet to improve coordination.

32. The Committee appreciate the initiatives taken by the Department in pursuance of their recommendation and hope that all these measures proposed would be taken to their logical conclusion. They, would also like to be apprised about the outcome of the aforesaid two Conferences and the steps taken, thereafter, for timely and effective implementation of NeGP.

Software Technology Parks of India (STPI)

Recommendation (Para No. 17)

33. In their Fifty-eighth Report, the Committee having noted the drastic pruning down of the budgetary proposal of STPI from Rs. 12.00 crore to Rs. 2.00 crore in 2007-08 at RE stage and no allocation being made to STPI for 2008-09 against the projection of Rs. 60.00 lakh, had desired to know from the Department the reasons behind the same. In response, initially, an impression was given to the Committee that since STPIs generated enough accruals they did not require budgetary

support. However, during the course of evidence, the Department admitted that while internal accruals were sufficient for the maintenance of the existing 48 centres, budgetary support was required by STPI for opening new centres. The Committee had, therefore, in their previous Report recommended that not only should STPI clearly project its financial requirements so as to make the budget exercise realistic, contradictory statements should also be avoided.

34. In response, in their Action Taken Note the Department have stated that 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 build up space and a grant in aid of Rs. 1 crore to STPI. DIT provide a seed capital of Rs. 50 lakh to STPI for setting up a new centres. STPI has projected a budgetary support of Rs. 100 lakh during a financial year to establish two centres in a year.

35. The action taken reply of the Ministry is a mere reiteration of a policy, which has already been submitted to the Committee time and again in the past, without even a word on the specific action taken on recommendation of the Committee. The Committee strongly deprecate this casual attitude of the Department and desire that a specific reply complete in all respects may be furnished to them within one month from the presentation of this Report enumerating action taken in pursuance of the instant recommendation of the Committee.

Broadbasing STPI Centres

Recommendation (Para No. 18)

36. In their previous Report the Committee on finding that a majority of software export was centred around tier I and II cities and in the forward/developed States of the country had recommended that STPI should open new centres also in tier III and IV cities as also in less developed States to provide the requisite growth impetus to these areas.

37. In their action taken note the Department have stated that as per current policy for setting up a new STPI centre, the State Government has to provide 3 acres of land, 10000 sq. ft. of built up space and a grant-in-aid of Rs. 1 crore to STPI. DIT provide a seed capital of Rs. 50 lakh to STPI for setting up of new STPI Centres. 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.

38. The Committee are not satisfied with the action taken reply furnished by the Department. The Committee are aware of the current

policy and the resultant tier I and II cities centric growth of the software export. Precisely due to these very reasons, the Committee had recommended that STPI, in order to stimulate and expand growth in the IT sector, should open new centres in tier III and IV cities as also in lesser developed States. The Committee, therefore, desire that rather than apprising them of the current policy for setting up of new STPI centres the Department should furnish a specific response about how to encourage setting up of new centres in tier III and IV cities as also in lesser developed States even if it requires some additional initiatives and incentives on the part of the department.

Additional Benefits For STPI Units

Recommendation (Para No. 19)

39. On being informed that the withdrawal of tax benefits to STPI units from March, 2009 might adversely affect these units and the fact that although the matter had already been taken up by the Department with the Ministry of Finance, a decision was still pending, the Committee had asked the Department to vigorously pursue the matter with the Ministry of Finance for an expeditious decision. The Committee had also asked the Department to formulate a new/supplementary scheme with additional benefits to the IT companies and small and medium enterprises already established or being established in small cities/towns.

40. In response the Department, in their Action Taken Note, have stated that as per the extract from the reply of the Finance Minister, to the debate in the Lok Sabha on the Finance Bill, 2008, it is decided that the two sections (10A and 10B of the Income Tax Act) will be amended and exemptions continue until 31.3.2010.

41. The Committee note with satisfaction that the income tax benefits to the SPTI units have been extended by another year i.e. upto 31 March, 2010. The Committee, however, feel that such yearly extensions are not sufficient to dispel the anxieties of the STPI units, most of whom are small and medium enterprises. The Committee had, therefore, in their previous recommendation asked the Department to formulate a new/supplementary scheme with additional benefits for the STPI units already established or being established in smaller cities/towns. The action taken reply of the Department is completely silent in this regard. The Committee, therefore, desire a specific reply from the Department in the matter to enable them to take a final view.

Promotion of Electronics/ IT Hardware Manufacturing

Recommendation (Para No. 20)

42. The Committee, in their earlier Report, having observed that the Hardware Sector was lagging far behind the Software Sector and the Department's endeavours of getting a Discussion Paper prepared; this discussion paper considered by a task force; the task force constituting another small group to submit a report to them, and the decisions on the task force on the basis of the report of this small group being implemented by various Ministries/Departments had apparently not having yielded any results had while expressing their unhappiness over this piecemeal and disjointed effort felt that if the Department had timely formulated the National Hardware Policy, the Hardware Sector would also have been buoyant and kept pace with the Software Industry. They had, therefore, desired that the Department should come up with a well laid out comprehensive National Policy on Electronic/IT Hardware sector without any further delay.

43. The Department of Information Technology in their Action Taken Note have stated as under:-

"The Department of Information Technology is actively engaged in promotion of Electronics Hardware Manufacturing in the country. DIT had prepared "A Discussion Paper on the Conceptual Policy Framework to Promote Growth of Electronics/IT Hardware Manufacturing Industry" in consultation with the stakeholders. The main objectives of the proposed package of incentives for the Electronics/IT Hardware Manufacturing sector are to make the industry globally competitive, to attract more FDI in the industry, to bring down the prices of the end products (by bringing down the production cost and increasing volumes to take advantage of economies and efficiencies of scale) to increase the demand, to compensate for disabilities until the basic infrastructure constraints that the nation faces are removed, and to move towards total taxation level of 12-15% over a period of 3 years.

Most of the proposals contained in the Discussion Paper were to be implemented by other Ministries/Departments. Therefore, as suggested by DIT, the Government decided to constitute a Task Force on Electronics/IT Hardware Manufacturing industry in order to provide a package of incentives to promote the growth of this industry. Member secretary, Planning Commission and Secretaries of the Departments of Information Technology, Industrial Policy & Promotion, Commerce, Revenue, Economic Affairs and Expenditure were members of the Task Force.

The Task Force constituted a small Group under the Chairmanship of Member Secretary, Planning Commission to look into all relevant aspects of the matter and give its recommendations regarding appropriate fiscal as well as other benefits for the Electronics/IT Hardware Industry for consideration of the Task Force. After consideration of the Report of the Group by the Task Force and as a follow up of decisions taken by the Task Force, action has already been taken/initiated for implementation of a number of recommendations by DIT and other concerned Departments.

The present status of implementation of the recommendations/decisions is as under:

(i) Infrastructure Support: Inadequate infrastructure was identified as one of the disability factors being faced by the Electronics Hardware manufacturing sector. As per the recommendation of the Task Force, setting up of Special Investment Regions (SIRs) for Electronics and IT Hardware manufacturing, has been announced *vide* Gazette Notification dated 29.5.2008.

(ii) Incentives for R&D: In addition to existing schemes for funding R&D projects, DIT has put in place the following schemes, as per the recommendation of the Task Force:

- Support International Patent Protection in Electronics & IT (SIP-EIT): The details of the scheme are available on DIT's website.
- Multiplier Grants Scheme: The objective of the Scheme is to encourage industry to collaborate with premier Academic and Government R&D institutions for development of innovative and commercially viable product/packages. The details of the scheme are available on DIT's website.
- Promote technology and innovation focused start ups: DIT has initiated a scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, IT and Management. The Scheme aims to assist Institutions of Higher learning such as IITs, IIMs, NITs and IIITs, etc. To strengthen their Technology Incubation Centres and thus enable young entrepreneurs to initiate technology start up. Companies for commercial exploitation of technologies developed.

(iii) Environmental considerations:

- E-Waste: The electrical and electronic waste (e-waste) is one of the fastest growing waste streams in the world. In India, the issue of e-waste management is in a nascent stage. To address

this issue, the guidelines for environmentally sound management of e-Waste have been approved by MoEF and placed on the websites of MoEF as well as Central Pollution Control Board.

- Electromagnetic Compatibility (EMC)/Electromagnetic Interference (EMI) & Safety Standards: It is essential to have the products designed and tested to accepted standards of safety and EMI/EMC. The Task Force noted that the industry is in favor of notification of standards and compliance thereto. However, the industry does not support mandatory licensing by the Bureau of Indian Standards (BIS). It was noted that notification of standards could not be declined from the BIS licensing scheme. The matter is under consideration of the concerned ministry (Department of Consumer Affairs).

(iv) Tariff issues and fiscal incentives:

- Correction of inverted tariff structure: The cases of inverted duty structure brought to notice of DIT by the Industry Associations have been corrected by the Department of Revenue.
- Reduction of total taxation level: The Task Force recommended that the total taxation level for this industry should be brought down to reasonable level of 12 to 15% over a period of three years. The recommendation has been partially implemented. The general rate of excise duty (CENVAT) has been reduced from 16% to 14% and announcement has been made for reduction of Central Sales Tax (CST) from 3% to 2% in the Budget 2008-09. Regarding the proposals for abolition of CST and rationalization of VAT on both IT and non-IT electronics goods to 4% the matter is under consideration of Ministry of Finance.

(v) Special Incentives for Fabs and other High Tech IT Products: Subsequent to announcement of The Special Incentive Package Scheme (SIPS) *vide* Gazette Notification dated 21.3.2007 and issuance of Guidelines on 14.9.07 eleven proposals covering investment in Semiconductor fab, LCD manufacturing and solar photovoltaic including polysilicon have been received.

(vi) Special attention and priorities to Electronics/IT Hardware manufacturing: As per the Foreign Trade Policy (FTP), 2004-2009 (updated as on 11th April, 2008), "Electronics and IT Hardware Manufacturing Industries" has been included as a thrust sector in chapter 1B relating to "Special Focus Initiatives"

It may be noted that the Task Force has addressed all the issues raised by the Industry Associations for promoting growth of Electronics/IT Hardware Manufacturing in the country. It may also be noted that while several issues concern DIT, a large number of issues concern other Ministries/Departments of Government of India. Action has already been taken by DIT on some of decisions of the Task Force. For the remaining issues, the concerned Ministries/Departments have either taken action or are in the process of taking action.

We appreciate the concerns of the Hon'ble Members of the Standing Committee regarding the need for a comprehensive National Policy on Electronic/IT Hardware sector. In view of the position brought out in the preceding paras, major issues concerning the Hardware sector have already been addressed. The above measures/initiatives once fully implemented, shall together constitute a comprehensive package of incentives for promotion of Electronics Hardware manufacturing sector in the country. Further, the matters relating to tariff structure are reviewed regularly, as a part of Annual Budget exercise by the Ministry of Finance and this is an ongoing process.

44. The Committee are dismayed to note that the present reply of the Department is, barring a few updations, a reiteration of the information submitted to them at the time of examination of Demands for Grants (2008-09) of the Department. While the rapid strides made by India in the software sector are indeed laudable, neglecting the growth of hardware sector has its own perils. It need not be emphasized that a few countries who have an edge in the hardware sector have virtually swamped the global market and are reaping huge benefits. It is high time India also followed suit. Furthermore the utilitarian significance of the infrastructure created for the hardware sector is undeniable. The Committee, therefore, feel that the Department should come out with a well thought of National Policy on Electronic/IT Hardware Sector without any further loss of time.

Digital DNA Park

Recommendation (Para No. 21)

45. The Committee having observed that a firm of Chennai which had been short listed by STPI for procurement of land for the badly delayed Digital DNA Park Scheme (commenced in 2003) had not been able to do the needful during the last two fiscals, had strongly recommended that, STPI being the nodal agency, should accord highest priority to this project and the Department should monitor the progress

at the highest level. They had also desired to be periodically informed of the progress made in the project implementation.

46. The Department in their Action Taken Note have stated that the Special Secretary and JS & FA, DIT have taken a meeting with Secretary (Industry), Government of Tamil Nadu and representative of M/s. Ascendas, the industry partner the Bio-IT Park Project and TIDCO, Chennai. The Committee deliberated on the issue of timely implementation of the project and finally decided that under the given circumstances due to non-availability of appropriate land it is difficult to pursue the project. Further, the project has been reviewed by the Project Review and Steering Group and recommended to close the same.

47. The Committee find the abrupt discontinuation of the Digital DNA Park Project totally inexplicable and a pointer towards the gross failure of the Department in overseeing and monitoring a project of immense significance as all efforts made and investment incurred on the Project since 2003 have gone down the drain. The Committee deplore the failure of the Department in the matter and desire that necessary lessons should be drawn for the future to check recurrence of such cases. They would also like to be apprised of the cost incurred so far on the Project and any alternatives being worked out by the Department for implementing the project elsewhere.

Human Resource Development

Recommendation (Para No. 23 & 24)

48. Considering the NASSCOM's projection of over three million professionals required in the IT and BPO industries and the possible threat to IT/ITeS industry due to shortage of skilled manpower after 2009, the Committee in their aforesaid Report had urged the Department to make persistent and concerted efforts in tandem with other Ministries/ Departments and the Industry associations to ensure that the fast growing IT/ITeS Industry did not suffer a setback due to shortage of skilled professionals.

49. In their Action Taken Note, the Department have stated that they in coordination with other Ministries of Government of India like Ministry of Human Resource Development, Ministry of Labour & Employment, Planning Commission, etc. and Industry associations like NASSCOM are making continuous efforts to ensure the availability of skilled manpower for the fast growing IT/ITeS Industry. DIT would continue with these efforts in future also.

50. The Committee take note of the efforts being made by the Department in coordination with other Ministries/Departments of the Government of India, Planning Commission and Industry associations to ensure the availability of skilled manpower for the IT/ITeS Industry. The Committee, however, feel that in view of the emerging global scenario in the IT/ITeS Industry, the Department may conduct an evaluation study on Human Resource Development aspect so as to be find out as to whether some midcourse corrections are required to effect in regard to manpower requirements. The Committee would like to be apprised of the results of such a study.

Recognition of DOEACC Qualifications

Recommendation (Para No. 26)

51. In their Fifty-eighth Report, the Committee on finding that the recommendations of the Distance Learning Council on the application of DOEACC for recognition of their 'B' level qualification as equivalent to MCA were pending consideration with the All India Council of Technical Education (AICTE) and in the meantime various universities/ deemed to be universities has recognized DOEACC's 'B' and 'A' level courses for admission to their M-Tech and M.Sc./MCA programmes respectively and also appreciating the fact that the recognition of DOEACC's 'C' level qualification would be taken up by AICTE only after 'B' level qualification had impressed upon the Department to earnestly pursue the matter with the Ministry of Human Resource Development /AICTE so that the recognition was accorded to effectively engage DOEACC in its endeavours towards formal and non-formal industry oriented education in the area of ICT.

52. The Department in their Action Taken Note have stated that the issue of recognition of 'B' & 'C' level qualification is being constantly/regularly pursued with AICTE at different levels.

53. The Committee are not at all satisfied with this stoic reply of the Department. The inordinate delay in recognition of 'B' level qualification of DOEACC by AICTE might have already affected a substantial number of students pursuing formal and non-formal industry oriented education in area of ICT which cannot be condoned. The Committee having noted the continued failure of the Department's efforts with AICTE would like them to take up the matter suitably with the Ministry of Human Resource Development for obtaining an expeditious decision in the matter.

National Knowledge Network

Recommendation (Para No. 34)

54. In their previous Report, the Committee had noted that in order to optimally utilise the potential of institutions such as research laboratories, universities and other institutions of higher learning, including professional institutions engaged in generation and dissemination of knowledge in various fields, the Department of Information Technology had evolved a new scheme called the 'National Knowledge Network' with a budgetary allocation of Rs. 100.00 crore for the year 2008-09 which would be executed under the guidance of an empowered committee to be constituted by April, 2008. This Empowered committee would indicate the choice of the implementing agency, architecture of the network and time frame for the implementation of the scheme. The Committee had desired that the Empowered committee be constituted as per the deadline and thereafter the Department should chalk out their plan of action to roll out the 'National Knowledge Network' Scheme in the 2008-09 fiscal year itself for optimum utilization of Rs. 100 crore earmarked for the purpose. In view of some government agencies like C-DAC (GARUDA) and ERNET already rendering network facilities for R&D and educational activities and the Ministry of Human Resource Development proposing for a separate network in line with National Network Commission. The Committee had also asked the Government to explore the feasibility of evolving an integrated approach to seamlessly interconnect the knowledge institutions to encourage sharing of resources and collaborative research.

55. The Department in their Action Taken Note have stated that the High Level Committee (earlier referred to as Empowered Committee), with Principal Scientific Adviser to the Government of India as chairman has been constituted *vide* Notification No. 4(3)/2007-ELG dated 30 April, 2008.

56. The High Level Committee would oversee, monitor and coordinate all activities relating to creating and implementation of the proposed National Knowledge Network, including merger of networks.

57. The National Knowledge Network would be established under the guidance of High Level Committee. The High Level Committee would chalk out the plan for establishing the network including identifying the implementing agency, finalize all technical issues relating to the proposal including the selection of best networking option, term of participation etc. The High Level Committee would make necessary specific

recommendations for DIT to obtain financial and other approvals of the competent authority.

58. National Knowledge Network would connect all knowledge institutions in the country, cutting across sections like higher and technical education, medical education, legal education, agricultural education and science and technology.

59. The Committee note that a High Level Committee has been constituted to oversee, monitor and co-ordinate all activities relating to creating and implementation of the proposed National Knowledge Network. The Committee expect that their views and concerns particularly about the multiplicity of agencies would be placed before the High Level Committee. The Committee also desire that the Scheme should be rolled out within a definite time frame.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1)

As part of the Ministry of Communications & Information Technology' the Department of Information Technology are responsible for the formulation and implementation of national policies in Information Technology Sector, the domain of the Department includes all matters relating to computer based in Information Technology including software and hardware processing, silicon facility, promotion of knowledge based enterprises, internet, e-commerce, information technology education, development of electronics and coordination amongst their users, and standardization of procedures and matters pertaining to international bodies. To operationalise the objectives of the Department, suitable Schemes are formulated and implemented by the Department. The Schemes are implemented either directly by the Department or through the Organizations/Institutions under their jurisdiction.

Action Taken by the Government

The observations of the Committee have been noted. The Department in their endeavors of fulfilling the objectives is assisted by Organizations/ Institutions under its jurisdiction.

Recommendation (Para No. 2)

The Committee observe from Demand No. 14 pertaining to the Department of Information Technology that an amount of Rs. 1716.00 crore has been allocated to the Department for the year 2008-09. This consists of Rs. 1616.50 crore in the Revenue section and Rs. 99.50 crore in the Capital section. The Revenue section includes Rs. 1680.00 crore for Plan activities and Rs. 36.00 crore for Non-Plan activities. The major budgetary allocations (both Plan and Non-Plan) proposed are Rs. 800 crore for the National e-Governance Plan (NeGP), Rs. 400 crore for the National Informatics Centre (NIC), Rs. 100 crore for the National Knowledge Network and Rs. 94 crore for the Centre for Development of

Advanced computing (C-DAC). Compared to the allocation proposed for 2008-2009, total allocation during the year 2007-08 was Rs. 1536.00 crore with the Revenue (Plan), Capital (Plan) and the Non-Plan component being Rs. 1421.00 crore, Rs. 79.00 crore and Rs. 36.00 crore respectively. This was reduced to Rs. 1445.00 crore at the RE stage when outlay on the Plan side was curtailed to Rs. 1400 crore although the outlay on the Non-Plan side was increased from Rs. 36.00 crore to Rs. 45.00 crore. The Committee note that there is an increase of 20% in the plan allocation of the Department in the year 2008-09 as compared to the RE figures of 2007-08. On the other hand, the Non-plan allocation has seen a decline of 20% being reduced from Rs. 45 crore in 2007-08 to Rs. 36 crore in 2008-2009. The Gross Outlay of the Department also has an IEBR component generated by the R&D activities of their various units. The IEBR component generated by the R&D activities of their various units. The IEBR component was Rs. 248.79 crore in the year 2007-08 This year it has been shown as Rs. 272.14 crore. The Committee note that the approved outlays in both the years are significantly less than the outlays proposed. In 2007, the Department got Rs. 1400.00 crore (RE) against Rs. 2092.08 crore projected by them and in 2008-09 they have been allocated Rs. 1680.00 crore for plan activities against Rs. 2500.00 crore proposed by them. In both the years actual allocation are about one third less than the allocation sought (34% in 2007-08, 33% in 2008-09). A Scheme-wise analysis reveals that barring an increase of Rs. 80.00 crore for NIC and an additional outlay of Rs. 100.00 Crore for National Knowledge Network there are not many noticeable changes in the allocations over the last year. The various aspects arising out of allocation and utilization of funds have been broached upon in the succeeding paragraphs.

Action Taken by the Government

The Department has made consistent efforts to ensure sufficient allocation of resources for its Plan schemes. The matter of enhancement of outlays was taken up with the Planning Commission at the level of Secretary, DIT & Hon'ble Minister, Communications and Information Technology.

Recommendation (Para No. 3)

The Committee note that the Department had proposed an Outlay of Rs. 6294.95 crore for the Tenth Plan. They were, however, allocated a sum of Rs. 3709.30 crore. This has been further pruned down to Rs. 3587.00 crore at RE stages. As against this the actual expenditure during the Tenth Plan was 3541.71 crore. It is heartening to note that the Department have spent 99.97% of the funds allocated to them during the

Tenth Plan. The Committee however note huge gap of 43% in the allocation proposed and the funds allocated to the Department at the RE stages of the Tenth Plan. In the case of the Eleventh Plan, the Committee find that the Department have sought and allocation of Rs. 18160.79 crore. However, they have been allocated a sum of Rs. 12,496.00 crore only which works out to about 69% of the funds sought. The Committee understand that these drastic cuts in the proposed outlays do affect the performance of the Department in view of the consequent lowering of targets, weeding out merging of Schemes and adjustment of scale of operations. The Committee find the situation disconcerting in view of the fact that Information Technology is dynamic and growing sector worldwide and is one of the sunshine areas of the country's economy. The Committee feel that it is the most opportune time of establishing ourselves firmly in several core areas of the IT sector for which the Department require full support of Government. The Committee, therefore desire that all efforts should be made by the Government to ensure that the genuine need of funds of the Department should be met fully and with due promptitude so that the benefits accruing to the country are further expanded and consolidated.

Action Taken by the Government

Efforts are consistently made for allocation of adequate resources, Planning Commission had been approached for allocating higher GBS in year 2008-09.

Comments of the Committee

(Please see Pararaph No. 8 of Chapter I)

Recommendation (Para No. 4)

The Committee have noticed a very serious incongruity in the funding pattern of the Department. Out of the total Eleventh Plan outlay of Rs. 12496.00 crore, a sum of Rs. 1400.00 crore i.e. 11% of the total outlay has been allocated in the first year of the plan and the allocation during the second year is Rs. 1680.00 crore for Plan side which is 13.44% of total outlay. It implies that a massive 75% of the total allocations would be utilized during the remaining three years of the Plan. The Committee are of the firm opinion that the allocation funds should be made in uniform manner in all the years or the plan subject to genuine needs. In this context, the allocation of Rs. 2092.00 crore and Rs. 2500.00 crore sought by the Department for the first two years of the Eleventh Plan assume significance. The Committee apprehend that with this type of lopsided availability of funds, DIT will face the problem of funds

shortage in the first two years of the Plan and a planning and implementation processes. Apparently, the DIT have not put their case seriously before the Planning Commission. The Committee expect that the Department will do the same more purposefully and forcefully now and get additional allocations from RE 2008-09 stage onwards to have a balanced spread of funds in the remaining period of Eleventh Plan.

Action Taken by the Government

DIT will approach the Planning Commission and Ministry of Finance with the recommendations of the Standing Committee for enhancing the outlays at RE stage.

Recommendation (Para No. 5)

The Committee appreciate to note that the utilization of the budgetary allocation towards the North-East Region during the Tenth Plan period was up to the mark on the part of the Department. Similarly, during the first year of the Eleventh Plan period, Rs. 140 crore as allocated towards the North-East Region would be optimally utilized, as assured by the Department. The Committee desire that the momentum in the maximum utilization of funds in the North- East Region should be maintained by the Department in the year 2008-09 and afterwards also so that the benefits of Information Technology are reaped there.

Action Taken by the Government

The Department has been utilizing the 10% of the Budgetary Allocation for the developmental activities of NE Region as has been noted by the Standing Committee.

The Department will make consistent effort to ensure maximum utilization of funds in the North-East Region to benefit them in future also.

Recommendation (Para No. 6)

The Committee note that the extant Budgeting norms of the Ministry of Finance stipulate a maximum limit of 33% spending in Q-4 and a similar ceiling of 15% in the month of March. In the case of the Department of Information Technology, in the Financial year 2007-08 about 49% of RE stage funds, which are already Rs, 100 crore less than the BE funds, are left for Q-4. Similarly, for the month of March, 2008 the Department have to spend Rs. 397.53 crore which constitute 28.40% of the 2007-08 RE. The Department have stated that these are mostly grants to states,

which will be released before that they have requested the Ministry of Finance for exemption of respective ceilings. The Committee deprecate the casual attitude of the Department about the fiscal planning and management and their utter disregard to the inconvenience that this substantial release at the very last moment will cause to the recipient states. The modified Budgeted and cash scheme of the Ministry of Finance was introduced with the objective to avoid last quarter spending and consequent March rush and it deserves fullest cooperation from and compliance by all the Ministries and Departments. The Department of IT with their excellent record of optimum utilization of funds over the years, should set example for others by strictly adhering to the stipulated limits. The Committee, therefore, recommend that the Department should take necessary its societies/companies in this regard by way of regular monitoring.

Action Taken by the Government

Department takes necessary measures to ensure that expenditure remain as per the Budgeting norms of the Ministry of Finance. However, recommendation of the Standing Committee is noted for compliance.

Attached Offices/ societies are also being apprised of the Budgeting norms issued by Ministry of Finance from time to time.

Recommendation (Para No. 7)

The Committee note with concern that as many as 504 utilisation certificates in respect of funds amounting to Rs. 615.66 crore are still pending submission by the states and implementing agencies as on 31.12.2007. The Ministry of Finance have also conveyed to the Department about the insufficiency of their efforts in this regard. The Department are reportedly, trying to address this issue through their internal meetings. However, the Committee are not satisfied with the explanation furnished by the Department and they tend to agree with the views of the Ministry of Finance in the matter. They therefore, exhort the Department to make all out efforts to clear the pendency at the earliest and put adequate safeguard measures to avoid the recurrence of the same in future.

Action Taken by the Government

Every efforts are being made by this Department to liquidate the pending UCs. No sanction is issued unless the UC for the earlier grant is received. In a special drive JS & FA took meetings with the Heads of different Divisions, Controller of Accounts etc. resulting liquidation of a large number of pending UCs. Secretary, DIT also monitors liquidation

of pending UCs on monthly basis. It is hoped that the number of pending UCs/unspent balances will certainly come down soon.

Comments of the Committee

(Please see Pararaph No. 11 of Chapter I)

Recommendation (Para No. 9)

The Committee note that SWAN is one of the three-core infrastructure components of NeGP. It aims to establish a network with a minimum bandwidth capacity of 2 Mbps from State Headquarters upto the Block level in all the States and UTs excepting those states, which have opted out . During the examination of Demands for Grants for the year 2006-07, the Committee were informed that SWAN was to be operational in seven States by March, 2007. Further during the examination of Demands for Grants 2007-08 the Committee were assured that by March, 2008 the facility would be in place either partly or wholly in at least 15 States/UTs as per 2007-08 physical outputs. The target however, could not be met in any of these years During the financial year 2008-09 the target is to implement SWAN in all these States by December, 2008. But the Committee find that as on 12 March, 2008 the SWAN Scheme has been implemented only in four States viz, Delhi, Haryana, Himachal Pradesh and Tamil Nadu. In view of the above, the Committee are disappointed to note that despite their recommendations for expeditious implementation of SWAN, no noticeable progress has been made, rather the Department are moving more and more off the targets. The Committee can not but express anguish over the repetitive delays in SWAN implementation and once again impress upon the Department to expedite and complete SWAN in all participating states before the five years period of the scheme comes to an end in March, 2010. The Committee would like to be periodically informed of the progress made in this regard.

Action Taken by the Government

Since the SWAN scheme was approved by Government of India in March 2005, the Empowered committee have been considering and approving the individual SWAN proposals submitted by State/UTs. It may be mentioned that while submitting the proposal, any state/UT has to undertake several processes, like selection of the implementing agency (there are two options viz selecting a private operator through a PPP model and bid process or nominating NIC as the implementation Agency), selection of an appropriate consulting Agency for the state/UT to undertake detailed study of the requirements and preparation of the SWAN proposal, selection and preparation of the SWAN sites across the

State/UT and streamlining other institutional processes for smooth implementation. Further, after approval of the SWAN proposal, by the Empowered committee, the State/UT further undertakes preparation of the tender document with the assistance from the consulting Agency, interaction with DIT during vetting of the tender document for its various technical and financial parameters outlined in the SWAN Guidelines and the Government approval of the SWAN. The conclusion of the tender process itself with signing of the contractual documents between the State/UT and the identified Network operator takes around 3-4 months' time. Completion of all these processes in almost all the cases has taken significantly higher time than estimated. However, it is mentioned that once the contract is signed with the identified Network operator, the time taken for implementation has been mostly within the estimated time of 12-15 months, as originally envisaged in the Scheme. Notwithstanding this scenario, Department of IT has been vigorously pursuing with the States/UTs for early completion of the implementation process by closely interacting with the IT Department of State/UT, the consulting agencies deployed by them even by sending DIT teams to specific States/UTs for handholding during preparation of the proposal and the tender documents. In view of the fact that a few of the States/UTs have not commenced the implementation process as yet, Department of IT has significantly increased its efforts through escalated interactions between the State/UT and the DIT SWAN team to resolve all the relevant issues for early starting of the implementation. As of the current projection, SWANs in most participating States/UTs would be implemented by mid-2009. A tabulation annexed with this report indicates the current status of implementation of individual State/UTs SWAN project Department of IT would periodically inform the Committee about the progress in this regard.

Sl. No.	Name of State/UT	Implementation Model	Bandwidth Service Provider (BSP)	Network Operator	Month of Contract signed	Implementation Duration	Remarks	Expected month of completion
1	2	3	4	5	6	7	8	9
	State							
1.	Haryana	PPP	BSNL	Tulip	December-06	08 Months	SWAN Implemented on August 07-Operational	NA
2.	Tamil Nadu	PPP	BSNL	TCS	December-06	12 Months	SWAN Implemented on December 07-Operational	NA
3.	Himachal Pradesh	PPP	BSNL	HP	February-07	12 Months	SWAN Implemented on February 08-Operational	NA
4.	Kerala	PPP	BSNL	UTL	March-07	19 Months	Implementation delayed in remote Locations during rainy season.	July-08
5.	Jharkhand®	PPP	BSNL	UTL	October-05	14 Months	Implemented Acceptance test in progress	July-08

1	2	3	4	5	6	7	8	9
6.	Gujarat*	PPP	BSNL	UTL	June-07	12 Months	Implementation in progress	June-08
7.	Sikkim	NIC	BSNL	NIC	-	-	Implementation in progress	October-08
8.	Manipur	NIC	BSNL	NIC	-	-	Implementation in progress	September-08
9.	Bihar	PPP	BSNL	TCS	August-07	15 Months	Loi issued in Aug 07. Implementation in progress	October-08
10.	Tripura	NIC	BSNL	NIC	-	-	Implementation in progress	October-08
11.	Punjab	PPP	BSNL	HCL	January-08	09 Months	Implementation in progress	October-08
12.	West Bengal	PPP	BSNL	Tulip	October-07	12 Months	Implementation in progress	October-08
13.	Assam	PPP	BSNL	Tulip	December-07	12 Months	Implementation in progress	December-08
14.	Uttar Pradesh	NIC	BSNL	NIC	-	-	Implementation in progress	December-08
15.	Madhya Pradesh	PPP	BSNL	Not yet identified	-	-	Bid process completed and bid evaluation in progress	December-08

1	2	3	4	5	6	7	8	9
16.	Uttarakhand	NIC	BSNL	NIC	-	-	State revised the changed implementation Option recently (PPP to NIC); revised proposal under scrutiny	Not applicable at this stage
17.	Maharashtra	PPP	Negotiation with BSP	ITI + Spanco	March-08	10 Months	Contract Signed	January-09
18.	Orissa	PPP	Negotiation with BSP	Not yet identified	-	-	Bid process completed and evaluation in progress	January-09
19.	Rajasthan	PPP	BSNL	Not yet identified	-	-	Bid process completed and evaluation in progress	January-09
20.	Meghalaya	PPP	BSNL	Not yet identified	-	-	Bid process initiated	January-09
21.	Nagaland	PPP	BSNL	Not yet identified	-	-	RFP under review by DIT	January-09
22.	Jammu & Kashmir	NIC	BSNL	Not yet identified	-	-	Functional specifications under review by NIC	January-09

1	2	3	4	5	6	7	8	9
23.	Karnataka	PPP	BSNL	UTL	February-08	13 Months	Contract Signed	March-09
24.	Chattisgarh	PPP	BSNL	Not yet identified	-	-	Bid process initiated	March-09
25.	Mizoram	PPP	BSNL	Not yet identified	-	-	RFP vetted by DIT; bid process to be initiated	March-09
26.	Arunachal Pradesh	PPP	BSNL	Not yet identified	-	-	RFP under review by DIT	March-09
27.	Andhra Pradesh	PPP	Negotiation with BSP	Not yet identified	-	-	Revised Proposal under review	March-09
28.	Goa	Opted out of SWAN Scheme and Implemented	Goa Broadband Network (GBBN)					
UT								
1.	NCT of Delhi	NIC	BSNL	NIC	-	-	SWAN Implemented in February 08 Operational	NA
2.	Chandigarh	NIC	BSNL	NIC	-	-	SWAN Implemented in May 08 Operational	NA
3.	Dadra & Nagar Haveli	PPP	Negotiation with BSP	Not yet identified	-	-	RFP under preparation	December-08

1	2	3	4	5	6	7	8	9
4.	Daman & Diu	PPP	Negotiation with BSP	Not yet identified	-	-	RFP under preparation	December-08
5.	Puducherry	NIC	BSNL	NIC	-	-	Implementation in progress	January-09
6.	Lakshadweep	-	Negotiation with BSP	NIC	-	-	Proposal under review	March-09
7.	Andaman & Nicobar	Using VSAT network implemented by ISRO and Opted out of SWAN Scheme						

Enhancement of Gujarat SWAN is under implementation and revised timeline is yet to be confirmed. Expected by June 08.

@ Final Acceptance Test of Jharkhand SWAN is in progress, hence implementation duration is more than 14 months.

PPP Public Private Partnership

BSP Bandwidth Service Provider

Recommendation (Para No. 10)

The Committee are informed that amongst the three infrastructure components of NeGP viz. SWAN, SDCs & CSCs, SDCs have the shortest gestation period. As per the outcome Budget, the Department were given cumulative targets to establish State Data Centres in 10 States and then 20 States by December, 2007 and March, 2008 respectively. However, the Committee are informed that due to the absence of the scheme approval, no State Data Centre could be taken up for implementation during the years 2006-07 and 2007-08. During the course of their study visits to various State Headquarters, the Committee were apprised by the State Government representatives about the difficulties being faced by them as the central Government approval of their SDC proposal submitted long back were still awaited causing lot of problems to them. In this connection, it would be pertinent to mention the NeGP was conceived and approved in 2005 and SDC, scheme despite being an important part of it, has only been approved in January, 2008. The Committee in their earlier reports has persistently recommended to expedite the formulation of Policy Guidelines and consequent roll out of SDC scheme but to no avail. The Committee, therefore cannot but express their strong disapproval of the way the Department have handled this scheme. The Committee impress upon the Department that now when they have the Scheme approved and broad policy guidelines in hand, there should not be any hurdle in establishing and operationalising 20 Data Centres, if not more by March, 2009.

Action Taken by the Government

DIT agrees with the observations of the Committee that the SDC Scheme needs to be taken up on priority for implementation in the States.

DIT would take all necessary actions to ensure that the directives of the Committee are followed and all necessary steps shall be taken for establishing and operationalising of 20 Data Centres by March, 2009. It may be informed that since the SDC Scheme approval by the Government in January 2008, proposals of 23 States/UTs have been approved and funds released to them as part of first year's requirement. The States/UTs have also been advised to initiate activities/actions required for timely completion of the SDC. Further, the Template RFP has been forwarded to the States by DIT and State consultants assigned to the respective States shall work closely with the States in various activities connected with the successful implementation of the SDC.

Considering the linkage between SDC, SWAN and CSCs in delivery of services to citizens, DIT has been endeavouring to ensure that these

three parts of the service delivery platform become available in each State together. States, on their part, have also been striving to coordinate the implementation of all the three and achieve their completion simultaneously. Considering the lead time for each of these projects, DIT has advised States to first put pace implementation arrangement for SWAN and CACs and then take-up SDCs. This is now being done by most States vigorously. The updated status of approval/implementation of the SDCs scheme is given below.

Status of SDC Scheme: Since the Scheme approval by the Government on 24th January, 2008. The SDC proposals for the following States/UTs has been approved with outlays indicated against each.

Sl. No.	State/UT	Total Project Cost Over 5 Years (Rs. in Crore)	DIT Share	Amount Released so far
1.	Assam	49.04	11.97	3.82
2.	Andhra Pradesh	55.75	18.37	4.19
3.	Chhattisgarh	49.15	18.24	4.12
4.	Goa	33.06	12.48	1.80
5.	Gujarat	55.04	18.30	4.40
6.	Haryana	50.68	13.5	4.18
7.	HP	43.64	16.32	3.72
8.	Jharkhand	46.92	13.31	4.16
9.	Kerala	55.68	18.31	4.16
10.	Madhya Pradesh	55.75	18.37	4.19
11.	Maharashtra	55.77	18.38	4.19
12.	Manipur	39.04	15.16	3.14
13.	Meghalaya	39.21	15.37	3.25
14.	Nagaland	30.68	12.37	2.69
15.	Orissa	54.24	16.94	3.47
16.	Puducherry	29.69	10.28	2.64
17.	Punjab	50.58	13.44	3.72
18.	Rajasthan	48.92	12.59	4.05

19.	Sikkim	27.39	10.06	2.53
20.	Tamil Nadu	55.8	18.41	4.21
21.	Tripura	40.05	15.44	3.28
22.	Uttar Pradesh	55.33	18.41	4.20
23.	West Bengal	55.25	17.89	3.95
	Total	1076.66	353.92	84.06

Comments of the Committee

(Please see Paragraph No. 19 of Chapter I)

Recommendation (Para No. 11)

The Committee have been informed that the State Data Centre is a crucial component of core infrastructure of National e-Governance Plan not only from the service delivery perspective but also from strategic point of view as it would involve sovereign data. The Committee are of the opinion that implementation of SDCs should solely be entrusted to the Government agencies like NIC, ERNET, etc. to ensure safety and sanctity of data. They, therefore, desire that the Department should clearly highlight national security perspective involved in establishing and operationalising SDCs to all participating States and guide/help them in placing adequate safeguards in this regard.

Action Taken by the Government

Considering that the State Data Centre would be crucial and critical infrastructure of the State, it has been clearly indicated in the Policy Guidelines that the sovereign control of the data/applications shall be with the State both *de-jure* and *de-facto*. Therefore, the implementation options indicated in the Policy Guidelines put the Establishment and operations of the Data Centre directly with the State to be implemented through State Government Designated Agency and would be assisted by NIC domain experts as part of the Composite team established at the State for State Data Centre project. Also where the State/UT adopts outsourced option, it has been clearly indicated that the servers shall be owned and operated by the State and the management of the data/information shall be under the direct control of the State both *de-jure* and *de-facto*. It may be informed that all the 23 States/UTs whose proposals have been approved have opted for the option, where setting up of Data Centre and operation & management would be with the State.

As part of best practices for the Data Centre, DIT has also elaborated in the Policy Guidelines on importance of data access, data security, data privacy and data protection requirements to be followed and ensured during implementation of the State Data Centre. DIT shall continue to advise and provide/render all possible help and support to the States in this regard on an ongoing basis both during implementation and post implementation phase of the State Data Centre.

Comments of the Committee

(Please see Paragraph No. 22 of Chapter I)

Recommendation (Para No. 13)

The Committee note that various agencies like National Level Service Agency apart from the State Governments have been entrusted with the responsibility to implement CSCs scheme and all these agencies have their own implementation, plan and monitoring methods, thereby causing a lot of communication gaps. Moreover, there is a severe lack of coordination and cohesion in this compartmentalized method of implementation. The Committee therefore, recommend that the Department should enforce a very comprehensive and strict monitoring review for overseeing and coordinating the implementation of the CSC scheme. They also desire that monitoring bodies of elected representatives should be set up at each level *i.e.* Central, State, district and local levels to monitor and review the implementation progress as well as operationalization of CSCs and other components of NeGP. The Committee would like to be apprised of the action taken in this regard.

Action Taken by the Government

The monitoring of the implementation of the CSC Scheme is being done on a regular basis. This is being done by the DIT with the assistance of the NLSA. Further, the State Government, through the State Designated Agencies (SDA), is also monitoring the deliverables and performance of the Service Centre Agencies (SCAs) it may be mentioned that when the word for establishing the CSCs is awarded to the SCAs clearly defined milestones are a part of the Master Service Agreement (MSA) which is signed between the SCA and the (SDA). Further, the MSA also contains suitable clauses to ensure that if a particular SCA does not establish the CSCs as per the timelines indicated in the MSA (excluding circumstances beyond his control), he would be eligible for penalties. The performance of the SCAs is monitored on the basis of the MSA by the SDA and reports regarding the progress of implementation is also received by the DIT. A detailed progress report on the CSC scheme is attached with this report.

Hence the DIT would like to assert that there is strict monitoring of the CSC scheme by the DIT and proper coordination with the State Governments in this regard.

Regarding the suggestion of the Standing Committee to monitor the CSC Scheme by bodies of elected representatives, the DIT welcomes the suggestion of the committee to have a body of elected representatives at the State, District and local levels, to monitor the CSC Scheme. The DIT will advise the State Governments to set up a suitable mechanism for involving elected representatives for monitoring the CSC Scheme at the State, District and local level. However, at Central level it is felt that the Parliamentary Standing Committee itself has to be most appropriate body to carry out this monitoring.

Comments of the Committee

(Please *see* Paragraph No. 29 of Chapter I)

Recommendation (Para No. 14)

The Committee note that 27 Mission Mode Project (MMPs) have been initiated under NeGP relating to various services. Out of these 27 MMPs fall in the central category and 9 MMPs are in the integrated categories to be spearheaded for implementation by various Line Ministries/Departments, while State Governments are responsible for 11 State sector MMPs. Though substantial progress has reportedly been made under the Central and integrated MMPs, the Committee find that the State Mission mode projects are yet to come up to the level of implementation on a national scale. The Committee are of the view that implementation of State Sector MMPs is of crucial importance as most of these MMPs are directly related to day to day activities of the citizens and therefore would be of immense benefit to the common man. The Committee, therefore, recommend that the respective Line Ministries must be asked to take proactive steps to expedite implementation of State MMPs and help State Governments in drafting and designing projects/policies/guidelines relating to these MMPs so as to complete all these projects within a stipulated time frame. The Committee would like to be periodically informed of the decision taken and progress made in this regard.

Action Taken By the Government

1. The Apex Committee, under the Chairmanship of Cabinet Secretary, regularly reviews the status of implementation of not only State Sector MMPs but also of Central and Integrated Sector MMP in the

various meetings of the Apex committee chaired by Cabinet Secretary, specific MMPs especially large and complex MMPs, are discussed with the concerned Secretaries, issues are identified and decisions are taken to speed up the preparation of schemes.

2. A full meeting of NeGP was taken by the Apex committee, under the Chairmanship of Cabinet Secretary, on 7th December, 2007 to review the status of implementation of various Mission Mode Projects. Secretaries from the Line Ministries and Departments brought many issues that were impeding the progress of implementation of MMPs. The Apex Committee decided the following action points to speed up the MMPs progress.

- a. A project team comprising of personnel possessing domain, technology and management skills should be established pending approval of scheme in each of the MMP Line Ministries/Departments.
- b. A mechanism should be developed for obtaining all requisite professional services efficiently including hiring of personnel on contract basis at market rates.
- c. A suitable policy needs to be adopted on creation of SPVs to handle large and complex MMPs.
- d. Department of Information Technology should formulate suitable recommendations on various issues like manpower related policies and procedures including fixing of tenure, incentives, procurement, standardization etc.

3. The Department of Information Technology was asked to prepare a suitable proposal covering recommendations on all the aspects/issues related to NeGP MMPs to be placed before the Union Cabinet for approval.

4. The generic issues so raised in the meeting were later discussed in depth with the Line Ministries/Mission Leaders, Nodal Officers and representatives of State IT Secretaries in workshop of all the Mission Leaders/ Departments to work remedial measures.

5. A monthly review is taken by the Cabinet Secretary on the status of progress of various MMPs and issues impeding the progress of MMPs are identified, thereafter meeting of the Apex committee is held to guide and resolve the inter-departmental issues to speed up the progress of the MMPs.

Recommendation (Para No. 15)

The Committee also note that issues regarding the role and responsibility of the States and the Central Line Ministries in the project implementation need to be addressed. Further, there is an urgent need to provide projects specific interfaces between the States and the Line Ministries. The Committee are further informed that implementation of NeGP is an item on the agenda in the forthcoming conference of Chief Secretaries. The Committee are of the opinion that implementation of NeGP should essentially be a part of the agenda of all inter-state fora like the chief Ministers' conference, NDC, Governors' meet etc. to resolve the ambiguities relating to responsibilities and role of State and Central agencies and to avoid hurdles like lack of coordination, etc. in timely implementation of NeGP and its components. The Committee, therefore, desire that the Department should ensure to enlist cooperation and coordination of various state agencies for timely implementation of NEGP particularly State sector MMPs.

Action Taken by the Government

Steps have been taken to coordinate the role and the responsibility of the State Government Departments and the Central Line Ministry in project implementation of State Sector MMPs under NeGP. Implementation of NeGP was taken up as an Agenda in the Conference of Chief Secretaries of State and Union Territories recently held on 22nd April 2008. A Conference of the State IT Secretaries is proposed to be called by Minister of Communication and Information Technology in the month of July 2008, to coordinate States action for timely implementation of NeGP particularly State Sector MMPs. Action would also be initiated to make NeGP implementation a part of the agenda of Chief Ministers conference, Inter-state forums like NDC and Governors meet to improve coordination.

Comments of the Committee

(Please *see* Paragraph No. 32 of Chapter I)

Recommendation (Para No. 16)

The Committee note that the National Informatics Centre (NIC) is the only organization in the Country to provide total informatics support to the Central Ministries & Departments, State Governments, District Administrations and other Government bodies. NIC in pursuit of its objectives is playing a pivotal role in major e-Governance initiatives at all levels of governance and providing various network

services (WAN, MAN, LAN), Data Centres, capacity building, etc. But the Committee are concerned to observe that during the year 2007-2008 against a proposal of Rs. 427.00 crore, NIC was granted Rs. 320.00 crore whereas its actual expenditure has exceeded the allocations during the year. Further, during 2008-09 fiscal, a sum of Rs. 400.00 crore has been allocated to NIC against a proposal of Rs. 560.00 crore. As reported, the Planning Commission on the plea of scarcity of funds has reduced the allocation for NIC. In view of the importance of mandate given to NIC and wide spectrum of activities it has been carrying out, the Committee desire that adequate funds should be allocated to NIC to enable it to discharge its responsibility timely as well as effectively. They, therefore, recommend that the Department should take up the matter with Planning Commission for enhanced allocation of funds to NIC at the RE level.

Action Taken by the Government

Appropriate action will be taken at RE 2008-09 stage.

Recommendation (Para No. 19)

Taking note of the possible adverse impact of the new SEZ policy and the end of tax holiday available to STPI units w.e.f. 31 March 2009, the Committee in their 29th & 46th reports (14th Lok Sabha) had desired that STPI units should also be provided with same tax benefits & facilities that are available to SEZ units. This year also while examining the Demand for Grants, the Committee are informed that in case the tax benefits available to STPI units are withdrawn from March 2009, the units might get adversely affected. Although this matter had already been taken up with Ministry of Finance, no decision has been taken so far. In order to enable the STPI units to chalk out their immediate and long term planning the Committee desire that the Matter may be vigorously pursued with the Ministry of Finance for an early decision in this regard. Further, the Department should formulate a new / supplementary scheme with additional benefits to the IT companies and the Small and Medium Enterprises (SMEs) already established or being established in smaller cities/towns.

Action Taken by the Government

As per the extract from the reply of the Finance Minister, to the debate in the Lok Sabha on the Finance Bill 2008, it is decided that the two sections (10A and 10B of the Income Tax Act) will be amended and exemptions continue until 31.3.2010.

Comments of the Committee

(Please see Paragraph No. 41 of Chapter I)

Recommendation (Para No. 22)

The Committee note that the Standardization, Testing and Quality Certification Directorate has been set up with the objective of establishing quality assurance infrastructure in the country to facilitate quality productions and services at par with the global standards and practices. The directorate have been playing a key role in enabling the Indian IT Industry and users in achieving compliance with the international quality standards in order to compete globally. During the year 2007-08 the Directorate was provided with an Outlay of Rs. 50.00 crore. Significantly, the Directorate generated Rs. 40.00 crore as IEBR, which is transferred to the Consolidated Fund of India. For the year 2008-09 the Directorate sought an allocation of Rs. 74.00 crore against which they have been allocated a sum of Rs. 42.00 crore only. Given the exacting quality control regime prevailing in the global IT sector standards, the Committee find it really surprising as to why this Organization, which is the bedrock of quality control in the country is being deprived of funds required for establishing and expanding its R&D infrastructure, more so, when the IEBR generated by the Directorate are also not being reinvested in it. The Committee, therefore, desire that the Department should pursue the matter of getting enhanced allocation for the STQC more purposefully and forcefully so that necessary corrections are carried out at the RE stage.

Action Taken by the Government

The matter would be taken up with Planning Commission and also with Ministry of Finance at RE stage.

Recommendation (Para No. 23)

The Committee note that the NASSCOM has projected that to reach US\$ 60 billion in export revenues by the year 2010 and for the domestic IT industry to continue to grow, the IT and BPO industries would need to employ over three million professionals as direct employment. The NASSCOM has also indicated that the current industry employment is about to reach two million professionals by March, 2008. The Committee also note that the Government of India along with the industry associations like NASSCOM has been continuously looking at the IT sector's requirement from time to time. As a follow up, the DIT has also constituted a study Team on Human Resource Development under the working Group on IT sector for the Eleventh Five year Plan to cope

with the manpower needs of the ever-growing IT/ITES industry. Taking into consideration the threat looming large over the IT/ITES industry due to possible shortage of skilled manpower after 2009 as reported, the Committee urge upon the department to make persistent and concerted efforts in tandem with the industry associations to ensure that the fast growing IT/ITES industry does not suffer a setback due to shortage of skilled professionals.

Recommendation (Para No. 24)

The Committee acknowledge the fact that the efforts of DIT alone would not be sufficient to bridge the gap between the demand and supply of IT skilled workforce for the present and the future. The Ministry of Human Resource Development would continue to play a major role to address the issue of manpower requirement. However, the Committee feel that the Department of Information Technology being the nodal Department for overseeing the overall functioning and development of the IT Sector has a larger role to play than any other sister Ministry/ Department. The Committee, therefore, desire that the DIT in coordination with other Government Ministries/Departments as well as the Private Sector should take measures to bridge the gap between the demand and supply of IT skilled workforce.

Action Taken by the Government

DIT in coordination with other Ministries of Government of India like Ministry of Human Resource Development, Ministry of Labour & Employment, Planning Commission, etc. and Industry Associations like NASSCOM is making continuous efforts to ensure the availability of skilled manpower for the fast growing IT/ITES Industry. DIT would continue with these efforts in future also.

Comments of the Committee

(Please see Paragraph No. 50 of Chapter I)

Recommendation (Para No. 25)

The Committee are highly concerned to note that during the year 2007-08 against a proposal of Rs. 22.00 crore the DOEACC was allocated a meagre amount of Rs. 50 lakh only. Similarly, during the 2008-09 fiscal, DOEACC proposed an amount of Rs. 11.00 crore whereas a paltry amount Rs. 44 lakh only was allocated to it. Scarcity of resources has been attributed to such drastic reduction of Plan Outlays for DOEACC. At the same time, the Committee are informed that the society essentially needs

budgetary support for meeting the Capital Expenditure mainly for capacity building of its 10 centres located at different places in the country. Here, it may be mentioned that during the years 2005-06 and 2006-07 DOEACC's utilisation of Plan allocation was optimum. Thus, in view of the fact that the Centre has an unblemished record of utilisation of budgetary allocation during the preceding years and it needs adequate funds towards its existing and emerging activities including infrastructure development and upgradation of various labs, the Committee impress upon DIT to initiate measures for making adequate funds available to DOEACC in facilitating its mission.

Action Taken by the Government

The recommendation of the Committee has been noted for compliance.

Recommendation (Para No. 27)

The Committee appreciate to note that DOEACC has been taking a number of initiatives to cater to the ever-growing demand of IT/ITES professionals. Such efforts include short term courses in the area of Information Technology, Electronics Design and Technology, Manufacturing Technology and Maintenance Engineering in addition to the formal and non-formal long term courses. Besides, various intensive customer support programmes and training courses are conducted by DOEACC, even in the North-East Region and Jammu & Kashmir. While commending the initiatives of DOEACC, the Committee desire that such efforts should continue unhindered to address the ever-growing demand for IT/ITES professionals.

Action Taken by the Government

DOEACC is continuing to offer its various courses for generating quality manpower and develop skilled professionals in the field of Information, Electronics & Communication Technology (IECT). In order to meet the emerging needs of the industry, DOEACC also periodically review various courses both long term & short term. New courses are designed and introduced to cater to the specific requirement of the industry from time to time in IECT area.

Recommendation (Para No. 28)

The Committee note that to facilitate direct connectivity between India and Europe to support current and potential cooperative research activities, a 45 Mbps link has already been established between ERNET

India and European Research Network GEANT under the Manpower Development scheme of DIT. The Committee were further informed during evidence that this link is being gradually upgraded to 100 Mbps to improve the speed and quality. However, as per the Outcome Budget (2008-09) this link is being upgraded to 622 Mbps/1Gb link. The Committee desire the Department to reconcile the upgradation target and spell out their exact plan of action to take adequate measures to upgrade the link, so that the existing and emerging cooperative research activities between India and Europe are well supported with greater speed and better quality.

Action Taken by the Government

The existing 45 Mbps link between ERNET and GEANT is being upgraded to 100 Mbps. It is expected that users demand would continuously grow for next couple of years as many Indian researchers have multi-national research collaborations project such as Integrated Knowledge Network in India etc. which would require high international bandwidth connectivity to Europe. It is planned that India should go for minimum 1 Gbps bandwidth in 2008, 2.5 Gbps in 2009 and 10 Gbps in 2010. There should be redundancy in network connectivity with one link going to Europe and second link going to TEIN2 POP either in Singapore or Hong Kong.

Recommendation (Para No. 29)

The Committee note that an expenditure of Rs. 60 lakh including Government grant of Rs. 25 lakh incurred on the development of a technology for ferrite Radio Frequency Absorber Tiles by SAMEER did not yield the desired benefits as the technology was not transferred for commercial exploitation and the Department could not persuade the technology development partner to commercialize the technology. It happened as no Memorandum of Understanding (MoU) was signed by the DIT with the partner and SAMEER before releasing the Grants. The Committee also find that at a certain point of time the commercial interest of the partner to go ahead with the project waned subsequent to which SAMEER approached another company which showed no interest in manufacturing the product. Although, the Department have forwarded an exhaustive explanation in this regard, yet the Committee feel that due to sheer bad management, the technology developed in the present case could not be transferred/commercialized resulting in wastage of valuable assets. The Committee, therefore, recommend that henceforth when any joint venture is contemplated by the PSEs of the department with any private technology development partners, adequate safeguard mechanisms like MoU & Performance Bank Guarantee should be put in

place, so that the projects are accomplished in time and the intended purpose is served.

Action Taken by the Government

The recommendation of the Standing Committee on IT with regard to the R&D project of SAMEER on RF Absorber Tiles has been noted. Currently, there is no Public Sector Enterprise (PSE) under the control of DIT. However, safeguard mechanisms like MoU & Performance Bank Guarantee would be adopted whenever any private technology development partner is associated in projects with R&D societies of the Department like C-DAC, SAMEER, etc. However, extraneous factors like fast changing technologies, market conditions and business interests of the private partner may still adversely affect timely completion and commercialization.

Recommendation (Para No. 30)

The Nanotechnology Development Programme was initiated in March, 2004 to establish centres of excellence for research in Nano Electronics and Nano Meteorology and also to fund small and medium level research projects in specific areas. The Committee find that during the year 2008-09 against a proposal of Rs. 65 crore towards Nanotechnology Development Programme, a sum of Rs. 35 crore only has been allocated. The Committee are highly concerned to note that paucity of funds will adversely affect the funding of research projects at IIT Kharagpur, IIT Delhi and IISc Bangalore. In view of the fact that Nanotechnology being christened as the next futuristic technological revolution, inadequate fund allocation towards the development of Nanotechnology would seriously hamper the proactive R & D efforts for the technological and economic development of the nation. The Committee also feel that the Department stand a good chance of getting the required funds, in view of maximum utilisation of allocations during the preceding years. The Committee therefore impress upon the Department to take up the matter of sufficient fund allocation for Nanotechnology Development Programme.

Action Taken by the Government

Additional funds for the Nanotechnology Development Programme would be sought at the RE stage during the financial year 2008-09.

Recommendation (Para No. 31)

The Committee note that the year 2007-08 the Centre for Development of Advanced Computing (C-DAC) has inspite of fund

constraints and a high attrition rate in its R & D manpower, made sizable progress in its major thrust areas schemes like the High Performance Computing and Grid Computing, Multilingual Computing and Heritage Computing Professional Electronics including VLSI and embedded systems, Software Technologies including Free/Open Source Software (FOSS), Cyber Security and Cyber Forensics and Health Informatics. However, achievements have been low in some of the Schemes and activities because of the two above cited reasons. The Committee expect that the Centre would further improve its performance in 2008-09 in its various spheres of activities. The DIT on their part should extend all possible assistance to C-DAC in its pursuit of excellence and an acknowledged place in R&D institutions in the world.

Action Taken by the Government

The recommendation of the Committee has been noted by the Department for necessary action.

Recommendation (Para No. 32)

Attrition of manpower in C-DAC has consistently been engaging the attention of the Committee because of its adverse ramifications not only upon the Centre itself but the nation as a whole. In this context, the Committee find that several proposals pertaining to the staff benefits of C-DAC like enhanced leased accommodation facility, post retirement medical reimbursement, performance incentive and payment of fuel charges are still being processed at various levels in the Department. In order to check further damage to the Centre in terms of manpower attrition, the Committee once again stress upon the Department to expeditiously take up the staff benefit proposals of C-DAC with the Ministry of Finance to incentivise and retain manpower in high technology areas.

Action Taken by the Government

The Department has approved the enhanced leased accommodation facility for C-DAC. It has also taken up the issue of performance incentive with Ministry of Finance.

The recommendations of the Sixth Pay Commission (SPC) include better pay allowances 'Performance Related Incentive Scheme' and scheme for contractual appointment. It is expected that some of the salary/ staff benefit related issues of C-DAC would get addressed once the recommendations of the SPC are implemented by the Government.

Recommendation (Para No. 34)

The Committee note that in order to optimally utilise the potential of institutions such as research laboratories, Universities and other institutions of higher learning including professional institutions engaged in generation and dissemination of knowledge in various fields, the Department of Information Technology have evolved a new scheme called the 'National Knowledge Network' with a budgetary allocation of Rs. 100.00 crore for the year 2008-09. The Committee find that the Department would execute the Scheme under the guidance of an Empowered Committee, which would indicate the choice of the implementing agency, architecture of the network and time frame for the implementation of the National Knowledge Network. The Empowered Committee would be constituted by the end of April, 2008, the Department at present, are neither sure of the time frames nor the number of educational institutes to be covered under the network. The Committee also finds that one Scheme called 'GARUDA' managed by C-DAC is already in place besides ERNET to carry out the R & D and educational activities of the Department. Moreover the Ministry of HRD has also mooted a proposal for a separate network in line with the National Knowledge Network. The Committee felt that instead of multiple approaches, an integrated effort to carry out such novel schemes would be more effective and yield better results. The Committee would therefore like the Government to explore the feasibility of evolving an integrated approach to seamlessly interconnect the Knowledge institutes to encourage sharing of the resources and collaborative research. The Committee further hope that the Empowered Committee would be constituted as per the deadline and thereafter the Department would chalk out their plan of action to roll out the National Knowledge Network' Scheme in the 2008-09 fiscal year itself for optimum utilization of Rs. 100 crore earmarked for the purpose. The Committee also desired that the Scheme be gradually extended to the educational institution situated in the non-urban and backward areas, which are in dire need of sharing resources and knowledge.

Action Taken by the Government

The High Level Committee (earlier referred to as Empowered Committee), with Principal Scientific Adviser to the Government of India as Chairman, has been constituted *vide* Notification No. 4(3)/2007-ELG dated 30.4.2008.

The High Level Committee would oversee, monitor and coordinate all activities relating to creating and implementation of the proposed National Knowledge Network, including merger of networks.

The High Level Committee under the Chairmanship of Principal Scientific Adviser to the Government of India has been constituted. The National Knowledge Network would be established under the guidance of High Level Committee. The High Level Committee would chalk out the plan for establishing the network including identifying the implementing agency, finalize all technical issues relating to the proposal including the selection of best networking option, term of participation etc. The High Level Committee would make necessary specific recommendations for DIT to obtain financial and other approvals of the competent authority. National Knowledge Network would connect all knowledge institutions in the country, cutting across sections like higher and technical education, medical education, legal education, agricultural education and science and technology.

Comments of the Committee

(Please *see* Paragraph No. 59 of Chapter I)

CHAPTER III

OBSERVATION/RECOMMENDATION WHICH THE COMMITTEE
DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLY OF THE
GOVERNMENT

NIL

CHAPTER IV

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

Recommendation (Para No. 8)

The National e-Governance Plan is an epoch making programme which is expected to change the entire concept and system of governance in the Country. Against this background, the Committee note that the total allocation for NeGP during 10th plan was Rs. 1036.67 crore. Whereas the expenditure was Rs. 1028.80 crore. In BE 2008-09, Rs. 800 crore have been allocated for this Scheme as against a proposal of Rs. 1053.63 crore *i.e.* a difference of approximately Rs. 250 crore. The Department have submitted that this would be reviewed/met at the RE stage. The Committee feel that given the utilisation record under this Scheme, the allocation definitely needs a rethink. The Committee expect that the Department would strive their utmost to ensure that high expectations from NeGP are met and the same is implemented at the earliest. The Committee also expect the Government to ensure that no roadblocks in the form of administrative delays or financial constraints come in the way of DIT in their endeavors.

Action Taken by the Government

The observations and advice of the committee are noted.

Comments of the Committee

(Please *see* Paragraph No. 14 of Chapter I)

Recommendation (Para No. 12)

The Scheme aims to establish 1,00,000 broadband internet enabled CSCs in rural areas of the Country and is being implemented in a Public Private-Partnership mode. The Department were supposed to set up 30,000 kiosks by March, 2007 and complete the process of establishment of 1,00,000,+ CSCs in the country by 2008. The Committee are disappointed to learn that only 3338 CSCs have been set up in five States

viz. Jharkhand, West Bengal, Haryana, Bihar and Tripura and the target has now been revised to be achieved by March, 2009. The Committee, therefore, once again impress upon the Department to take all necessary measures to expedite the roll out of CSCs scheme across the Country by the revised deadline .

Action Taken by the Government

The recommendation of the Committee is noted. In this connection, it is stated that the DIT is actively driving and monitoring the implementation of the CSC Scheme, and doing all it can to speed up the implementation. However, it must be stressed that the actual implementation of the CSC Scheme on the ground, as per the design of the CSC Scheme, is the responsibility of the State Governments. The design of the CSC Scheme calls for the selection of a Service Centre Agency (Private Agencies which will actually set up the CSCs) by the State Government and it is this Agency which actually sets up the CSCs on the ground. Currently, on account of the proactive intervention of the DIT and the support provided to the States by the DIT through the NLSA, and the active involvement of the State Governments, bid evaluation for setting up more than 90,000 CSCs has been completed. It is expected that CSCs would be set up in most States by the end of FY 2008-09. However, it must be stressed that the bid process management, award of work and facilitation of implementation by the selected agency is done by the State Government since as per design the contract with the Service Centre Agency (SCA) is signed by the State Government. It may be noted that the actual period of implementation from the date of signing the contract with the SCA is 12 months in most cases as per the detailed statement placed below. Hence the projections now being made are based on actual contractual arrangements entered into by State Government.

Comments of the Committee

(Please *see* Paragraph No. 25 of Chapter I)

Status of CSC Implementation – State wise

Sl. No.	State/UT	Bid Zone (Z)/ Division (D)	Successful Bidder	No. of CSCs	MSA Signing Date	Contract Duration	Timelines for 100% CSC Roll out
1	2	3	4	5	6	7	8
1.	Jharkhand	D1-Ranchi	UTL	703	11 Apr'07	12 Months	11 Apr'08
		D2-Hazaribagh	UTL	1657			
		D3-Kolhan	UTL	583			
		D4-Dumka	Zoom Developers	1019			
		D5-Palamu	AID	600			
		Total		4562			
2.	West Bengal	Z1-Darjeeling, Jalpaiguri, Coochbehar	SREI-WIPRO	780	5th Apr'07	12 Months	5th Apr'08
		Z2-Uttar Dinapur, Dakshin Dinapur, Malda	SREI-WIPRO	649	5th Apr'07		5th Apr'08
		Z3-Murshidabad, Nadia	SREI-WIPRO	935	5th Apr'07		5th Apr'08
		Z4-North 24 Paraganas Paschim Mednipur	Reliance-SAMTECH	966	7th May'07		7th May'08
		Z5-Burdwan, Purulia	Reliance-SAMTECH	894	7th May'07		7th May'08

1	2	3	4	5	6	7	8
		Z6-South 24 Paraganas Howrah	SREI-WIPRO	978	5th Apr'07		5th Apr'08
		Z7-Hooghly, Bankura	SREI-WIPRO	832	5th Apr'07		5th Apr'08
		Z8-Purba Medinipur, Birbhum	SREI-WIPRO	763	5th Apr'07		5th Apr'08
		Total		6797			
3.	Haryana	D1-Ambala	SARK-Jaipuria	275	17 Apr'07	12 Months	17 Apr'08
		D2-Rohtak	Comat+Hughes	267			
		D3-Gurgaon	3i Infotech	294			
		D4-Hisar	SARK-Jaipuria	323			
		Total		1159			
4.	Gujarat	Z1-Ahmedabad	CMS Computers Ltd.	1473	21 Dec'07	6 Months (as decided by the State Govt.)	21 Jun'08
		Z2-North Gujarat	Reliance	1504	22 Jan'08		22 Jul'08
		Z3-Rajkot	3i Infotech Ltd.	1344	17 Dec'07		17 Jun'08
		Z4-South Gujarat	3i Infotech Ltd.	1679	17 Dec'07		17 Jun'08
		Total		6000			
5.	Sikkim	4 Districts (Complete State)	Comat+Hughes	45	24 Apr'08	6 Months (only CIC to CSC Conversion)	24 Oct'08

1	2	3	4	5	6	7	8
6.	Bihar	D1-Patna D2-Magadh D3-Purnia D4-Tirhut D5-Koshi D6-Darbhanga D7-Bhagalpur D8-Munger D9-Saran Total	SREI-WIPRO SREI-WIPRO SREI-WIPRO SREI-WIPRO SARK Zoom Zoom SREI-WIPRO SARK	1347 883 833 1728 504 1110 427 774 857 8463	6 Oct'07	12 Months	6 Oct'08
7.	Tripura	Z1-North & South Tripura Z2-West Tripura & Dhalai Total	Comat+Hughes Comat+Hughes	67 78 145	1 Nov'07	12 Months	1 Nov'08
8.	Madhya Pradesh	D1-Chambal D2-Gwalior D3-Ujjain D4-Indore D5-Bhopal D6-Hosangabad D7-Sagar D8-Jabalpur D9-Rewa Total	AISECT CMS NICT NICT CMS Computer 3i Infotech Ltd. AISECT Reliance AISECT	393 825 1028 1130 1311 257 1076 1765 1447 9232	18 Feb'08 18 Feb'08 18 Feb'08 18 Feb'08 18 Feb'08 20 Feb'09 18 Feb'08 18 Feb'08 18 Feb'08	12 Months	18 Feb'09 18 Feb'09 18 Feb'09 18 Feb'09 18 Feb'09 20 Feb'09 18 Feb'09 18 Feb'09 18 Feb'09

1	2	3	4	5	6	7	8
9.	Tamil Nadu	Z1-North East Z2-North West Z3-East Z4-South Z5-Central Total	SREI 3i Infotech Ltd. 3i Infotech Ltd. 3i Infotech Ltd. 3i Infotech Ltd.	1045 823 1354 1062 1155 5439	17 Mar'08	11 Months (as decided by the State Govt.)	17 Feb'09
10.	Assam	Group 1 Central & Southern Group 2 Eastern Western & Northern Total	Zoom Developers SREI+WIPRO SREI+WIPRO	1542 1303 1530 4375	25 Mar'08 14 Mar'08 14 Mar'08	12 Months 12 Months	25Mar'09 14 Mar'09 14 Mar'09
11.	Uttar Pradesh	Z1-Moradabad Z2-Varanasi Z3-Faizabad Z4-Lucknow Z5-Bareilly Z6-Agra Z7-Kanpur Total	CMS Computers Ltd. SREI+WIPRO Comat Technologies SREI+WIPRO Comat Technologies 3i Infotech Ltd. CMS Computers Ltd.	1615 3669 2601 4449 2120 1688 1767 17909	8 Apr'08	12 Months	8 Apr'09

1	2	3	4	5	6	7	8
12.	Uttarakhand	Bid Unit 1-Pauri Gadwal	Reliance	1394	25 Apr'08	12 Months	25 Apr'09
		Bid Unit 2-Kumau	Reliance	704			
		Bid Unit 3-Dehradun	Comat+Hughes	706			
		Total		2804			
13.	Orissa	Z1-Mayurdhanj, Balasore, Bhadrak, Kendrapara, Jajpur	CMS Computers	1922	17 Jun '08	12 Months	17 Jun '09
		Z2-Nayagarh, Khurda, Puri, Cuttack, Jagatsinghpur	CMS Computer	1366			
		Z3-Angul, Keonjhar, Dhenkanal, Deoghar, Sundergarh	Zoom Developers	1314			
		Z4-Bargarh, Bolangir, Sambalpur, Sonepur, Jharsuguda, Boudh	SREI Infrastructure	1136			
		Z5-Phulbani, Ganjam, Gajapati, Rayagada	CMS Computers	1674			
		Z6-Malkangiri, Koraput, Nabarangpur, Kalahandi, Nuapara	SREI Infrastructure	1146			
14.	Meghalaya	Entire State	BASIX	225	9 Jul'08	12 Months	9 Jul'09

Recommendation (Para No. 17)

The Committee note that against a budgetary proposal of Rs. 12 crore during the year 2007-2008, the Software Technology Parks of India (STPI) was allocated an amount of Rs. 2 crore at the RE stage. Similarly, during 2008-2009 no allocation has been made to STPI against a proposal of Rs. 60 lakh. During preliminary examination of the Demands for Grants (2008-2009), an impression was given that since STPI Centres are having enough internal accruals, they do not need any budgetary support. But subsequently during the course of evidence, the Committee were informed that while STPI's internal accruals are enough for the maintenance of the existing 48 centers, It requires budgetary support to open up new centres. The Committee acknowledge the fact that STPI is a self sustaining organization and it can carry out its existing activities even without budgetary support. But, the Committee feel that STPI should clearly project its financial requirements so that the budget exercise appears realistic and contradictory statements are avoided.

Action Taken by the Government

As per 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. DIT provides a seed capital of Rs. 50 lakh to STPI for setting up a new centre. STPI has projected a budgetary support of Rs. 100 Lakh during a financial year to establish two Centers in a year.

Comments of the Committee

(Please see Paragraph No. 35 of Chapter I)

Recommendation (Para No. 18)

The Software Technology Parks of India (STPI) Scheme was conceived with an objective to *inter-alia* promote software and software services and to provide statutory and data communication services, etc. The Committee note with satisfaction that the STPI Scheme has been immensely successful as is evident from its phenomenal export earnings which increased from Rs. 37,176 crore in 2002-2003 to Rs. 1,44,214 crore in 2006-2007. However, a majority of software export is centered around tier-I & tier-II cities and in forward / developed States of the Country. The Committee desire that STPI should open new Centres also in tier-III and tier-IV cities as well as in less developed States to provide the requisite growth impetus to these areas.

Action Taken by the Government

As per 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. The Department of Information Technology, Government of India provides a seed capital of Rs. 50 lakhs to STPI for setting up of New STPI Centres. 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.

Comments of the Committee

(Please see Paragraph No. 38 of Chapter I)

Recommendation (Para No. 20)

The Committee note that while computer software production has quadrupled since 2002-2003, the electronics hardware production has only doubled during this period. The Committee observe that hardware sector is lagging due to a number of reasons like lack of a national policy, infrastructure constraints, lack of economies of scale, high taxation regime *vis-à-vis* other countries, etc. The Committee have time and again emphasized the need for formulation of a National Policy on IT Hardware. The Department have all along been assuring the Committee that the same was on the anvil. Unfortunately, DIT have now backtracked from this. Moreover, the Department's endeavors of getting a Discussion Paper prepared; this discussion paper considered by a task force; the task force constituting another small group to submit a report to them; and the decisions on the task force on the basis of the report of this small group being implemented by various Ministries/Department have apparently not yielded any results. Rather, it has given an impression of a piecemeal and disjointed approach to an important area of the country's technological development. The Committee are unhappy over this. They are of the considered view that if the Department had timely formulated the National Hardware Policy, the hardware sector would also have been buoyant and kept some pace with the Software industry. The Committee feel that even now it is not that late and the Department should come up with a well laid out comprehensive National Policy on Electronic/IT Hardware sector without any further delay.

Action Taken by the Government

1. The Department of Information Technology is actively engaged in promotion of Electronics Hardware Manufacturing in the country. DIT had prepared "A Discussion Paper on the Conceptual Policy

Framework to Promote Growth of Electronics/IT hardware Manufacturing Industry” in consultation with the Stakeholders. The main objectives of the proposed package of incentives for the Electronics/IT Hardware Manufacturing Sector are to make the industry globally competitive, to attract more FDI in the industry, to bring down the prices of the end products (by bringing down the production cost and increasing volumes to take advantage of economies and efficiencies of scale), to increase the demand to compensate for disabilities until the basic infrastructure constraints that the nation faces are removed, and to move towards total taxation level of 12-15% over a period of 3 years.

Most of the proposals contained in the Discussion Paper were to be implemented by other Ministries/Departments. Therefore, as suggested by DIT, the Government decided to constitute a Task Force on Electronics/IT Hardware Manufacturing industry in order to provide a package of incentives to promote the growth of this industry. Member Secretary, Planning Commission and Secretaries of the Departments of Information Technology, Industrial Policy & Promotion, Commerce, Revenue, Economic Affairs, and Expenditure were members of the Task Force.

2. The Task Force constituted a small Group under the Chairmanship of Member Secretary, Planning Commission to look into all relevant aspects of the matter and give its recommendations regarding appropriate fiscal as well as other benefits for the Electronics/IT Hardware Industry for consideration of the Task Force. After consideration of the Report of the Group by the Task Force and as a follow up of decisions taken by the Task Force, action has already been taken/initiated for implementation of a number of recommendations by DIT and other concerned Departments.

The present status of implementation of the recommendations/decisions is as under:

- (i) Infrastructure Support: Inadequate infrastructure was identified as one of the disability factors being faced by the Electronics Hardware manufacturing sector. As per the recommendation of the Task Force, setting up of Special Investment Regions (SIRs) for Electronics and IT Hardware manufacturing, has been announced vide Gazette Notification dated 29.5.2008.
- (ii) Incentives for R&D: In addition to the existing schemes for funding R&D projects, DIT has put in place the following Schemes, as per the recommendation of the Task Force:
 - Support International Patent Protection in Electronics &IT (SIP-EIT): The details of the scheme are available on DIT’s website.

- **Multiplier Grants Scheme:** The objective of the scheme is to encourage industry to collaborate with premier Academic and Government R&D institutions for development of innovative and commercially viable products/packages. The details of the scheme are available on DIT's website.
- **Promote technology and innovation focused start ups:** DIT has initiated a Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, IT and Management. The scheme aims to assist Institutions of Higher learning such as IITs, IIMs, NITs and IITs, etc. to strengthen their Technology Incubation centres and thus enable young entrepreneurs to initiate technology start up. Companies for commercial exploitation of technologies developed.

(iii) Environmental considerations:

- **E-waste:** The electrical and electronic waste (e-waste) is one of the fastest growing waste streams in the world. In India, the issue of e-waste management is in a nascent stage. To address this issue, the Guidelines for environmentally sound management of e-Waste have been approved by MoEF and placed on the websites of MoEF as well as Central Pollution Control Board.
- **Electromagnetic Compatibility (EMC)/Electromagnetic Interference (EMI) & Safety Standards:** It is essential to have the products designed and tested to accepted standards of safety and EMI/EMC. The Task Force noted that the industry is in favour of notification of standards and compliance thereto. However, the industry does not support mandatory licensing by the Bureau of Indian Standards (BIS). It was noted that notification of standards could not be delinked from the BIS licensing scheme. The matter is under consideration of the concerned Ministry (Department of Consumer Affairs).

(iv) Tariff issues and fiscal incentives:

- **Correction of inverted tariff structure:** The cases of inverted duty structure brought to notice of DIT by the Industry Associations have been corrected by the Department of Revenue.
- **Reduction of total taxation level:** The Task Force recommended that the total taxation level for this industry should be brought

down to reasonable level of 12% to 15% over a period of three years. The recommendation has been partially implemented. The general rate of excise duty (CENVAT) has been reduced from 16% to 14% and announcement has been made for reduction of Central Sales Tax (CST) from 3% to 2% in the Budget 2008-09. Regarding the proposals for abolition of CST and rationalization of VAT on both IT and non-IT electronics goods to 4%, the matter is under consideration of Ministry of Finance.

(v) **Special Incentives for Fabs and other High Tech IT Products:** Subsequent to announcement of the Special Incentive Package Scheme (SIPS) *vide* Gazette Notification dated 21.3.2007 and issuance of Guidelines on 14.9.2007, eleven proposals covering investment in Semiconductor Fab, LCD manufacturing and solar photovoltaic including polysilicon have been received.

(vi) **Special attention and priorities to Electronics/IT hardware manufacturing:** As per the Foreign Trade Policy (FTP), 2004-09 (updated as on 11th April, 2008), "Electronics and IT Hardware Manufacturing Industries" has been included as a thrust section in Chapter-1B relating to "Special Focus Initiatives."

3. It may be noted that the Task Force has addressed the issues raised by the Industry Associations for promoting growth of Electronics/IT Hardware Manufacturing in the country. It may also be noted that while several issues concern DIT, a large number of issues concern other Ministries/Departments of Government of India. Action has already been taken by DIT on some of the decisions of the Task Force. For the remaining issues, the concerned Ministries/Departments have either taken action or are in the process of taking action.

We appreciate the concerns of the Hon'ble Members of the Standing Committee regarding the need for a comprehensive National Policy on Electronic/IT Hardware sector. In view of the position brought out in the preceding paras, major issues concerning the Hardware sector have already been addressed. The above measures/initiatives, once fully implemented, shall together constitute a comprehensive package of incentives for promotion of Electronics Hardware manufacturing sector in the country. Further, the matters relating to tariff structure are reviewed regularly, as a part of Annual Budget exercise by the Ministry of Finance and this an ongoing process.

Comments of the Committee

(Please *see* Paragraph No. 44 of Chapter I)

Recommendation (Para No. 21)

The Committee are perturbed to note that the implementation activities of the Digital DNA Park was commenced way back in May, 2003, but surprisingly the land acquisition process for the project is still going on even after a lapse of almost five years. The Committee in their 15th Report (14th Lok Sabha) on Demands for Grants (2005-06) of the Department, had already expressed disappointment over the delay in implementation of this Project involving many formalities that resulted in non-utilisation of allocated funds. The Committee are informed that a firm of Chennai has been short listed for procurement of 100 acres of land and the land acquisition process is on. However, according to the outcome Budget (2008-09), this process is on for last two financial years. The Committee, therefore, strongly recommend that, STPI being the nodal agency, should accord highest priority to this Project and the Department should monitor the progress at the highest level, the Committee would like to be periodically informed of the progress made in project implementation.

Action Taken by the Government

Special Secretary and JS & FA, DIT have taken a meeting with Secretary (Industry), Government of Tamil nadu and representative of M/s Ascendas, the industry partner the Bio-IT Park project and TIDCO, Chennai. The Committee deliberated on the issue of timely implementation of the project and finally decided that under the given circumstances due to non-availability of appropriate land it is difficult to pursue the project.

Comments of the Committee

(Please *see* Paragraph No. 47 of Chapter I)

Recommendation (Para No. 26)

The Committee find that consequent upon the DOEACC's application to the Distance Learning Council under the Ministry of Human Resource Development for recognition of the Centre's 'B' level qualification as equivalent to MCA, the Council has sent its recommendations which are under the consideration of the All India council of Technical Education (AICTE). In the meantime, various universities/deemed universities have recognized DOEACC 'B' & 'A' level courses for admission to their M. Tech & M.Sc./MCA programmes respectively the Committee also find that recognition of DOEACC's 'C' level qualification would be taken up by AICTE only after 'B' level

qualifications, is recognized. In view of the imperatives of the recognition of DOEACC's 'B' level the Committee would like to impress upon the Department to earnestly pursue the matter with Ministry of HRD/AICTE so that the recognition is soon accorded to effectively engage DOEACC in its endeavour towards formal and non-formal industry oriented education the area of ICT.

Action Taken by the Government

The issue of recognition of 'B' & 'C' level qualifications is being constantly/regularly pursued with AICTE at different levels.

Comments of the Committee

(Please *see* Paragraph No. 53 of Chapter I)

CHAPTER V

OBSERVATION/RECOMMENDATION IN RESPECT OF WHICH REPLY IS OF INTERIM NATURE

Recommendation (Para No. 33)

The Committee note that during the year 2007-08, against a proposal of Rs. 50.00 crore, the Media Lab Asia was allocated Rs. 10.00 crore which was completely eliminated at the RE stage. Similarly, during the financial year 2008-09, against a proposal of Rs. 50.00 crore, the Lab has been allocated Rs. 1.00 crore only. Such reductions are attributed to the ongoing restructuring process in pursuance of a Cabinet decision with effect from 1 may, 2003. The Committee also find that pursuant to the Cabinet decision that the outlay for the Eleventh Plan and the level of Government support to MLA would be decided based on an independent evaluation by experts to be carried out in 2006-07, the Department have constituted a Committee of Experts which had already held three meetings and is likely to submit its report soon. Taking note of the sorry state of affairs of MLA which was conceived as a novel project to put technology to the of common man, the Committee hope that the expert committee would give its report at an early date so that the restructuring process is completed and the Eleventh Plan outlay and the extent of Government support to MLA are finalized to enable the Lab to embark upon its missions afresh.

Action Taken by the Government

The 4th meeting of the Committee of experts constituted under the Chairmanship of Dr. R. Chidambaram, Principal Scientific Adviser to the Government of India, was held on 21st May, 2008. The Committee is likely to finalise the Report on the Media Lab Asia and suggest the level of funding for the 11th Plan period. The Government will take further necessary action on receipt of the Review Report.

NEW DELHI;
27 August, 2008

5 Bhadrpada, 1930 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

APPENDIX

STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2008-2009)

MINUTES OF THE SECOND SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 27th August, 2008 from 1100 hrs. to 1300 hrs. in Room No. 53, Parliament House, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

Members

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Shri Ramesh Dube
6. Shri Narahari Mahato
7. Shri Bhaubaneswar Prasad Mehta
8. Shri Lalmani Prasad
9. Shri Tufani Saroj
10. Shri Tathagata Sathpathy

Rajya Sabha

11. Dr. C.P. Thakur
12. Shri A. Vijayaraghvan
13. Shri Rajkumar Dhoot
14. Shri Shyam Benegal

Secretariat

1. Shri P. Sreedhran — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Shri P.C. Koul — *Deputy Secretary*
4. Shri D.R. Mohanty — *Under Secretary*

WITNESSES

**Ministry of Communications and Information Technology
(Department of Information Technology)**

*** *** *** ***

2. At the outset, the Chairman welcomed the members of the Committee and the representatives of the Ministry of Communications and Information Technology (Department of Information Technology) to the sitting of the Committee.

3. *** *** *** ***

4. The Chairman thanked the witnesses for appearing before the Committee as well as for furnishing valuable information desired by the Committee.

A verbatim record of the proceedings has been kept.

The witnesses, then, withdrew.

* Matters not related to this report.

5. The Committee, then, took up the following draft Reports for consideration and adopted the same:-

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

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

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

(iv) Draft Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in their Fifty-eighth Report on 'Demands for Grants (2008-2009)' of the Ministry of Communications and Information Technology (Department of Information Technology).

6. The Committee authorised the Chairman to finalise the above Draft Reports and present the same to the House on a date convenient to him.

The Committee, then, adjourned.

* Matter not related to this report.

ANNEXURE

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE FIFTY-EIGHTH REPORT (FOURTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

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

Paragraph Nos: 1-7, 9-11, 13-16, 19, 22-25,
27-32 and 34

Total	26
Percentage	76.47

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

Paragraph No: NIL

Total	NIL
Percentage	0

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

Paragraph Nos: 8, 12, 17, 18, 20, 21 & 26

Total	07
Percentage	20.58

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

Paragraph No: 33

Total	01
Percentage	2.94