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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2011-12)**

FIFTEENTH LOK SABHA

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

**[Action Taken by the Government on the Recommendations/Observations of the Committee
contained in their Twenty-first Report (Fifteenth Lok Sabha) on 'Demands for Grants (2011-12)']**

TWENTY-NINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2012/Phalguna, 1933 (Saka)

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*Presented to Lok Sabha on 27.03.2012
Laid in Rajya Sabha on 27.03.2012*



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2012/Phalguna, 1933 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON INFORMATION TECHNOLOGY

(2011-12)

Shri Rao Inderjit Singh - Chairman

Lok Sabha

2. Shri Rajendra Agrawal
3. Smt. Sarika D.S. Baghel
4. Shri Nikhil Kumar Choudhary
5. Shri H.D. Devegowda
6. Shri Charles Dias
- *7. Shri A. Ganeshamurthi
8. Shri Rajen Gohain
9. Smt. Darshana Jardosh
10. Dr. Tarun Mandal
11. Shri P.R. Natarajan
12. Shri Tapas Paul
13. Shri Tathagata Satpathy
14. Shri Rajiv Ranjan Singh *alias* Lalan Singh
15. Smt. Seema Upadhyay
16. Vacant
17. Vacant
18. Vacant
19. Vacant
20. Vacant
21. Vacant

Rajya Sabha

22. Shri M.P. Achuthan
23. Shri Mohammed Adeeb
24. Shri Salim Ansari
25. Shri Rajeev Chandrasekhar
26. Shri Rajkumar Dhoot
27. Shri Prabhat Jha
28. Prof. Alka Balram Kshatriya
29. Shri Ravi Shankar Prasad
30. Shri P. Rajeeve
31. Shri Jesudasu Seelam

SECRETARIAT

1. Shri T.K. Mukherjee - Joint Secretary
2. Smt. Sudesh Luthra - Director

* Nominated to the Committee w.e.f. 29th November, 2011.

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2011-12) having been authorized by the Committee to submit the Report on their behalf, present this Twenty-ninth Report on Action Taken by the Government on the Recommendations/Observations of the Committee contained in their Twenty-first Report (Fifteenth Lok Sabha) on 'Demands for Grants (2011-12)' of the Department of Telecommunications (Ministry of Communications and Information Technology).

2. The Twenty-first Report was presented to Lok Sabha/Laid on the Table of Rajya Sabha on 4 August, 2011. The Department of Telecommunications furnished their Action Taken Notes contained in the Twenty-first Report (Fifteenth Lok Sabha) on 4th November, 2011.

3. The Report was considered and adopted by the Committee at their sitting held on 7 March, 2012.

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

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

New Delhi;
20 March, 2012
30 Phalguna, 1933 (Saka)

RAO INDERJIT SINGH,
Chairman,
Standing Committee on
Information Technology

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology (2011-12) deals with the Action Taken by the Government on the Recommendations/Observations of the Committee contained in their Twenty-first (Fifteenth Lok Sabha) relating to Demands for Grants (2011-12) of the Department of Telecommunications (Ministry of Communications and Information Technology).

2. The Twenty-first Report was presented to Lok Sabha/laid in Rajya Sabha on 4 August, 2011. It contained 36 Recommendations/Observations.

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

(i)	Recommendations/Observations which have been accepted by the Government: Para Nos.:- 2, 3, 4, 6, 13, 14, 15, 16, 18, 19, 20, 21, 25, 26, 27, 31, 32, 33, 35 & 36	Total: 20
		Chapter: II
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government: Para No.:- Nil	Total: Nil
		Chapter: III
(iii)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and require reiteration: Para Nos.:- 1, 5, 8, 9, 11, 22, 24 & 29	Total: 08
		Chapter: IV
(iv)	Recommendations/Observations in respect of which the replies of the Government are of interim in nature: Para Nos.:- 7, 10, 12, 17, 23, 28, 30 & 34	Total: 08
		Chapter: V

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

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

Recommendations of the Committee (Para No. 1)

I. Under Utilisation of allocations made under IEBR and GBS

6. The Committee had recommended as under:-

“The Committee note that the Budget Estimate allocations that include both Internal and External Budgetary Resources (IEBR) and Gross Budgetary Support (GBS) are for Rs. 19881.09 crore during the year 2011-12 against the allocation of Rs. 18135.10 crore during the previous year. So far as the trend of utilization of outlay earmarked at BE stage is concerned, it has been observed that the allocations earmarked at BE stage are being reduced at RE stage and the actual utilization is far lesser than the allocations made at RE stage. The Committee have consistently been expressing concern over the aforesaid trend and exhorting the Department to take corrective action. In spite of that the status of utilization of funds during the year 2010-11 has further worsened. The allocations made for Rs. 18135.10 crore at BE stage were drastically reduced to just Rs. 11860.84 crore at RE stage. Not only that the utilization as on February 2011 is just Rs. 6507.60 crore i.e 54.87 per cent of the allocations made at RE stage. In case the utilization status is compared to the allocations made at BE stage, it just comes to 35.88 per cent.

If the financial performance of the Department during the Eleventh Plan as a whole is taken into consideration, the proposed allocations for the five years both for IEBR and GBS are for Rs. 103526.96 crore. During the first four years of the Eleventh Plan, the Department could utilize just Rs. 41676.36 crore which is little more than 40 per cent of the allocations. In spite of the continuous pursuance of the issue, the Department does not seem to have bothered to undertake detailed analysis of the reasons for under utilization of the scarce resources. The reply of the Department that the projects do not come up or get delayed sometimes due to reasons beyond control further substantiates the aforesaid observation of the Committee. The detailed analysis of the various Plan schemes and the performance of two Public Sector Undertakings viz. MTNL and BSNL has been done in the

subsequent paras of the Report. Here the Committee express serious concern over the trend of under utilization of resources. Moreover, it seems the Department has not taken the observation of the Committee seriously. The Committee again exhort the Department to analyze the implementation of various Plan schemes so as to ensure that the budgetary resources provided for various schemes are effectively utilized and the schemes are implemented in a proper way. The Committee strongly emphasize to undertake the review of the various schemes of the Department so as to understand the bottlenecks in implementation of various schemes. The desired corrective action may accordingly be taken and the Committee informed accordingly.”

Reply of the Government

7. The Department in their Action Taken Notes has *inter-alia* stated as under:-

“BSNL:

IEBR Allocated & Utilized during the last five Years & the Current Year 2011-12 is furnished below:

(Rs. in Crores)		
Financial Year	IEBR Allocated	Fund Utilized
2007-08	13846.5	7239.43
2008-09	17813.5	10876
2009-10	14001.19	12681
2010-11 *	10151.7	24646
2011-12	15277.63	1259.41

Note:

1. The figures of funds utilized for the year 2010-11 is provisional.
2. The funds utilized for the year 2011-12 (up to 31.07.2011) is provisional.
3. * Rs. 18500.38 Crores paid to DOT for one time Spectrum Charges in respect of 3G & BWA during 2010-11 year.
4. This allocation includes all Capital Expenditure.

No budgetary support is provided by Government to BSNL.

Under utilization of allocations made under IEBR and GBS:

The outlays involve several components. One of the components may be related to the release of the payments to vendors under the ongoing projects. It may be noted that there are defined rollout obligations/targets against which the payments of the vendors are released in these projects. Some of the rollout targets/obligations could not be completed by the vendors in time because of several reasons like delay in provisioning of electricity connections by state electricity authorities, delay in municipal clearance, delay in permission provided by state governments, delay in commissioning by the vendor etc. As per the tender terms and conditions payments will be released once these targets/obligations are met by the vendors. Therefore, the provisions made in the outlays for these payments may get shifted to the next financial year.

The effective utilization of outlays is primarily linked to timely completion of tendering process for procurement and execution in case of turnkey projects. BSNL has made all out efforts for effective utilization of outlays by ensuring effective and timely planning and estimation of requirements and formulation/ floating of tenders and thereafter the completion of tendering process, rigorous monitoring of project execution by regular periodic review meeting at all level at BSNL corporate office as well as field unit. However the shortfall in effective utilization of outlays is most of the time due to unforeseen and unavoidable situations whereby the tendering process gets delayed/ stalled and the subsequent execution of project also gets affected.

Measures being taken to ensure optimum utilization are as under:-

- (a) Change in procurement policy related to Price Formula; Vendors tie up; Fixing of 'Block of Three Years' for procurement etc to curb the delay in procurement of equipment.
- (b) Resorting to strict and tight schedule for timely availability of equipment.
- (c) Periodical monitoring of implementation of all major projects for achievements of targets.

MTNL:

The financial performance of MTNL during the last four years is given below:-

	(Rs. in crore)			
	2007-08	2008-09	2009-10	2010-11
Budget Estimates (IEBR)	2309.00	2430.97	1725.02	1204.10
Revised Estimates	1692.33	1304.28	1352.01	1281.84
Actual utilization	932.46	871.12	1194.70	1257.07
Percentage of utilization w.r.t. Revised Estimates	55.10%	66.79%	88.36%	98.06%

Note: No budgetary support is provided by Government to MTNL.

MTNL has been formulating its annual plan taking into consideration the experience it had gained during the previous years. Meetings are held with the units to review the progress of the ongoing projects. Further the status of the new / upcoming projects to be taken up during the next year, are reviewed and the funds are allocated based on the expenditure likely to be booked under various heads. MTNL has been making its best efforts for making estimates and projections as realistic as possible based on available information. Thus, every year MTNL is trying to formulate a more realistic plan where it hopes to spend all its plan outlay for the achievement of its physical targets. It is quite evident from above table that MTNL has progressively improved the amount of capital expenditure incurred vis-à-vis the proposed outlay and the utilization is 98.06 percent in 2010-11. At the time of initial planning, provision of funds have also to be kept for the new and upcoming projects likely to come in future. However, if the projects do not come up or are delayed due to unavoidable circumstances in such cases the funds allotted against such projects remain unutilized and results in lower expenditure as compared to outlay. Further, in the telecom sector

which is driven by stiff competition, fast changing technologies and falling prices of the telecom equipments, it is becoming increasingly difficult to predict/ forecast the requirements well in advance. As an abundant precaution, certain provisions are kept in the projections which do not always get spent.”

8. The Committee had expressed their serious concern over the persistent trend of allocations lesser than projections, reduction of Outlays at Revised Estimates stage and considerable shortfalls in the utilization of allocations both under Internal and Extra Budgetary Resources (IEBR) and Gross Budgetary Support (GBS) component and exhorted the Department of Telecommunications to take corrective action by reviewing the implementation of various schemes to ensure that the budgetary resources provided are effectively utilized and the schemes are implemented expeditiously. The Committee note from the information furnished by the Department that the issue has not been addressed adequately inspite of continuous pursuance by the Committee in various Reports on Demands for Grants. Instead of taking the desired action, the Department has tried to justify the under utilization of Outlays by simply stating that projects do not come up or are delayed leading to the Outlays provided remaining unutilized. Delay in tendering process, not meeting the relevant obligations/targets by the vendors have been cited as some of the reasons for under utilization of Outlays. Not only that, the Department has repeated the routine reply being furnished to the Committee year after year whereby the helplessness of the Department in providing/forecasting the requirement well in advance has been expressed due to the fast changing technologies and falling prices of telecom equipments. The Committee disapprove the way the Department has addressed to such an important issue. The Committee are not inclined to accept the stereotyped reply particularly when the under utilization of Outlays is the persistent problem with the Department. While expressing their deep concern over the issue of under spending of the allocated Outlays, the Committee once again exhort the Department to undertake the reviews of the various schemes/projects as well as working of the two Public Sector Undertakings i.e. BSNL and MTNL under the administrative charge of the

Department. Besides, stringent measures need to be taken for the effective implementation of various schemes/projects programme which would ultimately result into effective utilization of Outlays. The Committee may also like to emphasize to resort to Zero Based Budgeting strictly to improve the implementation status of the various schemes/projects. Needless to say, realistic projection and bringing improvement in tendering process are the areas which needs to be looked into by the Department while assessing the requisite Outlays.

Recommendation of the Committee (Para No. 5)

II. Rural Telephony

9. The Committee had recommended as under:-

“The Committee find that rural teledensity as on 31st March, 2010 was 24.31 per cent which has grown to 32.19 per cent as on January, 2011. During the corresponding period, the urban teledensity has shown a tremendous growth. It grew from 119.45 per cent to 150.20 per cent. What is disheartening to the Committee is the fact that in the last five years rural teledensity has not shown the kind of growth which has been witnessed in the urban areas. In the last five years the urban teledensity has shown positive growth of 120.64 per cent which is almost four times that of the growth of rural teledensity. The Committee find this highly disturbing. Taking into account that in line with NTP, 99, the Universal Service Support Policy came into effect from 1st April, 2002 with the mandate to improve rural telephony. However, in spite of the rigorous work done in the last 9 years with the help of USOF, rural telephony has not shown the kind of growth which is expected. The Committee understand that the telecom connectivity has played an important role in the overall economic growth of the country. To achieve the inclusive growth there is an urgent need to give more attention to rural areas. As such the initiative being taken by the Department and BSNL should further be geared up so as to fill up the gap between urban and rural teledensity. The Committee would also like the Department to explore the possibility of introducing various new services to capture the rural market and steps be taken to make a significant inroads for 3G and BWA services in these areas.”

10. The Department in their Action Taken Note have *inter-alia* stated as under:-

“Following initiatives have been taken on rural connectivity/broadband:

- i) Allotment of Spectrum for 3G and BWA services to the private operators through auction. This will facilitate proliferation of broadband through mobile handset and wireless technologies.
- ii) Permitting Sharing of infrastructure amongst the Service providers.

- iii) The Indian Telegraph Rules have been amended, and stream IV has been added under the title "Provision of broadband connectivity to villages in a phased manner" to bring provisioning of broadband connectivity to the rural areas under the purview of the USOF.
- iv) USOF schemes for supporting shared infrastructure for mobile services in rural and remote areas. These towers will also be used to provide Broadband connectivity in the newly covered Block/Taluka headquarters.
- v) USOF, through BSNL, has started 'Rural Wireline Broadband Scheme' to provide wire-line broadband connectivity to rural & remote areas by leveraging the existing rural exchanges infrastructure and copper wire-line network. Under this scheme, BSNL will provide 8, 88,832 wire-line Broadband connections to individual users and Government Institutions over a period of 5-years, i.e., by 2014. The estimated subsidy outflow is Rs. 1500 crore in 5 years. As of July 2011, a total of 3,06,443 broadband connections have been provided under this scheme.

As on 31.03.2011, BSNL has the 28.16 Million rural GSM connection out of total 86.32 Million GSM connection, which is 32.62 % of total GSM (Rural+ Urban) connection. As on 31.08.2011, BSNL has the 29.79 Million rural GSM connection out of total 90.48 Million GSM connection, which is 32.92 % of total GSM (Rural+ Urban) connection. BSNL has planned to cover all the villages with GSM services having population greater than 1000 in coming years, subject to techno-commercial viability of BSNL. Out of 6.1 Lakh villages, BSNL has already covered 3.95 Lakhs villages, having population more than 1000. To further augment the GSM capacities, process to procure additional 15 Million GSM lines has already been initiated. BSNL, subject to techno commercial feasibility, will continue to participate in the schemes launched by USOF, in providing services to urban & rural masses of the country. The 3G Services is presently planned in cities only due to techno-Commercial reasons."

11. The Committee express serious concern over the way the Department has responded to one of the major concern relating to slow growth of teledensity in rural areas as compared to the growth in urban areas in the country. Even when the urban teledensity growth has been almost four times that of the growth of rural teledensity during the last five years, the reply furnished by the Department does not indicate the sense of urgency with regard to the rural teledensity. As per the reply furnished by the Department out of 6.1 lakh villages having population more than 1000, BSNL has covered only 3.95 lakh villages. The position of villages having population less than 1000 has not

been indicated in the action taken note. What is more disturbing is the BSNL's response which states that the PSU would continue to participate in the schemes launched by USOF subject to techno- commercial feasibility. With regard to the commercial aspect, the Committee find that BSNL has been losing ground to private sector and its share in the wireless connection has shown a decline during the period March 2010 to January 2011 as revealed during the course of examination of Demands for Grants 2011-12 from 21.39 per cent to 12.22 per cent. Even in the wireline connection, the share of PSU has declined by 1.95 per cent during the aforesaid period. The aforesaid scenario clearly indicates that BSNL has neither been able to compete in the market on commercial considerations nor ready to shoulder the social responsibility bestowed upon it being the Government Telecom Service Provider.

On the recommendation of the Committee to explore possibility of introducing various new services to capture the rural market as well as to initiate steps to make significant inroads for 3G and BWA services in rural areas, the Department has again shown insensitivity and stated that 3G services are presently planned in cities only due to techno commercial reasons. The Committee fail to understand depriving rural masses from the latest technological initiatives being taken with regard to telecom services.

The Committee while expressing serious concern over the attitude of BSNL with regard to rural areas telephony would like the Department to take up the matter seriously with BSNL so as to sensitize the organization towards the issues related to rural telephony particularly when BSNL is the Government undertaking under the administrative control of the Union Ministry of Telecommunication. The Committee would also like the Department of Telecommunication that their concerns in this regard should be placed at the highest level in the Government.

Recommendation of the Committee (Para No. 8)

II. Having telephone connection as one of the criteria to debar a person from BPL list

12. The Committee had recommended as under:-

“The Committee in 8th Report on Demands for Grants 2010-11 had recommended that the issue regarding debaring a person from the BPL list on possessing a telephone connection should be taken up by the Department with the Ministry of Rural Development and the State Governments. When the issue was pursued further during the examination of Demands for Grants of the year 2011-12, the Ministry has taken up the matter with the Ministry of Rural Development. As per the status report given by the Ministry of Rural Development, the position is not very clear. As per the Ministry of Rural Development the existing criteria/methodology for identification of BPL households i.e criteria/ methodology for BPL Census 2002 was adopted on the recommendation of an Expert Group. In this method, 13 socio-economic indicators reflecting the levels of living and quality of life of the rural population were used to identify the poor households. While elaborating on the 13 indicators, at one place these have been stated to be Land Holdings, Type of House, Availability of Clothing, Food Security, Sanitation, ownership of consumer durables viz. TV, Electric Fan, Kitchen appliances, Cooker, Radio etc., Literacy status if highest literate, Status of Household Labour, Means of livelihood, Status of Children, Type of indebtedness, Reasons for migration and Preference for Assistance. The telephone connection thus do not find direct mention in the list. However, at another place in the case of BPL Census 2002 conducted in the year 2004 in the State of Karnataka, it has clearly been mentioned that telephone connection is one of the parameters. The family having telephone connection along with other household equipments like Television, Radio, Fan, Refrigerator, 2/4 wheelers etc. were given 4 marks. In Karnataka, families who scored 14 & less than 14 points are considered BPL families.

The Committee observe that in case where a person having telephone connection as is evident from the practice in Karnataka is debarred from the BPL list, to achieve the desired level of teledensity in rural areas may be a big problem. The Committee find that this is a serious matter which could have got the attention of the Department suo-moto. The Committee deplore even when the issue was raised by the Committee in their said report, the Department did not bother to get the clear-cut position from the Ministry of Rural Development. While expressing unhappiness over the way the Department has dealt with the matter, the Committee strongly recommend to take up the matter with the Ministry of Rural Development, particularly when the methodology for the proposed forthcoming BPL 2011 Census is being finalized.”

13. The Department in their Action Taken Note has inter-alia stated as under:-

“Information obtained from the Ministry of Rural Development regarding Having Telephone connection as one of the criteria to debar a person form BPL list” is as follows:-

The matter was taken up with the Ministry of Rural Development. The Ministry of Rural Development has clarified that it provides financial and technical support to States/UTs for conducting the BPL Census to identify the rural households living below the Poverty Line who could be assisted under its various programmes. The BPL Census is conducted by the respective States/UTs and the BPL lists are prepared and maintained by the respective State Government/UT administrations. Last such BPL Census was conducted in 2002.

For conducting the BPL Census for the Eleventh Five Year Plan, the Ministry of Rural Development constituted an Expert Group, to advise it on the suitable methodology which consisted of academicians, experts, representatives of the civil society organizations and senior officials of the Central and State Governments associated with management of the rural poverty alleviation programmes, as members. The Expert Group submitted its report on 21st August 2009 under chairmanship of Dr. N.C. Saxena. The Report of the Expert Group was posted on the Ministry's website www.rural.nic.in soliciting comments and suggestions. It was circulated among the State Governments/UT Administrations and the concerned Central Ministries for their comments. The Ministry also consulted the issue of finalization of methodology with experts in the related field. In accordance with suggestions of experts of Ministry of Rural Development has conducted a Pilot survey to field test alternative methodologies and to arrive at the methodology for conducting forthcoming BPL Census. Results of pilot study were discussed with States/UTs and methodology/criteria so arrived was placed before the approval of Cabinet which include "Households owning landline phones" as one of the exclusion criteria.

With approval of Union Cabinet the Socio-Economic and Caste Census (SECC 2011) has been commenced for collecting Socio-economic and caste data of households in the rural and urban areas of the country. Socio economic data collected from SECC 2011 will be utilized by respective States/UTs for identifying BPL households in rural areas for Twelfth Five Year Plan. The SECC-2011 would be conducted from 30th June, 2011 to 31st December, 2011 in a phased manner throughout the country. However the Criteria for identification of rural BPL households under the Socio Economic and Caste Census (SECC-2011) have not yet been finalized."

14. The Committee find that the Department at last made some efforts to get the clarification from the Ministry of Rural Development regarding debarring a person from the BPL list on possessing a telephone connection. Even when the information obtained from the Ministry of Rural Development clearly stipulates that the methodology/criteria of identification of BPL persons include households owning a landline phone as one of the exclusion criteria, the Department has not bothered to furnish their comments which clearly indicates the insensitivity of the Department towards achieving the desired level of teledensity in rural areas. As observed

by the Committee in the earlier recommendation in case a person having telephone connection is debarred from the BPL list to achieve the desired level of teledensity in the rural areas may be a big problem. The Committee exhort the Department to take up the issue with the Department of Rural Development on an urgent basis. The concerns of the Committee in this regard should also be adequately conveyed to the Ministry of Rural Development as well as the Ministry of Finance and Planning Commission.

Recommendation of the Committee (Para No. 9)

III. Shared Infrastructure Mobile Service Scheme

15. The Committee had recommended as under:-

“The aforesaid scheme was launched with the help of USOF with objective to provide subsidy support for setting up and managing 7871 number of infrastructure sites (towers) in 500 Districts across 27 States for provision of mobile services in the specified rural and remote areas where there is no existing fixed wireless or mobile coverage. The targets were further scaled down to 7363. The agreements effective from 1 June, 2007 were signed with the successful bidders in May, 2007. The roll out period which was initially one year, was further extended till December, 2009. Even when the extended period has already been over, 211 towers are yet to be set up. The physical targets of setting up of 265 towers during 2010-11 could not be fully met. The physical achievement was only 138 towers as on December, 2010.

As per the information furnished by the Department, the infrastructure so created is to be shared by three service providers for provision of mobile services. So far as the status of utilization of the infrastructure so created under the scheme is concerned, the data furnished by the Department indicates that out of the target of 22161 Base Transceiver Stations (BTSs) only 13866 i.e. 62.57 per cent of BTS could be commissioned by different service providers as on December, 2010. The Committee are surprised to note the replies of the Department as furnished on 18 March, 2011 whereby it has been stated that most of the towers under this scheme are likely to be commissioned in a phased manner by March, 2011. The Committee fail to understand how the Department would ensure the commissioning of most of the BTS within a few days. The Committee express serious concern over the way the scheme is being implemented. The Committee recommend that all out efforts should be made to ensure that all the targeted towers are set up and commissioned so that rural and remote areas could get the telecom connectivity.”

16. The Department in their Action Taken Note has *inter-alia* stated as under:-

“It is informed that 7289 out of the proposed 7353 mobile towers under the scheme have been commissioned. Infrastructure Providers who are installing

the mobile towers in North East states i.e. BSNL and KEC International Limited have been allowed to commission the remaining towers by 31 August 2011 keeping in view the difficulties being faced by them in the region. Regular meetings are being held with Infrastructure Providers & Mobile service providers to review the progress and to resolve the issues leading to delay, which are in the purview of the USOF.”

17. The Committee note that the Shared Infrastructure Mobile Service Scheme which mandated to provide subsidy support for setting up and managing 7871 number of infrastructure sites (towers) in 500 Districts across 27 States for provision of mobile services in the specified rural and remote areas where there is no existing fixed wireless or mobile coverage is yet to be completed. As per the Action Taken Note furnished by the Department, there are still 64 mobile towers yet to be commissioned. Besides, the Department has not even bothered to furnish the updated status of commissioning of the remaining 8295 BTS even when the Committee had expressed doubts about the commissioning of these towers by March 2011 as submitted during the course of examination of Demands for Grants of the year 2011-12. The Committee express their serious concern over the undue delay in the completion of the project taking into account that it was originally targeted to complete the project by 2008 and therefore once again impress upon the Department to ensure that the remaining mobile towers are commissioned at the earliest and the Committee informed accordingly.

Recommendation of the Committee (Para No. 11)

IV. Illegal Operations of Telecom Networks

18. The Committee had recommended as under:-

“The Committee are concerned to note that the illegal telecom networks are mushrooming in the country. As per the cases reported so far 500 clandestine/illegal setups are operating in various parts of the country. The actual position in this regard may even be worse. After analyzing the State-wise position with regard to illegal operation of telecom networks in the country, the Committee observe that such cases have been reported in 16 States. The position is worse in Andhra Pradesh (120) followed by Tamil Nadu (100), Delhi (61), Maharashtra (54), Karnataka (31) where the number of illegal operations is very high. The Committee express serious concern over such a high number of illegal telecom networks in the country. These illegal networks cause a great loss to the Government because they need not

pay the licence fee. Not only that they are security threat to the country. The Committee understand that the illegal operations are busted by TERM Cells. The raids are conducted along with the persons from Law Enforcement Agencies (LEAs) and the cases are handed over to LEAs simultaneously. The Committee are concerned to note that the Department has not maintained the data with regard to dates when these cases were referred to LEAs. The Committee strongly recommend to collect such information and apprise the Committee so as to understand the action taken against the illegal operators.”

19. The Department in their Action Taken Note has *inter-alia* stated as under:-

“The date of raids has been submitted along with the list of cases provided earlier. The raids have been conducted along with the persons from Law Enforcement Agencies (LEAs) and the cases are handed over to LEAs simultaneously. In general, the date of raid can be taken as the date of handing over of the case to LEA. The TERM Cells have been asked to mention the dates on which the cases were handed over to LEAs for rechecking the same.”

20. **The Committee had recommended the Department to collect the information about the dates when the raid with regard to the illegal operations of telecom networks are busted by TERM Cells and the cases handed over to Law Enforcement Agency (LEA). The Department instead of collecting the data and furnishing the same to the Committee has reproduced the already known information in a vague manner according to which the raids are conducted alongwith the persons from Law Enforcement Agency and the cases are handed over to LEA simultaneously. The Committee again emphasize that illegal telecom networks cause a great loss to the Government and are a serious security threat to the country. There is an urgent need to take immediate steps. The Department’s response indicates the casual attitude on the part of the Department. The Committee again emphasize to collect the desired information and furnish the same to the Committee. Besides, urgent steps need to be taken to ensure that cases of illegal telecom networks mushrooming in the country are investigated within the stipulated timeframe and the offenders held guilty are penalized.**

Recommendation of the Committee (Para No. 22)

V. Roll Out Obligation of 2G Spectrum

21. The Committee had recommended as under:-

“As per para 10.2(1) of the Licence Agreement, the licensor may without prejudice to any other remedy available for the breach of any conditions of licence, by a written notice of 60 Calendar days from the date of issue of such notice to the licensee, terminate these licences under specified circumstances which include failure to perform any obligations under the licence including timely payments of fee and other charges due to the licensor, failure to rectify within time prescribed, any defect/deficiency/correction in service/equipment as may be pointed out by the licensor, if licensor goes into liquidation or ordered to be wound up and if the licence is recommended by TRAI for termination of licence for non-compliance of terms and conditions of the licence. The Committee are surprised to note that the Department has not maintained data with regard to licensees issued notices for not agreeing to the aforesaid obligations as per the Licence Agreement. When the specific information was asked, the Department in a very vague manner has stated that compliance to different conditions of licensees are dealt with in various wings/units of DoT and compilation of violations by approximately 260 existing UAS licensees is not readily available. The Department has further mentioned that it would take sometime to collect the data desired by the Committee.

The Committee further find that 120 new licences of 2G spectrum for Unified Access Service were issued by the Department in January, 2008. Para 35.2 of the Licence Agreement specifically provides for roll out obligations and penal provisions for violation. As per the Agreement, for delay in roll out of more than 52 weeks, the licences may be terminated under the terms and conditions of the Licence Agreement. The Committee further note that in the delay of less than 52 weeks, the licensor is entitled to recover LD charges at the specified rates as mentioned in para 35.2 of the Licence Agreement. When asked for the specific information about the number of operators who are yet to start 2G operations after obtaining the licence, the Department at one place has mentioned the name of 6 licensee companies viz. S. Tel Private Limited (Jammu and Kashmir), Spice Communications Limited (Andhra Pradesh), Spice Communications Limited (Haryana), Spice Communications Limited (Maharashtra), Idea Cellular Limited (Karnataka) and Idea Cellular Limited (Punjab). It has been mentioned that the licensees have been allocated start up allocations after award of UAS but have not yet registered with Telecom Enforcement and Resource Monitoring (TERM) Cells of Department of Telecommunications for coverage testing of their network to meet the roll out obligations as per licence conditions. As per the information furnished by the Department, till date no UAS licence has been terminated. At another place it has been mentioned that recently TRAI recommended for cancellation of 74 UAS licences for violation of roll out obligation conditions. With regard to issue of show cause notices, there is no clarity with regard to number of licensees who have been issued show cause notices. At one place it has been

mentioned that show cause notices for termination have been issued to 5 licensees and for additional 5 licensees notices are under approval. In the same para, it has been mentioned that in addition to above, 3 show cause notices for cancellation of UAS licences have been issued for violation of roll out obligation conditions and 2 more show cause notices for termination are under approval. In the next line, it has been mentioned one show cause notice for termination has been issued for violation of the licence conditions and intra-service area merger guidelines and 5 more notices of similar violations are under legal vetting. Not only that it has also been mentioned 64 cases have been referred back to TRAI for their reconsideration in the context of licence conditions. To add this the analysis of the detailed statement sent by the Department along with the written replies reveal that against the column of date of issue of show cause notice to the licencees at 5 places viz. Etisalat DB Telecom Pvt. Ltd. (Delhi), Etisalat DB Telecom Pvt. Ltd. (Mumbai) show cause notices have been stated to be issued on 7 March, 2011. Again in case of Sistema Shyam TeleServices Ltd. (Assam), Sistema Shyam TeleServices Ltd. (Kerala) and Sistema Shyam TeleServices Ltd. (West Bengal) show cause notices have been stated to be issued on 5 March, 2011. In case of Spice Communications Limited (Andhra Pradesh) and Idea Cellular Limited (Karnataka), it has been mentioned that show cause to the licensee is under approval. In the column of remarks of AS Cell, DoT against 7 licensees roll out has been shown within one year from the date of startup spectrum allocation and in 2 causes it has mentioned as more than 52 weeks. The aforesaid licensees are apart from the licensees to whom the show cause notices have been stated to be issued in the detailed statement.

The aforesaid position clearly indicates that there is lot of confusion with regard to the number of licensees who could not meet the roll out obligations and to whom the show cause notices have been issued. Not only that, out of 74 UAS licenses recommended for cancellation by TRAI for violation of roll out obligation condition, the Department acted in respect of only 10 odd licensees. Remaining 64 cases have been referred back to TRAI for their reconsideration in the context of licence conditions. The Committee note that 120 2G licenses were issued on January, 2008 and already more than three years have passed. During these three years no action seems to have been taken to cancel the licenses of the defaulter licensees as clearly stipulated in the terms and conditions of the licenses. Show cause notices were issued only during the month of March and April, 2011 and that too in respect of only 5 or 6 licensees. What is surprising to the Committee is that no UAS license has ever been terminated till now even when cancellation of the license is a legal binding as per the license agreement as acknowledged by the Department. To add to this, one of the conditions of cancellation of notice as per para. 10.2(1) of the License Agreement the details of which have already been given above is to terminate the licence if so recommended by TRAI for termination for non compliance of the terms and condition of the license. The Committee fail to understand the inaction on the part of the Department with regard to cancellation of as many as 74 UAS licenses as recommended for cancellation

by TRAI for violation of roll out obligation conditions. The Committee deplore the way the Department and its various wings are functioning.

The Committee may further like to highlight that 120 new Licenses of 2G spectrum for Unified Access Services were issued at a very reasonable price. Even then, the licensees fail to meet out the roll out obligations. The scarce resource that is spectrum remained idle with the service providers which was a clear loss to the customer for the benefit of whom the spectrum was allocated. What is really disappointing to note is that LD charges are imposed if the delay in roll out is upto 52 weeks is more a favourable position where neither the penalty is imposed nor cancellation is done as is apparent from the aforesaid position. The Committee strongly disapprove the inaction of the Department which made the default above 52 weeks a gainful position. While deploring the way the Department and its various Wings have failed to ensure compliance of the roll out obligation by the service provides, the Committee strongly recommend that strict action should be taken against the defaulter licensees.”

22. The Department in their Action Taken Note has *inter-alia* stated as under:-

“Sub-Para 1: As mentioned in the report in Para 99 & 100, some of the recent violations details had already been made available to the committee. However, various cells of the DoT/ TRAI have been requested to compile the data on priority as desired by the committee and the same would be made available, as early as possible.

Sub-Para 2: In respect of the observations about the number of Show Cause Notices issued to UAS licensees for violation of the various license conditions, earlier replies were given as per the specific question of the committee. Their seems to be confusion because in the said question, committee had referred to 120 UAS Licences and in subsequent question, Committee has referred to all UAS licensees. It is to mention that TRAI had sent the recommendations in respect of 145 UAS Licences only. The remarks in the Annexure (sent to the Committee earlier) were meant for further clarity and were based on the status at that time. The desired information is attached again, in the tabulated form now, along with complete details as per **Annexure-II**. The list consists of details of 24 show cause notices (SCNs) issued for termination. Out of these 15 SCNs have been issued for violation of roll out obligations and 6 SCNs have been issued for violation of substantial equity related conditions/ merger guidelines. Three more SCNs are proposed to be issued as per legal advice, as the matter is sub-judice.

Sub-Para 3: TRAI vide its letters dated 18th November 2010 and 22nd December 2010 recommended for cancellation of 43 Unified Access Service (UAS) licenses as per licence conditions and to consider the cancellation of another 31 UAS licenses after legal examination out of 145 UAS licences. These 145 UAS were granted from the year 2006 to 2008. Department of Telecommunications (DoT) had examined the recommendations of TRAI as per the UAS License conditions in consultation with Ministry of Law and Justice. The Show Cause Notices were issued to the Licensees who have not

registered with TERM Cell for roll out testing even after delay of more than 52 weeks from the due date for meeting the 1st year rollout obligations.

As per proviso-5 of section 11(1) of TRAI Act- 1997, "if the Central Government having considered that recommendation of the TRAI, comes to a prima facie conclusion that such recommendation cannot be accepted or needs modifications, it shall, refer the recommendation back to the Authority for its reconsideration and the authority within fifteen days from date of receipt of such reference forward to the Central Government its recommendation after considering the reference made by that Government. After receipt of further recommendation if any, the Central Government shall take a final decision"

Since the government came to a prima facie conclusion that TRAI recommendations may need modifications, the reference was sent back to TRAI for its reconsideration as per TRAI Act, 1997 for other cases.

After reconsideration, TRAI vide its letter dated 14th July 2011 has recommended for cancellation of 53 licences. Out of these 53 licences, show cause notices have already been issued to 15 licensees and to 3 more licensees SCNs shall be issued as per legal advice because the matter is sub-judice. The details of 15 show cause notices issued for violation of roll out obligation condition are mentioned in the **Annexure-II**. Now, it has been decided to issue the SCNs for termination of licenses for remaining 35 UAS licensees also as recommended by TRAI.

TRAI in its recommendation dated 14.07.2011 has also recommended to seek legal opinion once again on the issue of cancellation of another 30 UAS licences. Accordingly, case is being sent to law Ministry for legal opinion.

After issuing of UAS licenses in the year 2008, an amendment dated 10 Feb. 2009 in respect of rollout obligation conditions was issued. Since this amendment had financial implications, therefore, the matter was referred to Ministry of Finance for getting their views in the matter. Ministry of Finance had given their view in December 2010. Action has been taken in these cases immediately after receipt of views /comments of Ministry of Finance. As per amended license conditions, data required for calculation of LD/ cancellation of the licenses, such as, date of allocation of frequency, average delay in SACFA clearance, date of registration by Telecom service Providers (TSPs) with TEC/ TERM cells for roll out testing were collected from various unit of the DoT and notices were issued to various licensees after compilation and computations for imposition of LD & cancellation of licenses, as applicable.

Sub-Para 4 : In respect of the 120 new Licensees, the LD was imposed as per licence conditions wherever there was delay in compliance of rollout obligations beyond the due date. In respect of Licensees where delay in registration with TERM Cell was more than 52 weeks from due date for meeting the roll out obligations, in addition to levying the maximum amount of LD i.e. Rs. 7 Crores, Show Cause Notices for termination of the UAS Licences has also been issued."

23. The Committee find that whereas para 10.2(1) of the Licence Agreement clearly stipulates that the licensor may without prejudice to any other remedy available for the breach of any conditions of licence, by a written notice of 60 calendar days from the date of issue of such notice to the licensee, terminates this licence under specified circumstances, the Department of Telecommunication has failed to maintain the data with regard to licensees issued notices for not agreeing to the aforesaid obligations laid down under the Licence Agreement. Even when the issue was raised strongly by the Committee in the recommendation, the Department could not get the information from the various wings/TRAI for 260 existing UAS licensees. This speaks volume of insensitivity of the Department towards such an urgent issue. While expressing strong objection to the way the Department of Telecommunication is functioning, the Committee desire the Department to act and make available the desired information to the Committee. Moreover, there should be a set procedure for maintaining the aforesaid information with the Department.

The Committee in the recommendation had further raised serious concern over the non-fulfillment of roll out obligation by various licensees and strongly recommended for strict action against the defaulter licensees. The action taken note furnished by the Department indicates that TRAI vide its letters dated 18.11.10 and 22.12.10 had initially recommended for cancellation of 43 UAS licences for violation of obligations as per the licence conditions and to consider the cancellation of another 31 UAS licences after the legal examination out of 145 UAS licences granted from the year 2006-08. The Department referred back the case to TRAI for its reconsideration which seems to be a delaying tactics of the Department. Even when after reconsideration, TRAI vide its letter dated 14.07.2011 had recommended for cancellation of 53 licences clearly, show cause

notices were issued to only 15 licencees. The action taken reply further indicates that in addition to the aforesaid 53 licences, TRAI has also recommended to seek legal opinion once again on the issue of cancellation of another 30 UAS licences. The Committee are further concerned to note that even in case of 15 licencees to whom the show-cause notices were issued latest by 01.06.2011 and the replies furnished latest by 18.08.2011, even after the passage of approximately six months, thereafter, the licences could not be cancelled.

The Committee may further like to highlight that the licences to the aforesaid defaulter licencees were issued during the period 2006-08 and the penalty was imposed for default of 52 weeks as per the Licence Agreement. Since the Licence Agreement stipulates cancellation after 52 weeks delay and do not provides for penalty beyond 52 weeks, the licencees thereafter are neither paying the penalty nor action is being taken for cancellation of their licences which has made the delay of above 52 weeks in roll out obligation as a gainful proposition for the service providers. Moreover, the scarce resource that is spectrum remained idle with the service providers and the end user for whose benefit the spectrum was allocated remained the loser. What is more disappointing is the fact that even when the issue has been raised very strongly in the Committee's earlier recommendation, the concrete action for cancellation of licenses has not been taken by the Department. The Committee deplore the way the Department and its various wings have failed to ensure the compliance of the roll out obligation by the service providers and reiterate their recommendation to take strict action against the defaulter licencees.

Recommendation of the Committee (Para No. 24)

VI. Roll Out Obligation of 3G Spectrum Services

24. The Committee had recommended as under:-

“xxxxx...the Committee further find that with regard to the allocation of 3G spectrum the stipulated roll out period is within 5 years of the effective date. The aforesaid provision has been made as per the amendments of UAS Licence Agreements issued from 1 September, 2010. The Committee consider 5 years too long a period for the roll out obligation. The Committee are unable to understand such a great difference of roll out period between 2G and 3G. In case of 2G, the roll out has to be effective within 52 weeks i.e. one year and in case of 3G upto 5 years the service providers can hold up the roll out. The Committee may also like to highlight that spectrum is a scarce and non-renewable natural resource. The best way is the efficient and effective utilization of the resource. The aforesaid provision of 5 years for roll out obligation of 3G spectrum would result in blocking of the scarce resource. The Committee are of the strong opinion that the aforesaid provision need to be reconsidered by the Department in the light of the observations made above.”

25. The Department in their Action Taken Note has inter-alia stated as under:-

“xxxx...the rollout obligation in case of 3G being part of Notice Inviting Applications (NIA), it cannot be altered at this stage.”

26. The Committee in their earlier recommendation had strongly recommended to reconsider the stipulated roll out period of 5 years with regard to 3G licenses particularly when the roll out period in case of 2G spectrum is 52 weeks i.e. one year. Instead of acting on the recommendation of the Committee, the Department in a casual way has stated that the roll out obligation in case of 3G being part of Notice Inviting Application (NIA) cannot be altered at this stage. The Committee find that the recommendation has not been understood in a right perspective by the Department. The Committee’s concern was for the future policy of the Government with regard to the allocation of 3G spectrum. The Committee appreciate that the alteration of the period of roll out obligation may not be possible in case of the existing licenses, however, the issue need to be reconsidered for the future allocation of 3G spectrum. The Committee again emphasize that spectrum is a scarce and non-renewable resource. The best way is the effective and efficient utilization of the resource. The aforesaid

provision of 5 years of roll out obligation of 3G spectrum would result in blocking of the scarce resource keeping in view the existing scenario of roll out obligation of 2G spectrum.

The Committee would, therefore, like to reiterate their recommendation to reconsider the period of roll out obligation of 5 years in case of 3G spectrum. The period of roll out obligation for 3G licenses should be altered from 5 years to 52 weeks as applicable in the case of 2G spectrum.

Recommendation of the Committee (Para No. 29)

VII. Issues related to BlackBerry

27. The Committee had recommended as under:-

“The Committee observe that in spite of the security agencies expressing serious concern over the encrypted data of Blackberry and its security risks, the Government have not been able to resolve the problem. The Committee note that Research in Motion (RIM) through its Blackberry Services offers Voice, SMS, BlackBerry Internet Services (BIS), Blackberry Messenger (BBM) and BlackBerry Enterprise Solution (BES) services. However, due to its nature of highly encrypted data, the Security Agencies want interception of these services in readable format. The Committee have been apprised that out of the various services provided by Blackberry, the Blackberry Messenger and BlackBerry Enterprise Solution services cannot be intercepted in readable format, even if the encrypted message is made available by the service providers. The Committee note that the deadline to access the data in the requisite format from the BlackBerry company have been extended time and again from 31st August to 31st October, 2010 and then to 31st January and again to 31st March, 2011. The Committee have now been informed by the Department regarding the constitution of the Committee to look into all types of encrypted communications. The expected date for submission of the Report by the aforementioned Committee was 20th April, 2011. The Committee express unhappiness over the way the extension after extension are being given to resolve such an important issue related to security of the country. Constitution of Committee for the purpose is another delaying tactics. The Committee are of the firm opinion that no compromise can be made when it is the question of the security of the Nation. As such, the issue need to be taken strongly with BlackBerry so that the matter is resolved. The Committee would also like to recommend to analyse the position internationally to know how the issue has been addressed in other countries.”

28. The Department in their Action Taken Note has inter-alia stated as under:-

“As a Research Organisation in the field of Telecommunications, C-DOT has, over the past few years:-

- Developed a Centralized Monitoring System for Law Enforcement Agencies (LEA's) for lawful interception.
- Designed IP. Based Network elements for secured communication.
- Assisted the government in the monitoring of Internet Service Providers (ISPs) gateways.
- Associated with the Indian Institute of Science (IISc) for evaluation of network elements / telecom equipment for security.
- Developed Pilot Models of a converged Multi Technology Centralised Interceptions Systems

Though it is desirable that C-DOT, as a Public Funded Research Association, is formally authorized to participate, either directly or indirectly, in the development of telecom security related projects, the centre is not formally authorized to involve itself with reference to the services rendered by agencies like Research in Motion (RIM). The Government will, therefore, be in a better position to furnish an appropriate response to this query."

29. The Committee while expressing unhappiness over the delaying tactics of the Government with regard to the issue of encrypted data of Blackberry and its security risk which has been a matter of serious concern with the security agencies had strongly recommended to resolve the matter with Blackberry. The Committee had also recommended to analyze the position in this regard internationally to know how the issue has been addressed in other countries. The Department instead of taking concrete action on the recommendation of the Committee has simply reproduced the response of C-DoT which only indicates the R&D made by the research organization in respect of data interception. Even when C-DOT in the response has clearly stated that the Government would be in a better position to furnish an appropriate response to the Committee's concern, the Department did not bother to note the response of C-DOT and responding appropriately to the issue raised by the Committee in the recommendation. Not only that the Department has not even indicated the status about the report of the Committee which was looking into all types of encrypted communication and whose report was expected by 20 April, 2011 as mentioned during the course of examination of Demands for Grants, 2011-12. This speaks volume of the casual attitude of the Department towards such an important issue particularly when the issue has

long been highlighted by the security agencies and raised strongly by the Committee in the report.

The Committee would again like to emphasize that no compromise can be made when it is the question of the security of the nation. As such, the issue should be taken strongly with the Blackberry and the matter resolved within the stipulated timeframe. The Committee's query to analyze the position internationally in this regard be looked into and acted upon appropriately by the Department.

CHAPTER-II

RECOMMENDATIONS / OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 2)

The performance of the Department so far as financial achievement of the allocations made under the Gross Budgetary Support (GBS) segment is taken into consideration, the position is further worse. During the year 2010-11, the allocations of Rs. 2000 crore at BE stage were pruned down to Rs.397.26 crore at RE stage. The utilization is just Rs.60.10 crore as on February 2011 which is 15.13 per cent of the allocations made at RE stage. If the percentage of actuals is compared to BE stage, the achievement is just negligible i.e. 3 per cent. The detailed analysis of the documents given by the Department further indicates that the drastic cut at RE stage is due to non-execution of the Undersea Cabling between Mainland and Andaman & Nicobar Islands, delay in commencement of the Optical Fibre Connectivity Based Network for Defence Services, non-receipt of approval of the project 'Communications and Security Research and Monitoring' and delay in sanctioning of project for Telecom Engineering Centre (TEC). The Committee understand that all these Plan schemes are very crucial schemes and have been envisaged to meet the strategic requirement of the country. The non-execution, delay in implementation of these schemes is not understandable to the Committee. The Committee deplore the way the important schemes are being envisaged by the Department and the Committee strongly recommend that the allocations made at BE stage should be demanded by the Department after carefully analyzing the approval and execution stage of various schemes. Moreover, since the aforesaid schemes are very important, the Department should see that there is no further delay and the schemes are implemented expeditiously.

Action Taken by the Government

OFC based Net work for Defence Services

Regarding OFC Network for Defence Services, BSNL had intimated that tenders for establishing OFC Network for Defence had been floated. But the lowest cost obtained through tenders was very much on higher side as compared to budget allocation. As per the decision of Telecom Commission, Ministry of Defence (MoD) was requested to vet and authenticate the proposal of enhancing the cost of project sent by BSNL. As desired by MoD, the matter was referred to the IMG which has submitted its report on 23rd Aug 2011. The matter will shortly be placed before the Telecom Commission for deciding the further course of action.

Out of the stated projects MTNL is involved only in laying of Optical Fiber for Air Force component of Defence project in Delhi and Mumbai. Against MTNL's claim of Rs.70.41 crores made against this project, Rs.62.35 crores has been released by DOT. The delay in execution of this project was mainly on account of lack of permission by various authorities i.e. Mumbai Port Trust Authority, Airport Authorities etc.

CDOT:

In respect of the scheme 'Communications and Security Research and Monitoring' implementation is as under.

- The project approval of 'Communications and Security Research and Monitoring', though has taken a longer time than anticipated (the project is now approved by CCEA). C-DOT's research & development efforts for technology development related to voice interception, monitoring and analysis have been ongoing. Part of this interception and monitoring technology has also been implemented and deployed at Enforcement Directorate, which is one of the Law Enforcement Agencies (LEA).
- The field trial of the above scaled-up version of interception and monitoring technology, namely Centralized Monitoring System (CMS) catering to multiple LEAs is planned in two TSPs' (Telecom Service providers) locations, namely, BSNL at Ambala, Haryana and MTNL, at Delhi. On successful field trial completion, the technology deployment program will follow (as planned for the mentioned project).
- Further, during the year, C-DOT has also undertaken efforts to build its expertise in architecting the ISP (Internet Service Provider) traffic interception and monitoring solution based on latest technologies to implement the ISP monitoring solution at the gateways / POPs (Point-of-Presence) of all ISPs to meet the requirements of lawful interception and monitoring by LEAs. More than 40 ISP monitoring systems have been installed and working in the country. These efforts will also definitely complement in the country-wide implementation of 'Communications and Security Research and Monitoring' program.

TEC:

1. Expenditure Estimate for NGN Transport Lab in TEC was sanctioned by Competent authority on 12-01-2011
2. Status of NGN Transport Lab in TEC:
 - (i) Techno-Commercial Evaluation of Tender has been completed.
 - (ii) Financial bid Evaluation of Tender has been completed.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 3)

The Committee observe that budgetary support is provided for executing the Universal Service Support Policy (USSP) through the Universal Service Obligation Fund (USOF) for bringing rural telecom connectivity. The resources for meeting the same are generated through a Universal Service Levy (USL) which is 5 per cent of the Adjusted Gross Revenue (AGR) earned by all the telecom operators except pure value added service providers like internet service provider, voice mail etc. The Committee in their Eighth Report on Demands for Grants of the previous year had expressed concern with regard to the position of not allocating resources commensurate with the collection even when the allocations are being fully utilized. In spite of that the trend has continued. As per the data furnished by the Department, the USL collections upto February, 2011 are for Rs.35700.83 crore, whereas the final allotment and disbursement is only Rs.13113.98 crore i.e. in terms of percentage it is only 36.73 per cent. If the relation of USL collection and allotment is analyzed year-wise, said gaps are seen every year. During the year, 2007-08, the USL collection was for Rs.5405.80 crore, against this the allocation made was only Rs.1290 crore.

For the year 2008-09, the collection made was Rs. 5515.14 crore, however, the allocation made was only Rs. 1600 crore. During the year 2009-10, the total collection made was Rs. 5778 crore, whereas, the allocation made was only Rs. 2400 crore. For the year 2010-11, the allocation made was Rs. 3100 crore whereas the total collection upto February, 2011 was Rs. 4591.47 crore. For the year 2011-12, the allocation is only Rs. 2100 which is Rs. 1000 crore less when compared to the allocation made during previous year. The Committee conclude from the aforesaid scenario that the concerns of the Committee have not been seriously addressed by the Department. While deploring the situation, the Committee once again emphasize that the Department should take up the matter seriously with the Ministry of Finance so that the quantum of allocation for the USO activities commensurate to the collection made especially when there is a lot left to be done to increase the rural telephony in country and the Department has projected a target of having 40 per cent teledensity by 2014 from the present 32.19 per cent.

Action Taken by the Government

Concerns of the Standing Committee have been duly communicated by the Department to Ministry of Finance. Further, budget allotments have been received as per demands projected by USOF. Thus, the allotment of Rs. 3100 Crore for the year 2010-11 and Rs. 2100 crore for 2011-12 were commensurate with the projections made by USOF during 2010-11 at RE stage.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 4)

One of the thrust areas of the Department is the network expansion. In this regard, the Committee note that during February, 2010, the Department had already achieved the target of 600 million connections which was set by the Department to be achieved by 2012. As on January, 2011, 806.13 million connections have been provided, the break up being 95 per cent wireless connections and 5 per cent wireline connections. However, what is more disturbing to the Committee is the fact that the share of Public Sector both under wireline and wireless is continuously declining over the years whereas the growth of the Private Sector under both the schemes is phenomenal. The data furnished by the Department reveal that the growth of the Private Sector under the wireline segment is continuously increasing. Its share was 2.43 per cent as on 31 March, 2006 which has increased to 17.17 per cent as on 31 January, 2011. Contrary to this, the Public Sector which had edge over the Private Sector in terms of the wireline telephone connections is losing its share to Private Sector. Its share was 97.57 per cent as on 31 March, 2006 which declined to 82.83 per cent as on 31 January, 2011. Similar is the case with the wireless telephone connections. The Public Sector could not improve its position. Its share was 21.39 per cent as on 31 March, 2006 which declined to just 12.22 per cent as on 31 January, 2011. Private Sector has positive growth during this period. Its share was 78.16 per cent as on 31 March, 2006 which increased to 87.78 per cent as on 31 January, 2011.

The aforesaid scenario clearly indicates that the Public Sector Undertakings viz. MTNL and BSNL are poorly performing and have reached at a critical stage. More disturbing is the fact that both the Public Sector Undertakings are not able to leverage the backing of

the Government. The Undertakings failed to lure the customers even if the Government allocated 3G spectrum to them much before the auction was held and 3G spectrum allocated to the other Private Sector Service Providers. This is a serious situation and there is an urgent need to review the performance of both the Undertakings by the Government. The Committee deplore the alarming situation and strongly recommend to the Government to undertake a detailed review so that the corrective action is taken.

Action Taken by the Government

BSNL:

It is submitted that the BSNL market share in Wireline & Wireless segment has been declining progressively, despite having growth in absolute numbers year on year basis. The details of number of subscribers in BSNL network since 31-03-2006 is given below:

(Figures in lakh nos.)

S. No	As on	Wired Line	Wireless			Grand Total
			WLL	GSM	Total	
1.	31.03.2006	354.23 #	25.73	171.64	197.37*	551.59
2.	31.03.2007	337.39	35.56	274.29	309.85	647.24
3	31.03.2008	315.52	45.78	362.09	407.87	723.39
4	31.03.2009	293.46	54.33	467.11	521.44	814.91
5	31.03.2010	278.31	61.45	633.05	694.5	972.81
6	31.03.2011	252.25 #	55.65	862.69	918.34*	1170.59
7	30.06.2011	247.25	52.99	884.29	937.28	1184.53

*4.5 times growth in its wireless segment vis-a vis # 30 % decline in wireline segment

The reasons behind decline in the percentage of share of BSNL for the wireline and wireless services are given as under:

a) Wireline services:

- There is a general decline in the demand for the fixed lines telephone due to trend of shifting of wired line customers towards cheaper and more convenient mobile (due to ease of use/mobility feature), services, its sheer convenience with regards to affordability and availability.
- Closure due to nonpayment of telephone bills/economic reasons.
- Surrender of landline connections by customers having more than one connection.
- Frequent disturbance of services due to large scale damage of u/g cable by various utility agencies doing digging operations, cable thefts and cable faults etc

- Unavailability of various attractive features in phones compared to mobile phones etc.
- Increase in no of service providers in the segment.
- Lack of uniform Right of Way (ROW) policy in Urban and rural areas for laying of U/G Cables for expansion of Telecom Network. This also results in delay in fault repair where U/G cables get damaged due to road expansion or developmental activities undertaken by utility service providers.

b) Wireless services:

- Stiff competition in Mobile sector.
- Entry of new service providers in the existing licensed area.
- Aggressive tariff plans by the new entrants.

Following are the initiatives taken / planned to improve its market share:

a) Wireline services:

- ◆ Replacement of old telephony switches by State of the art Next Generation Network Switches providing various value added services in landline.
- ◆ Providing Broad Band connections along with landline.
- ◆ Retention of non-payment disconnected numbers by giving installment payment options and pursuing the case on individual basis.
- ◆ Five pair cable is being used in place of drop wires to reduce the fault rate.
- ◆ Underground paper core cables are being replaced either by Jelley filled cables or by other systems in a phased manner.
- ◆ More and more Remote Switch Units (RSUs) / Digital Line Concentrators (DLCs) are being opened to reduce the loop length of cables.
- ◆ BSNL has introduced many new tariff plans for Broadband and Landline–cum–broadband connections. These tariff plans are being continuously revised based upon the competition in the market.
- ◆ Introduced national STD dialing at local call rates for wireline services and reviewing its tariff plans, based upon market scenario.
- ◆ In order to popularize broadband services using wireline, BSNL has introduced many value added services such as IPTV, Games on Demand, Video & Music on demand, educational content, Broadband - VPN, etc.

b) Wireless Services:

- ◆ Matching and innovative tariff plans and other subscriber friendly schemes are being launched. In the process, BSNL has recently launched very attractive mobile plans like “**PYARI JODI**” for BSNL Landline customer and **Rakshak Plan** for Paramilitary forces of the country.
- ◆ Constant monitoring of network to improve the quality of service.
- ◆ Launching of new services and bundling schemes in the network for retention of the subscribers.
- ◆ Network outage is being very closely monitored. Network is being optimized.
- ◆ Radio Capacity is being augmented to reduce congestion, enhance capacity and improve Quality of Services (QoS). During 2011-12, BSNL has planned to provide 20 millions cellular mobile connections

- ◆ Sales teams are being formed to have regular interaction with Points of Sales.
- ◆ Monthly meetings with franchisees to get feedback on customer issues.
- ◆ Continuously updating its tariff structure for Broadband and Mobile services considering the need of customers and the prevailing market conditions.

Regarding concern of the august committee on leveraging Govt. backing, it is submitted that BSNL is given “at par” status vis-a-vis other private operators, so as to have a level playing field. BSNL is working on the following Govt. backed schemes:

- ❖ BSNL is broadband enabling around 95000 Common Services Centers in rural areas.
- ❖ Providing affordable Broadband connections with USOF subsidy in rural area.
- ❖ Providing broadband connections to Universities and colleges under the National Mission for Education Project of Ministry of HRD.

BSNL is also providing Village Public Telephones (VPT) facility in villages of the country as per agreement signed between BSNL and USOF, DOT. Various USOF backed activities, are detailed below:

- ✓ Provisioning of VPTs under Bharat Nirman
- ✓ Provisioning of VPTs under New VPT Agreement
- ✓ Replacement of MARR VPTs

Target and achievements made in these schemes are as under:

S . N o .	USOF Scheme/ Activity	Target	Cumulative Achievement as on 31.07.2011	Remarks
1	Provisioning of VPTs under Bharat Nirman	62302 (Revised)	62030	Work likely to be completed by Feb. 2012.
2	Provisioning of VPTs under New VPT Agreement	62443	51773	Work likely to be completed by May 2012.
3	Replacement of MARR VPTs	185121 (Revised)	184696	Work likely to be completed by Feb. 2012.

3G services Rolling out:

BSNL launched its 3G services commercially on 27th February 2009 in 12 selected cities. This was a new service in India and for any new service the entire eco system should support promotion of the service. When BSNL launched 3G Services, the eco system comprising of handsets availability, 3G Content Service Providers, Subscriber Awareness etc were in a very nascent stage and as such, it took time for the technology / services to mature. Presently, BSNL 3G Service is available in 832 cities as on 13.06.2011 and the eco system is maturing progressively by the day with the initial efforts of BSNL / MTNL and subsequently by the combined efforts of private operators as well.

Following actions are being taken for growth of subscribers of 3G services:

- ❖ The services are being rolled out progressively in more and more cities.
- ❖ The service coverage is being improved in the cities where services have been rolled out. More and more no of B-Nodes for 3G services are being installed with optimizing the existing RF coverage.
- ❖ To popularize the services, 3G experience centers with mobile vans were established in 15 important towns. Action is in progress to expand this to most of the major cities/towns.
- ❖ Subscribers having 3G enabled handsets are being contacted with request for subscribing to 3G services.
- ❖ Tariff for 3G services has been rationalized.
- ❖ Migration from 2G subscriptions to 3G subscription has been made almost free of any charge.
- ❖ Handset bundling has been done for 3G services.
- ❖ Data card bundling also has been done for 3G services.
- ❖ All the mobile subscribers are made 3G services' enabled.

MTNL:

There is a general decline in the demand for the fixed lines telephone as there is a tendency to shift to mobile services because of its sheer convenience with regard to affordability and availability. This is a worldwide trend that when liberalization takes place and monopoly is removed in telecom sector there is a churn in fixed line subscribers.

MTNL has been continuously making its best efforts to arrest the surrender of land line connections. Present day fixed line network does not support many value added services like video call etc whereas the same are available in the GSM. This is one of the reasons for the churning of the landline subscribers

Regarding 3G wireless services, it is submitted that even though there is continuous growth in MTNL's wireless subscriber base, there is marginal decline in market share, due to increase in competition & number of service provider in Delhi & Mumbai. Further, with entry of new players, market share of existing operators get shared and market share of some of our competitors has also declined.

It is further submitted that MTNL is making its best efforts to sustain the growth in its GSM Services despite facing fierce competition in its service area. Despite being a late entrant in the GSM segment, MTNL mobile subscriber base has grown to more than approx 48 lakhs.

MTNL advertised its 3G service and even took the step of upgrading 2G customers to 3G customers. However, it may take some time for customers to get accustomed to specific 3G services such as video calling, high speed broadband on mobile, 3G data cards etc. Further, 3G services are expected to grow in a big way when sufficient 3G content based on the Indian conditions is available which will happen after number of 3G customers cross a certain threshold level which will make 3G contents cheaper and affordable. Cost of 3G handsets is also a major factor.

Steps Taken by MTNL to increase the subscriber base of 3G service:

- MTNL is offering the host of services to the subscribers like Video telephony, High Speed Mobile Broadband, Mobile TV, Video Streaming etc.
- To boost the demand for its 3G services, MTNL is also bundling its services with data cards & handsets from various vendors.
- In order to provide world class service/ experience to its esteemed customers, an Auditor was appointed for carrying out technical audit of the 3G networks being deployed in Delhi and Mumbai. The report has already been submitted by the auditor. MTNL will utilize the suggestion / recommendations of the auditor in making the network of global quality.
- To utilize its vast fixed line and Broadband Networks for carrying the GSM traffic by way of deployment of suitable FMC (Fixed Mobile Convergence) technologies in Delhi & Mumbai, Trial of Femto cell solution in MTNL Mumbai is in progress.
- MTNL has already taken an initiative to educate the customers about 3G technology and services/features offered by it. However, due to the fact that its new in Indian market it will take some time to fully educate and convince the customers to use 3G connections.

MTNL has always been pioneer in introducing new technologies in the telecom sector like ADSL 2+, IPTV, IP/ MPLS, 3G etc. in its service areas of Delhi and Mumbai. Continuous efforts are being made by MTNL on various fronts to reach to the masses and increase its revenue earnings:

- (i) The laying of fiber is a continuous process which results in the overall upgradation of the MTNL network. With the growth of the internet and broadband, the demand for the bandwidth is increasing exponentially. The advent of the new services like VOD, online gaming, High definition TV has given thrust to this demand.
- (ii) To meet the ever increasing demand for the bandwidth, achieve higher level of customer satisfaction and providing wide range of services to its customers MTNL is aggressively laying and extending the reach of optical fiber in its network and is planning to deploy GPON based FTTH network. It is a centrally managed network designed to provide reliable fiber routes to cover all possible destinations within MTNL. This will help in meeting the increased bandwidth requirement for both data and video applications.
- (iii) In order to attract more and more subscribers, MTNL is bringing very attractive tariff plans in its 2G/3G services for the common man and students. In addition to meet the capacity crunch problem MTNL is planning to further expand its 2G and 3G capacity each in Delhi and Mumbai. MTNL is also bundling its services with data cards & handsets from various vendors. MTNL has adopted two strategies to provide 3G data cards to its subscribers.

(iii) Actions are being taken to generate fresh demands by providing quality services, customer care & satisfaction, introduction of new services / schemes and innovative marketing strategies. For this purpose the following steps are being taken:

- Expansion of 2G/ 3G GSM capacity and broadband capacity.
- Provide Wi-Max and 3G Services on revenue share through franchisees.
- Capture enterprise business aggressively.

MTNL is also providing the latest 3G services to its customers. 3G being a new technology in India, it will take some time to fully educate and convince the customers to go for 3G connections. Moreover 3G network is just one part content and end devices such as small phones; tablets etc. are the other necessities to make the service popular. 3G services are expected to grow in a big way when sufficient 3G content based on the Indian conditions is available which will happen after number of 3G customers cross a certain threshold level which will make 3G contents cheaper and affordable. To make the 3G services popular among its subscribers, MTNL has allowed all its GSM mobile subscriber access to 3G services.

MTNL 2G / 3G services is gaining popularity as is evident from the data usage figures

Period	Data usage in GB / Month			
	Delhi		Mumbai	
	Download	Upload	Download	Upload
June 10	5547	918	2558	302
Feb 11	16788	2638	7026	1089
% Growth	203%	187%	175%	261

(v) Bundling of 3G data cards with MTNL's 3G service - In this case, MTNL allows suppliers to sell their 3G data cards bundled with MTNL's 3G services. Before allowing such data cards with MTNL's 3G services, MTNL thoroughly tests the data card for its performance in MTNL's 3G network.

(vi) In order to meet the challenges of wire line broadband and to offer higher data throughput to the esteemed subscribers with enhanced quality of service, MTNL is in the process of rolling out BWA services in its licensed service areas of Delhi and Mumbai. The choice of technology and further roadmap for deployment is being decided through appointment of consultant.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 6)

The Committee observe that under the Newly identified VPTs Scheme, 45783 VPTs out of the stipulated target of 62443 VPTs have been installed as on December, 2010. In terms of percentage, the achievement made so far is 73.71 per cent. As per the initial plan, 90 per cent of VPTs were to be covered by August, 2010 and the remaining 10 per cent by February, 2011. The Committee have now been informed that the deadline for completion

of the Scheme has been extended upto February, 2012. The reasons for not achieving the target as per schedule have been attributed to villages being located in extreme remote areas, tough terrain, naxalite/insurgency affected areas. The Committee feel that although a breakthrough to implement the scheme in these areas is a challenging task for BSNL, nevertheless, steps should be taken to ensure the installation of the remaining VPTs by the extended deadline of February, 2012.

Action Taken by the Government

It is to intimate that BSNL [the Service Provider who is implementing the scheme] has requested to extend the rollout period for the Scheme till May 2012. The request of BSNL is under process.

BSNL has reported that 51773 out of the targeted 62443 VPTs under the scheme have already been provided. Remaining villages are located in more remote, tough terrains and VPTs are to be provided on Digital Satellite Phone Terminal (DSPT) in most of these villages. BSNL has reported delay in procurement of DSPTs, road blockages in Monsoon seasons, naxal/insurgency activities etc. However, BSNL is being persuaded to install the remaining VPTs by May 2012.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 13)

The Committee note that under the TERI project of Lighting a Billion Lives (LaBL) financial support is being provided for solar mobile charging stations in 5,000 villages. As per the information furnished by the Department, an agreement to this effect has been signed on 29 April, 2010. As per the agreement, solar mobile charging stations in these 5,000 villages are to be provided in a phased manner over a period of two years. The Committee hope that the project would be implemented within the stipulated timeframe. The Committee feel that the model of TERI need to be replicated in other areas. Even in urban areas where mobile charging may not be a problem, the provision of solar mobile charging facilities would be a great effort in the direction of providing eco friendly green telecom in these areas. More and more thrust need to be given to the use of renewable source of energy and providing solar charging stations is a step in the right direction. The Committee hope that the model would be replicated throughout the country.

Action Taken by the Government

It is informed that the current scheme of USOF for providing Solar Mobile Charging Stations in rural & remote areas is running on Pilot basis. On successful completion of the Pilot scheme, its outcome/results would be analysed as to whether it can be launched as full-fledged scheme or not. Based on the analysis, a nationwide scheme may be envisaged for the rural & remote areas wherever required & feasible.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 14)

The Committee have consistently been recommending to the Department to take the desired initiatives to improve the broadband penetration in the country. There is not been much improvement in this connection in the country. As per the latest data furnished by the Department there are about 10.97 million broadband connections and the broadband penetration in the country is just 0.8 per cent. Broadband penetration is very poor if compared to the teledensity of just 67.67 per cent. As regard the geographical spread of broadband connection the country, it has reached 4312 cities, 5865 Block Headquarters, 627 District Headquarters covering 1,69,201 villages. The performance is not upto the mark if compared to the target fixed in this regard. There are only 10.92 million broadband subscribers against the target of 20million broadband subscribers as per the target set by the Broadband Policy, 2004. The Government has the plan to cover 2.5 lakh village Panchayats in the country with the broadband connectivity by 2012 from where broadband connection can be given to Secondary and Higher Secondary Schools and public health centres. As on 31 January, 2011, only 97548 villages could be covered. So far as the position of Secondary and Higher Secondary Schools and public health centres by broadband connectivity is concerned, the Department did not bother even to maintain the data.

The aforesaid status clearly indicates that there are big challenges before the Department to improve the broadband connectivity in the country. Various schemes to expand the broadband penetration in rural areas are being undertaken with the USO Fund. Under the scheme, wireline broadband connectivity in rural and remote areas, 28,000 exchanges with a capacity creation of 18 lakh connections are to be provided with a roll out period of 5 years i.e. by 2014. As on December, 2010, a total of 2,53,084 connections have been provided and 670 kiosks have been set up in rural and remote areas. Another scheme satellite broadband connectivity for rural and remote areas has been proposed to cover rural and remote villages where terrestrial connectivity is not feasible. USOF has identified about 5,000 such villages. As per the information furnished by the Department, BSNL has raised some technical issues which are under examination. The USOF is working on another scheme i.e. Rural Wireless Broadband Scheme. Under this scheme, the plan is to provide financial assistance by way of subsidy for the wireless broadband such as BTS, by utilizing the existing infrastructure available with the Telecom Service Providers. The Scheme propose to provide broadband coverage to about 5 lakh villages at a speed of 512 kbps. While taking note of the various schemes being implemented/proposed to be implemented under USOF, the Committee strongly recommend that the proposed schemes should be launched expeditiously so as to improve the broadband penetration, particularly in rural areas.

Action Taken by the Government

As of July 2011, 12.50 million broadband connections have been provided in 4417 cities, 6124 block headquarters, 627 district head quarters covering 169201 villages.

Regarding position of broadband connectivity to public health centres, Ministry of Health & Family Welfare has informed that information on the number of facilities covered and the availability of internet facility as per the survey conducted during 2007-08 is as under:-

S.No.	Type of Facility	No. Covered	% having internet
1.	District Hospitals	596	57.7
2.	Community Health Centres	4162	35.2
3.	Primary Health Centres	8619	13.2
Information on broadband facility is not available.			

Efforts are being made to collect the information regarding broadband connectivity of Higher Secondary Schools from Ministry of HRD and Ministry of Health & Family Welfare respectively. Department of Telecommunications as well as its public sector unit BSNL is not having any data for the same. Telecom Service Providers are also not having any information of category wise of subscribers of broadband data. In addition Ministry of Communication and Information Technology has rolled out the Common Service Centres (CSC) in majority of the states under a PPP mode and Ministry Of Health and Family Welfare has requested the States to utilise the CSCs for the health management information system application which require data information to be captured from sub-centre and Primary health Centre (PHC) level. In addition, several ministries are using/proposing to use CSC's for citizen-centric services. As on July 2011, BSNL has enabled 62738 CSCs out of total 96541.

Following initiatives have been taken to improve broadband penetration, particularly in rural area schemes on rural broadband:

- (a) Allotment of Spectrum for 3G and BWA services to the private operators through auction. This will facilitate proliferation of broadband through mobile handset and wireless technologies.
- (b) Permitting Sharing of infrastructure amongst the Service providers.
- (c) The Indian Telegraph Rules have been amended, and stream IV has been added under the title "Provision of broadband connectivity to villages in a phased manner" to bring provisioning of broadband connectivity to the rural areas under the purview of the USOF.
- (d) USOF schemes for supporting shared infrastructure for mobile services in rural and remote areas. These towers will also be used to provide Broadband connectivity in the newly covered Block/Taluka headquarters.
- (e) USOF, through BSNL, has started 'Rural Wireline Broadband Scheme' to provide wire-line broadband connectivity to rural & remote areas by leveraging the existing rural exchanges infrastructure and copper wire-line network. Under this scheme, BSNL will provide 8, 88,832 wire-line Broadband connections to individual users and Government Institutions over a period of 5-years, i.e., by 2014. The estimated subsidy outflow is Rs. 1500 crore in 5 years. As of July 2011, a total of 3,06,443 broadband connections have been provided under this scheme.
- (f) The USOF is working on a scheme for providing financial assistance by way of subsidy for the wireless broadband active infrastructure such as BTS, by

utilizing the existing infrastructure available with the Telecom service providers. This scheme is being implemented at pan-India level.

This scheme would provide broadband coverage to about 5 lakh villages at a speed of 512 kbps. With the completion of the BWA and 3G Spectrum auction, the stage is set for the launch of the scheme. The draft tender has been put in public domain for comments from stakeholders. The comments have been received and are under examination.

- (g) The USOF is working on a scheme called Satellite Broadband connectivity for Rural & Remote Areas for provision of BB connectivity to 5000 identified villages which do not have any terrestrial connectivity. Initially, 1200 villages as a pilot are envisaged to be provided broadband on this media @ 512 kbps. The technical consultant "C-DoT" submitted its report and the formulation of the scheme, is in progress.
- (h) Department of Telecommunications has formulated a proposal for setting up of a National Optical Fibre Network (NOFN) to extend the existing optical fiber network up to 2.5 lakh Village Panchayats. The objective is to provide fast and reliable broadband connectivity upto Panchayat level by utilizing funding from the Universal Service Obligation Fund (USOF) and creating an institutional mechanism for management and operation of the same for ensuring non-discriminatory access to all service providers.

The proposal for creation of a National Optical Fibre Network (NOFN) for providing Broadband connectivity to Panchayats has been recommended by the Telecom Commission. The proposal is shortly being submitted to the Cabinet for approval of the scheme.

It is informed that BSNL is being asked to maintain the data w.r.t. Secondary and Higher Secondary Schools and Public Health Centres and communicate the same to USOF also. All efforts are being made to launch the schemes expeditiously.

As part of DIT's scheme of providing broadband connectivity to CSCs, BSNL has provided broadband connectivity through Wi-Max technology to 16047 Village Panchayats in the first phase. In the second phase, additional 92364 village Panchayats are planned to be covered for which the equipment deployment is in progress.

The Circle wise details of Wi-Max connectivity is enclosed as **Annexure 1** (at page 31).

The Circle wise CSCs covered through different technologies as on 31.08.2011 is at **Annexure 2** (at page 32).

The coverage details of Broadband service (DSL) in BSNL as on 31.08.2011 is given below.

Sl. No.	Parameter	Total	Covered	%age covered
1	DHQ	622	617	99.21

2	BHQ	6185	5892	95.27
3	Cities	4629	4417	95.42
4	Villages	593601	169201	28.50

BSNL is deploying 1000 Wi-MAX BTS under Rural phase Ph-I to cover 16485 village Panchayat & 6731 BTS under rural Ph-II project to cover 92364 of village Panchayats in the country. Against rural Phase-I project 16047 Village Panchayat & against phase-II 39524 village Panchayats have been covered. The balance village Panchayats are likely to be covered during 2011-12.

Data for Higher Secondary Schools and Public Health Centers (PHC) etc. is being collected.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Annexure-1

Village Panchayat covered under WIMAX Rural Ph-I & Ph-II for the month of August 2011

As on 30.08.2011

Sr. No.	Circle	WIMAX Rural Ph.-I				WIMAX Rural Ph.-II				Total No. of Village Panchayat Covered (Ph-I & II)
		Total No. of BTS	BTS Radiated	Total No. of Village Panchayat planned to be Covered	Total No. of Village Panchayat Covered	Total No. of BTS	BTS Radiated	Total No. of Village Panchayat planned to be Covered	Total No. of Village Panchayat Covered	
1	Andaman and Nicobar	0	0	0	0	0	0	0	0	0
2	Andhra Pradesh	184	136	2349	2009	317	149	2772	1303	3312
3	Assam	28	28	295	295	198	95	1994	957	1252
4	Bihar	124	123	534	530	512	380	6712	4982	5512
5	Chennai Telecom Dist	1	1	12	12	15	0	127	0	12
6	Chhatisgarh	40	40	252	252	348	0	2815	0	252
7	Gujarat	15	15	585	585	110	0	1717	0	585
8	Haryana	20	20	1139	1139	73	17	1245	290	1429
9	Himachal Pradesh	11	11	109	109	220	0	1168	0	109
10	Jammu & Kashmir	0	0	0	0	108	0	2077	0	0
11	Jharkhand	57	57	640	640	470	400	3847	3274	3914
12	Karnataka	16	16	167	167	154	74	590	284	451
13	Kerala	0	0	0	0	0	0	0	0	0
14	Kolkata Telecom Dist	0	0	0	0	0	0	0	0	0
15	Madhya Pradesh	63	63	1521	1521	799	0	11181	0	1521
16	Maharashtra	63	57	780	706	569	0	5184	0	706
17	North East I	29	29	694	694	110	0	648	0	694
18	North East II	40	40	266	266	78	0	316	0	266
19	Orissa	107	104	711	691	538	0	1922	0	691
20	Punjab	21	21	689	689	24	11	848	389	1078
21	Rajasthan	32	32	522	522	784	0	5424	0	522
22	Tamilnadu	22	22	308	308	201	118	1858	1091	1399
23	Uttar Pradesh (East)	32	32	1168	1168	736	564	28526	21860	23028
24	Uttar Pradesh (West)	50	50	3149	3149	185	82	8705	3858	7007
25	Uttaranchal	13	13	303	303	107	45	974	410	713
26	West Bengal	32	32	292	292	195	94	1714	826	1118
	Total	1000	942	16485	16047	6851	2029	92364	39524	55571

CSC Coverage Information as on 31/08/2011

Sl.No	Name of State	Circle	CSCs in circle	Covered					Total Covered	Planned						Total Planned	Total Covered & Planned
				DSL	EVDO	WIMAX-Phase-I	wimax phase 11	DSPT		DSL	Wimax ph-1 to be covered	WIMAX Phase-2 to be covered	EVDO	DSPT	SOMA		
1	A & N	A & N	85	28	0	0	0	0	28	5	0	0	0	0	0	5	33
2	Andhra Pradesh	AP	4,476	2,196	0	746	206	0	3,148	0	263	233	0	0	0	496	3,644
3	Assam	Assam	4,220	801	51	561	806	0	2,219	0	0	873	642	0	0	1,515	3,734
4	Bihar	Bihar	6,558	1,211	0	1,309	3,112	0	5,632	11	11	1,081	0	0	0	1,103	6,735
5	Chattisgarh	Chattisgarh	3,317	784	20	594	0	0	1,398	50	0	1,466	175	0	0	1,693	3,091
6	Daman & Diu	Gujarat	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Dadra & nagar haveli	Gujarat	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Gujarat	Gujarat	3,035	1,760	0	75	0	0	1,835	3	0	244	0	0	0	247	2,082
9	Himachal pradesh	HP	2,939	1,271	179	151	0	0	1,601	162	0	1,104	13	59	0	1,338	2,939
10	Haryana	Haryana	1,136	804	0	162	32	0	998	31	0	136	0	0	0	167	1,165
11	Jharkhand	Jharkhand	4,920	321	0	1,184	3,264	0	4,799	0	0	577	0	0	0	577	5,376
12	J&K	J&K	1,109	230	0	0	0	0	230	6	0	846	0	53	0	907	1,137
13	Karnataka	Karnataka	4,616	2,819	1	311	653	0	3,781	0	0	702	1	0	0	703	4,484
14	Kerala	Kerala	2,030	2,030	0	0	0	0	2,030	0	0	0	0	0	0	0	2,030
15	Lakshadweep	Kerala	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Madhya pradesh	MP	8,754	2,018	9	1,011	0	0	3,038	196	0	5,393	77	24	0	5,689	8,727
17	Goa	Maharashtra	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Maharashtra	Maharashtra	6,961	3,284	53	388	0	0	3,725	96	41	2,641	24	0	15	2,816	6,541
19	Mizoram	NE-I	136	74	0	0	0	0	200	1	0	0	0	0	0	600	800
20	Tripura	NE-I	145	23	0	0	0	0	23	0	0	0	0	0	0	0	23
21	Meghalaya	NE-I	177	39	83	126	0	0	122	0	0	599	0	55	0	55	177
22	Nagaland	NE-II	215	50	0	0	0	0	281	1	0	0	2	8	0	441	722
23	Arunachal Pradesh	NE-II	649	115	5	0	0	0	120	21	0	0	32	181	0	234	354
24	Manipur	NE-II	399	36	0	231	0	0	36	29	0	430	10	67	0	126	162
25	Orissa	Orissa	7,884	1,006	362	1,442	0	0	2,810	22	42	4,892	10	109	0	5,075	7,885
26	Punjab	Punjab	0	0	0	0	0	0	2,035	0	0	0	0	0	0	41	2,047
26	Punjab	Chandigarh	2,086	1,759	0	247	34	0	34	0	41	0	0	0	0	0	34
27	Pondicherry	Tamilnadu	15	15	0	0	0	0	15	0	0	0	0	0	0	0	15
28	Tamil nadu	Tamilnadu	2,309	1,005	2	184	599	0	1,800	0	0	421	5	0	0	426	2,226
29	Tamil nadu	Chennai	278	139	19	12	0	0	170	0	0	85	17	0	0	102	272
30	Rajasthan	Rajasthan	6,626	1,555	32	424	0	0	2,011	344	-1	4,314	1	0	0	4,658	6,669
31	Uttar pradesh	UPE	12,459	1,520	0	555	7,973	0	10,048	0	0	2,431	0	0	0	2,431	12,479
32	Uttar pradesh	UPW	3,996	1,103	0	742	953	0	2,798	0	0	1,198	0	0	0	1,198	3,996
33	Uttaranchal	Uttaranchal	2,648	802	225	303	410	0	1,540	40	0	564	153	259	0	1,016	2,556
34	West Bengal	West Bengal	6,376	2,631	1	542	1,748	0	4,922	111	0	1,879	0	0	0	1,990	6,912
35	Sikkim	West Bengal	76	23	0	0	0	0	23	3	0	0	0	0	0	3	26
	Total		100,726	31,252	1,042	11,310	19,817	0	63,421	1,130	356	32,154	1,162	835	15	35,652	99,073
Remarks: Total number of CSCs under various technologies may change slightly once installation of Wimax progresses in more circles																	

Recommendation (Para No. 15)

The Committee further note that TRAI in the Consultation Paper on National Broadband Plan has observed that considering the estimated broadband future requirement, there is a need for a urgent focus on creation of robust national infrastructure capable to cater to future requirements not only in urban areas but also upto villages. It has been stated in the Consultation Paper that an option being explored by taking optical fibre connectivity to villages. The Department in the reply has stated that the issue is under consideration for formulation of broadband connectivity to Panchayats. With regard to GIS mapping to ascertain incremental OFC length, the Committee have been informed that all existing GIS mapping may be done on a GIS platform within 2 months by USOF to get a better estimate of the required additional OFC and a Detailed Project Report (DPR) would be prepared which would include estimation of growth of broadband connections in rural areas for next 20 years. As regards the status of the scheme, the Committee note that NIC has mapped about 2,13,000 km of OFC length and over 10,000 OFC stations are on the GIS platform. While taking note of the existing position the Committee strongly emphasize to complete the GIS mapping expeditiously followed by launching of the scheme for National Optical Fibre Network for broadband connectivity of Panchayats.

Action Taken by the Government

1. The proposal for creation of a National Optical Fibre Network (NOFN) for providing Broadband connectivity to Panchayats has been recommended by the Telecom Commission. The proposal is shortly being submitted to the Cabinet for approval of the scheme.
2. The work of GIS mapping is under progress and is likely to be completed by October 2011. It has been completed in 10 Circles and is under progress in 16 Circles. As regards RailTel & PGCIL the work of mapping is complete.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 16)

The Committee further note that USO Pilot Project for Optical Fibre Network Augmentation is being implemented in Assam, North-Eastern States and West Bengal Service Areas. The Committee understand that OFC laying depend on Right of Way (RoW) and permission from State Governments. In this connection, the Department has informed that they have taken the matter with all the State Governments and a letter has been written by the Secretary, DoT to Chief Secretaries of all the States on 3 October, 2010. The Committee find from the replies that Tripura has allowed free Right of Way subject to reinstatement charges. Andhra Pradesh Government is already providing similar Right of Way. Haryana Government has acknowledge the letter. The feedback from other State Governments is still awaited. While taking note of the initiatives taken by the Department, the Committee emphasize to pursue further with remaining State Governments on the issue of Right of Way so that the project of Augmentation Creation and Management of Optical Fibre Network Scheme can be implemented effectively thereby increasing the broadband connectivity in the country.

The Committee during the Study Visit to Arunachal Pradesh in the month of February, 2011 had been informed that the work of laying OFC network in Arunachal Pradesh with the assistance of Army is on the way and the work is expected to be completed within one month i.e. by March, 2011. When the issue was raised during the course of examination of Demands

for Grants, to the surprise of the Committee, the Department has stated that the scheme is likely to be completed by 2013-14. The Committee emphasize that the location of Arunachal Pradesh having border with China has strategic importance and as such there is an urgent need to improve the telecom connectivity and broadband connectivity in the areas. All the initiatives with the assistance of Army/other authorities should be taken to provide better telecom connectivity and broadband connectivity in the said area.

Action Taken by the Government

The matter is being taken up with other State Governments for issue of similar guidelines on Right of Way.

In respect of Arunachal Pradesh, it is mentioned that the issue raised during the Parliament Committee visit to Arunachal Pradesh was with reference to providing connectivity between Bomdilla & Tawang. The same has been commissioned with STM-16 connectivity, in the month of August, 2011, by using Army cable.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 18)

The Committee while appreciating the major initiatives taken by the Department for providing broadband connectivity to 20,000 colleges and 419 Universities at an estimated cost of Rs.1323 crore, recommend that steps should be taken by the Department to provide broadband connectivity as per the earmarked target and make it operational in all the colleges and universities to boost the full use of the e-Content as envisaged under National Mission on Education through Information and Communication Technology (NMEICT).

Action Taken by the Government

377 universities and 12188 colleges have been connected by BSNL. During the 21st meeting of the Empowered Committee of Experts (Project Approval Board) of National Mission on Education through information and Communications Technology (NMEICT) held on 11th August, 2011, BSNL has requested that PAB may consider providing LCADs, being developed/procured under NMEICT, to those colleges where computers are not available.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 19)

The Committee have been informed that DIT's Research Programme 'Technology for Indian Language' is carrying out research to enable the support of Indian Language on ICT platform and it has been completed in 22 Indian Languages. The Committee while appreciating the steps taken by DIT would like DoT to coordinate and ensure that software in other remaining Indian Languages are also developed at the earliest.

Action Taken by the Government

The Committee's recommendation has been noted and matter has been taken up with C-DoT for developing the requisite software in other Indian Languages.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 20)

The Committee appreciate that the Department has signed an MoU with BSNL on 11th January, 2010 for subsidy support from USOF for provision of broadband enabled RPST Scheme to eligible Women Self Help Groups (SHGs) on pilot basis. Under the pilot scheme Rural Public Services Terminals (RPST) is to be provided for each of the 2770 rural wire-line exchanges i.e. 1959 in the State of Rajasthan (Ajmer & Bhilwara Districts) and 811 in Himachal Pradesh (Shimla & Mandi Districts). The Committee appreciate the initiatives taken by the Department to involve SHGs under the aforesaid scheme. The Committee emphasize that the aforesaid model of involving women SHGs should be replicated in other States also and full-fledged nationwide scheme launched in this regard.

The Committee find that the objective of RPST scheme is to provide Value Added Services (VAS) such as (i) banking services such as cash withdrawals and remittances whereby the RPST franchisee acts as a bank, (ii) facilitation of Government disbursements/transactions (NREGA, Pensions, PDS etc.), (iii) Railway, Airline and Bus Ticketing, Mobile Top-ups, Utility Bill Payments, etc. which will generate additional revenue for the SHG, (iv) retailing Airtime (PCO services) and (v) retailing of Life, General and Micro Insurance services such as crop, cattle, health and home insurance. The Committee understand that the Department of Information Technology is implementing the scheme Common Service Centres (CSCs) for providing support to establish one lakh Common Service Centres in six lakh villages of India. The aforesaid scheme of the Department of Information Technology envisages CSCs as the front and delivery point before Government, private and social sector services to rural citizens of India in an integrated manner. The Committee find that there is some sort of commonality in the objectives of the pilot scheme launched by the Department of Telecommunications and full-fledged scheme being implemented by the Department of Information Technology. The Committee urge that the Department should study the implementation of both the schemes and ensure that there is no duplication in the two schemes.

Action Taken by the Government

The RPST Scheme has been initiated by USOF as a Gender Budget Scheme of the DOT. It is a pilot project wherein RPSTs are to be provided in only 2770 rural locations (one from each rural wire line exchange of BSNL) in Rajasthan and Himachal Pradesh. The scheme aims to achieve the dual purposes of providing broadband enabled Value Added Services to the rural population while also providing a means of livelihood to women, Self-Help Groups in rural areas. The RPST is relatively a simple device which requires much less power as compared to a personal computer. This device is capable of secure financial transactions as per RBI guidelines and can enable the women, Self-Help Groups to act as Business Correspondents of banks and provide banking and financial services to the rural public apart from railway/bus/airline ticketing, mobile recharges etc. The Common Service Centres are run by Village Level Entrepreneurs and are slated to provide a large variety of e-Government Services to the rural

public. Under Bharat Nirman Programme of the Government, 2.5 lakh such centres are to be set up across the country.

From the above it may be seen that the two schemes have a different objectives and focus area.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 21)

The Committee have further been informed that to sort out the issue of approval of additional cost of Rs.4957.03 crore for the OFC tender to Army and Navy, the Inter-Ministerial Group (IMG) which include representatives from Ministry of Defence, Planning Commission, Department of Economic Affairs (DEA), Wireless Planning & Co-ordination (WPC), BSNL and DoT under the Chairmanship of DDG (DS), DoT has been requested to deliberate on the issue as a whole and give its report within two weeks. The Committee hope that Inter-Ministerial Group may have submitted its report by now. Keeping in view the importance of OFC network for the Armed Forces as well as to the fact that vacation of additional spectrum is on the condition of providing OFC connectivity to the Armed Forces, the Committee strongly recommend that the issue of providing additional cost of Rs.4957.03 crore for the OFC tender to Army and Navy as well as all other related issues should be sorted out expeditiously and earnest action is taken to provide Optical Fibre Cable based network to Army and Navy.

Action Taken by the Government

Regarding OFC Network for Defence Services, BSNL had intimated that tenders for establishing OFC Network for Defence have been floated. But the lowest cost obtained through tenders was very much on higher side as compared to budget allocation. As per the decision of Telecom Commission, Ministry of Defence (MoD) was requested to vet and authenticate the proposal of enhancing the cost of project sent by BSNL. As desired by MoD, the matter was referred to the IMG on 3.3.2011. On 19.07.2011, final Schedule of Requirements (SoR) and Subsystem Level User Requirements were submitted by Army and Navy to BSNL. Subsequently, BSNL submitted revised cost estimate of RS. 13602 Crores to IMG on 12.08.2011.

Thereafter, IMG has submitted its report on 23.08.2011. The matter will shortly be placed before the Telecom Commission for taking a view on BSNL's proposal seeking budget enhancement of Rs 5503 Crores (Rs. 13602 Crores – Rs. 8098 Crores), over and above the budget of Rs 8098 Crores approved by Cabinet Committee on Infrastructure for alternate communication network for Defence services for release of spectrum.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 25)

The Committee note that during Eleventh Plan, the Department envisages an important project i.e. Undersea cabling between Mainland and Andaman & Nicobar (UM & AN) in order to provide an alternate and more importantly reliable communication link to avoid communication black out in a disaster. It was proposed to have a submarine cable link from Mainland to Andaman & Nicobar Islands. The scheme was initially proposed to be funded by Government of

India and executed by M/s Millennium Telecom Limited, a joint venture company of BSNL and MTNL. During the year 2009-10 Rs. 61 crore provided at BE stage was reduced to Rs. 52 crore at RE stage. The utilization during the year was nil. Again during the year 2010-11 Rs.161.84 crore were provided at BE stage. At RE stage, the allocation was reduced to zero. During the year 2011-12 again total allocation of Rs. 0.01 crore has been provided for the project. With regard to non-execution of such an important scheme, the Committee in the Action Taken Notes to Eighth Report had been informed that M/s Millennium Telecom Limited board appointed a Committee for rechecking the financial viability of the project and the Committee in its report had decided that it may not be possible to invest such a huge amount by BSNL and MTNL alone. Keeping in view the high cost of the project, it was suggested by the Committee to consider the possibility of forming a consortium with the telecom operators of other countries where MTNL is proposing to have its landing stations. As per the latest position as indicated during the course of examination of Demands for Grants 2011-12, Planning Commission had constituted a Technical Committee to consider various options in this regard. The Technical Committee in consultation with Andaman and Nicobar Islands Administration has, inter-alia, recommended that six islands viz. Port Blaire, Little Andaman, Havelock, Car Nicobar, Kamorta and Great Nicobar should be connected to mainland by submarine Optical Fibre Cable (OFC) through a branching cable from the existing submarine cables. The Committee have further been informed that Planning Commission has decided that the project may be implemented by the Andaman & Nicobar Islands Administration either directly or through the Andaman and Nicobar Islands Integrated Development Corporation (ANIIDCO) as considered appropriate. It has been informed that appropriate allocation for the submarine OFC project would be made out of the total allocation for Andaman and Nicobar Islands. The Committee deplore the way the implementation of one of the scheme is being delayed and the onus has now been shifted to the Andaman and Nicobar Islands Administration mainly due to financial constraints. The Government do not seem to have learnt lesson from the recent Tsunami in Japan. The Committee while deploring the way the scheme is being shuttled from the Centre Government to the Andaman and Nicobar Islands even when specific allocations for the scheme were provided in the Eleventh Plan allocations and specific outlay was earmarked during the first three years of the Eleventh Plan. While deploring the situation, the Committee strongly recommend that immediate action may be taken to implement the scheme without any further delay.

Action Taken by the Government

At present, the scheme – “Undersea Cabling Between Mainland and Andaman & Nicobar Islands” (UM&AN) is not being executed by Department of Telecommunications and no budget provision has been made by DoT in this regard. The scheme is now being implemented by Andaman & Nicobar Islands (ANI) Administration, as decided by Planning Commission. The details of the development are as below:

1. Post- Tsunami, in a meeting of the National Disaster Management Authority, held in June 2005, chaired by Hon’ble Prime Minister and attended by Hon’ble MOC&IT, it was observed that the Andaman & Nicobar Islands are currently connected only by satellite media to the mainland and in case of any emergency or damage to the satellite equipment, it is possible that these areas are cut-off from mainland. During the Tsunami, the entire communications in these islands were disrupted as the alignment of the receivers got dislodged. Similar is the situation whenever there are earthquakes in the area. These islands being of strategic importance, the need was felt for alternate and more importantly reliable communication link between mainland and major islands in Andaman & Nicobar group of islands to avoid communication blackout in a disaster.

2. Accordingly, a case was initiated for laying of a branching cable to Port Blair and other islands of Andaman & Nicobar Islands under budgetary support and it was proposed to provide a spur route to Andaman & Nicobar Islands at the cost of Rs. 522 Crores through branching of main submarine cable proposed by M/s Millennium Telecom Limited (MTL), a joint venture of BSNL/MTNL. Subsequently, it was found by M/s Millennium Telecom Limited that their main cable project from West Bengal to Singapore is not financially viable. Accordingly, it was decided by MTL to explore the possibility of forming a consortium as it may not be possible to invest such a huge amount by the BSNL and MTNL alone. However, BSNL/MTNL could not make any progress towards formation of consortium.
3. Subsequently, Planning Commission had constituted a Technical Committee under the chairmanship of Shri Subodh Kumar, Additional Secretary, Department of Telecommunications (DOT) in October 2010 to consider various options for providing a reliable and secure telecommunication connectivity to Andaman & Nicobar Islands and make appropriate recommendations after examining the existing bandwidth capacity vis-à-vis the projected demand for the bandwidth.
4. The Committee has submitted its report to Planning Commission on 23rd December 2010. The committee in its report has recommended that the connectivity to ANI may be provided through a spur route branched from the existing submarine cable available in the region through a tender process to be executed by ANI Administration. The Committee, in consultation with A&N Administration has, inter-alia, recommended the following:-
 - (a) *Six Islands viz Port Blair, Little Andaman, Havelock, Car Nicobar, Kamorta and Great Nicobar should be connected to mainland by submarine optical fibre cable (OFC) through a branching cable. Cable landing stations at these six locations will meet the communication needs of all the 18 islands other than Katchal and Teresa Islands.*
 - (b) *The Katchal and Teresa Islands can be served by 1 satellite transponder. As a result the remaining 13 transponders can be released back to ISRO.*
 - (c) *The cost of OFC connectivity providing 10 Gbps bandwidth (as against 1 Gbps bandwidth presently available through transponders) has been estimated to be Rs. 355.50 crores for a 15 years period plus O&M charges @ 5% i.e. about Rs. 20 crores per year. In addition, the cost of hiring 1 transponder will be Rs. 6 crores per annum. The total cost over the 15 years period is estimated to be Rs. 745.50 crores. This is substantially lower than the present cost of Rs. 1260 crores. Further, adjusting for the increased 10 Gbps bandwidth would be provided through OFC connectivity, the cost of using transponders would be prohibitive.*
 - (d) *The project should be implemented by the A&N Administration through one of its Corporations so that there is complete ownership of the project.*

5. The recommendations of the Committee have been examined in the Planning Commission. Planning Commission has accorded “in principle” approval to the recommendations of the Committee and Andaman & Nicobar islands Administration has been requested by Planning Commission to take immediate necessary steps in accordance with the extant rules and guidelines for implementing the recommendations of the Committee for providing submarine optical fibre cable connectivity to the Andaman & Nicobar Islands (copy of the Report is enclosed). In order to ensure complete ownership of the project, it may be implemented by the A&NI Administration either directly or through the Andaman & Nicobar Islands Integrated Development Corporation (ANIIDCO) as considered appropriate.
6. Planning Commission has also informed that the Annual Plan allocation for A&N Islands for 2011-12 has been increased to Rs.1434.84 crores from Rs. 958.30 crores in 2010-11. The increase of Rs. 476.54 crores has essentially been earmarked for project related expenditure including expenditure on the submarine OFC project. Since the Annual Plan for 2011-12 were under discussions, appropriate allocation for the submarine OFC project has been made out of the total allocation for A&NI.”
7. As per information furnished by Planning Commission, the scheme has been included in the State Plan of ANI for execution and implementation. The above said Committee of Planning Commission, in its report, has recommended that ANI Administration should obtain a National Long Distance (NLD) Service license to fulfill the telecom regulatory and licensing conditions for providing bandwidth to the telecom service providers and customers.
8. With the above decision of the Planning Commission, the responsibility of providing reliable communication link to A&N Islands through submarine cable has been passed on to A&N Administration; and DoT has no role to play in this regard.
9. Accordingly, the scheme mooted by DoT regarding “Undersea Cabling from Mainland to Andaman & Nicobar Islands” (UMA&N) for an amount of Rs. 522.06 Crores has been closed.

(Ministry of Communications & Information Technology/Department of Telecommunications
O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 26)

The Committee further note that there is a proposal for laying of submarine cable of 955 kms. for which the project estimate for connectivity of Ernakulam with various Islands of Lakshadweep including Kavarati was sent to DoT with an estimated cost of Rs. 435.69 crore. Apart from this, USOF has taken up the proposal from BSNL for upgrading the satellite media to all Islands of Lakshadweep to 34 Mb capacity. BSNL has submitted the requirement of Rs. 33 crore & Rs. 41 crore for CAPEX & OPEX respectively. The Committee have now been informed that USOF is evaluating various options for augmentation bandwidth to various Islands of Lakshadweep. The Committee emphasize that the decision in this regard should be taken expeditiously.

Action Taken by the Government

The options of augmentation of backhaul connectivity between Kerala mainland and 10 inhabited Islands of Lakshadweep, i.e. sub-marine OFC & satellite backhaul, were discussed in detail. After detailed discussion and considering the fact that the population of Lakshadweep Island is about 66,000, it is was agreed upon that the telecom demand of this population, even in the next five years, may be met by satellite connectivity.

Further, the difference in Capex between OFC (Rs. 500 Crore) and satellite connectivity (Rs. 25 Crore) is very huge whereas Opex is almost of the same order. The implementation time of the sub-marine OFC will also extend over a longer period while satellite network roll out may be done quickly. Accordingly, USOF is working on a scheme for augmentation of satellite connectivity to Lakshadweep Islands.

There is plan to upgrade all the 10 inhabited Islands to 34 Mb IDR but at present, ISRO is having a paucity of satellite bandwidth on INSAT as well as on foreign satellites. The matter has been taken up with ISRO.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 27)

While evaluating the financial achievement of C-DoT, the Committee find from the data made available by the Department that the allocations made to C-DoT at BE stage are being reduced at RE stage. Even reduced allocations could not be utilized fully during each of the year of Eleventh Plan. During the year 2007-08 the percentage utilization with regard to RE under IEBR was 68.69 per cent and the said utilization under GBS was 96.97 per cent. During the year 2008-09 there were shortfall in utilization of outlay under GBS component as compared to RE was 89.48 per cent. Coming to the year 2009-10, the BE under GBS and IEBR component was drastically reduced at RE stage. The GBS was curtailed from Rs.300 crore to Rs. 140 crore and the IEBR was curtailed from Rs. 45 crore to Rs. 30 crore. The reduced allocations even could not be utilized and the percentage utilization as compared to RE was 90.70 per cent under IEBR and 71.43 per cent under GBS. During the year 2010-11, the position is further worse. BE allocations have been drastically reduced at RE stage both under GBS and IEBR component and the expenditure up to February 2011 is just 11.46 per cent as compared to RE under IEBR and 43.71 per cent under GBS component. The Committee find that C-DoT is the telecom research and development centres of the Government and besides developing solutions, one of the mandate of C-Dot is to provide optical and satellite transport and access technologies and solutions required for strategic sectors. The Committee deplore the continuous under utilization of outlay by such an important organization. The Committee would like to be apprised of the specific reasons for under spending and how far it could affect the important programmes of C-DoT.

Action Taken by the Government

- The observations of the Committee with regard to reduction in the total outlays as per Budget Estimate (BE) may have to viewed in the light of the following facts:-

- The shortfall in the utilization in 2007-08 was primarily due to the fact that it was the first year of the current plan period during which many R&D programmes, took longer time to reach completion than anticipated.
 - Thus, though there was a shortfall in the realization of internal resources during 2007-08, the actual realization during 2008-09 was higher than that in the Revised Estimates (RE).
 - As was indicated in the action taken note against para 26 of the fourth report of the committee (2009-10), the efforts made by C-DOT in realizing old dues resulted in the realization of Rs. 72.26 crores during 2010-11, thereby increasing the availability of Internal Resources. Such accruals from realization of old outstandings resulted in adhering to the commitments made.
 - As for FY 2010-11, the BE of Rs. 309.00 crores included an outlay of Rs. 171.20 crores for the National Roll out under the Centralised Monitoring Systems (CMS) Project. This outlay had to be reduced in the RE for the year, due to non-receipt of requisite approval of the Cabinet Committee on Security (CCS). As a result, the revised outlay for the year 2010-11, became Rs. 182.80 crores, including a much reduced outlay of Rs. 45.00 crores, for the National Roll Out of the CMS Project. While so revising the outlay for the year, it was contemplated that, where the CCS approval is received by 31.12.2010, the centre would be able to spent Rs. 45.00 crores in the three months upto 31.03.2011, on the CMS project.
 - But the CCS approval was received only on 12.07.2011.
- Keeping in view that it is the Telecom Technology Research Centre of the Govt. of India, C-DOT has been developing solutions with a view to taking them to the market in the shortest possible time, achieve success in the efforts in the indigenization of telecom technologies and contribute towards self reliance in the field of telecommunications.
 - During the year 2010-11, Internal Resources actually realised were Rs. 35.47 crores, as against Rs. 30.00 crores, included in the RE for the year. Thus, it may be observed that, though Internal Resources for 2010-11 were lower than the estimate of Rs. 40.00 crores as per the BE, the same were higher than the estimate as per the RE for the year. Efforts are on to continue to mobilize internal resources as per the BE for the future years.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 31)

The Committee note that in order to address the issue of pesky calls, the Department/TRAI have taken various steps which include technical upgradation of network to filter the unwanted telemarketing calls/SMSs and have brought about a regulation entitled 'The Telecom Commercial Communications Customer Preference Regulations, 2010'. The Committee are, however, surprised to note that as per the Department most of the service providers except BSNL and MTNL are ready to implement the Regulation. As per the BSNL, the Regulation cannot be implemented as they are of the opinion that the Regulation to be brought out under Regulations 20(2)(h) and 20(2)(i) is not technically feasible for the BSNL at this stage. The BSNL has also has opined that it would entail a huge avoidable capital burden and it is totally unwarranted for BSNL to implement the Regulation as they have no role with regard to unsolicited commercial communications. MTNL also informed the Committee that they have also similar problems to BSNL regarding the implementation of the Regulation. However, if at all they have to implement the TRAI Regulation, 2010, it will take them about one year time for arranging the filtering facility in their network. The Committee in their earlier Report had

recommended that expeditious action should be taken by the Department so that the subscribers get respite from the pesky calls. However, the above observation clearly indicates that the Department has not been able to resolve the problems of pesky calls and therefore, the Committee once again recommend that the Department should thrash out all the problems associated with pesky calls and at the same time address to the various difficulties expressed by the various service providers to meet the requirements of TRAI Regulations 2010.

Action Taken by the Government

Regulations 20(2)(h) and 20 (2) (i) have provisions to ensure the filtering of Unsolicited Commercial Calls and SMS so that no call or SMS is sent to any customer registered on National Customer Preference Register (NCPR) unless he has opted for it. Matter was discussed at the consultation stage and analysis revealed that technical solutions are available.

BSNL vide its letter No.8-8/200-PHM/MSE dated 25th February, 2011 has requested that sub-regulation 20(h) of regulation and other relevant clauses of above noted regulation which provide for filtering of calls by access provider, may be relaxed and a time period of at least nine months may be given for full implementation. MTNL has requested vide its letter number MTNL/RA/TRAI/Telecom Commercial Communications Customer Preference RegIn/ 2010 dated 7th March, 2011 extension of a time period of three months to implement the regulation.

A considerable time of more than six months has already passed since the date of request from BSNL or MTNL. Service provider's association has requested to the Authority that four to six weeks time will be required from date of allocation of numbering series for fixed line networks for implementation of regulations. In this regard it is pertinent to note that Hon'ble MOC & IT has assured the Parliament on 19th August, 2011 to implement "The Telecom Commercial Communications Customer Preference Regulations, 2010 dated 1st December, 2010 within a period of six weeks. Standing committee has also recommended that expeditious action should be taken by the Department so that the subscribers get respite from the pesky calls. Accordingly, the Authority is implementing all the provisions of regulations with effective from 27th September, 2011.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 32)

The Committee are constrained to note that in spite of concerns shown by the Committee year after year for improving the deteriorating condition/performance of BSNL, the PSU has been plagued by the various problems. The scrutiny of the various documents with regard to the performance of BSNL reveal that the persistent problem of non-utilisation of Outlay has continued even during 2010-11. The utilisation status of IEFR with respect to Revised Estimate in the last four years of the Eleventh Plan upto February 2011 is only 45.07 per cent. The Committee further note with regret that the revenue earned by BSNL has declined considerably in the last four years. Year after year the revenue has declined and during 2009-10 it has incurred a loss of Rs.1823 crore and for the year 2010-11 the provisional unaudited figure as on 28th February, 2011 projects a loss of Rs.5220 crore. For the year 2011-12, the PSU has projected a loss of Rs.2380 crore as per MoU target. Besides, there are many areas of concern which include huge outstanding arrears, surrender of telephones, impact of Mobile Number Portability, etc. As per the documents furnished by the Department BSNL has an outstanding dues of Rs.587.95 crore as on 31st January, 2011. Circle wise analysis of surrender of BSNL

phone indicates that the net achievements for wireline during the last four years has been negative which means disconnection has always been more than connections. During 2007-08, it was -2186308 and in 2008-09, it was -2205865. For the year 2009-10, the net achievements was -1515871 and for the year 2010-11 upto January, 2011, the net achievement is -2353240. The same trend was seen for the WLL phone and as on January, 2011, the net achievement was -762920. Regarding Mobile Number Portability, the Committee are disheartened to note that as on 23rd March, 2011 a total of 5,00,123 subscribers have ported-out of BSNL and 1,83,961 subscribers has ported-in into BSNL GSM Network. The Committee also note that BSNL inspite of commercially launching the 3G services on 27th February, 2009 has not been able to carve a formidable position for itself. From the above observations, it clearly indicates that a lot needs to be done to improve the performance of BSNL. The Committee feel that BSNL being the Public Sector Undertaking should have taken various benefits given by the Government tactfully and should have competed with the private sector service providers more forcefully. With the declining growth of the public sector in the network expansion as mentioned in the earlier part of the Report the PSU need to review the various aspects such as the quality of service, competitive price, easy reach and availability of its various products by its clientele. The Committee feel that besides the various schemes/projects taken up by BSNL with the help of USOF, it should also explore the possibility of capturing the rural market more vigorously. Not only that, BSNL should effectively provide broadband connection to the Community Service Centres (CSCs) in coordination with Department of Information Technology so as to ensure the various e-Governance programme carried out under the National e-Governance Plan are implemented effectively.

Action Taken by the Government

Capital Funds Allocated & Utilized during the Last four Years & the Current Year 2011-12 is furnished below:

(Rs. In Crores)		
Financial Year	Funds Allocated	Fund Utilized
2007-08	13846.5	7239.43
2008-09	17813.5	10876
2009-10	14001.19	12681
2010-11 *	10151.7	24646 *
2011-12 *	15277.63	1259.41

Note:

1. The figures of funds utilized for the year 2010-11 is provisional.
2. The funds utilized for the year 2011-12 (upto 31.07.2011) is provisional.
3. Rs. 18500.38 Crores paid to DOT as one time Spectrum Charges in respect of 3G & BWA spectrum are included in the funds utilized during 2010-11.
4. This allocation includes all Capital Expenditure.

Under utilization of allocations made under IEBR

The outlays involve several components. One of the components may be related to the release of the payments of vendors under the ongoing projects. It may be noted that there are defined rollout obligations/targets against which the payments of the vendors are released in these projects. Some of the rollout targets/obligations could not be completed by the vendors in time because of several reasons like delay in provisioning of electricity connections by state electricity authorities, delay in municipal clearance, delay in permission provided by state governments, delay in commissioning by the vendor etc. As per the tender terms and

conditions payments will be released once these targets/obligations are met by the vendors. Therefore, the provisions made in the outlays for these payments may get shifted to the next financial year.

Sir, effective utilization of outlays is primarily linked to timely completion of tendering process for procurement and execution in case of turnkey projects. BSNL has made all out efforts for effective utilization of outlays by ensuring effective and timely planning and estimation of requirements and formulation/ floating of tenders and thereafter the completion of tendering process, rigorous monitoring of project execution by regular periodic review meeting at all level at BSNL corporate office as well as field unit. However the shortfall in effective utilization of outlays is most of the time due to unforeseen and unavoidable situations whereby the tendering process gets delayed/ stalled and the subsequent execution of project also gets affected.

Measures being taken to ensure optimum utilization are as under:

- a) Change in procurement policy related to Price Formula; Vendors tie up; Fixing of 'Block of Three Years' for procurement etc to curb the delay in procurement of equipment.
- b) Resorting to strict and tight schedule for timely availability of equipment.
- c) Periodical monitoring of implementation of all major projects viz achievement of targets.

Reasons for decline in revenue

The major contributors towards decline in BSNL revenue are

- Reduction in land line revenues due to tariff revisions
- Economically unviable rural operations as social obligation
- Outgo of Rs 18,501 / -Crores as payment towards 3G and BWA spectrum charges, resulting in loss of interest income.
- Withdrawal of subsidies, compensation etc.
- Maintenance of legacy telegraph system
- Lack of use of latest proper IT systems for automation of processes, in decision making and MIS

Reason for outstanding arrears

The reasons for huge outstanding are given as under:

- (i) BSNL is not having monopoly in telephone services, now-a-days and the customers migrate to other private operators after making heavy calls and not paying their telephone bills to BSNL
- (ii) The limitation has been changed to 3 years as per Limitation Act than DOT (Central Govt.) and after 3 years it is not possible to file court cases against the defaulters for recovery of TR outstanding.
- (iii) Even within 3 years under the Limitation period, the possibilities of recovery is very less in court cases. Huge expenditure is involved in filling civil suits for stamp duty and advocate fee etc. In many cases where, the court cases have been decided in favor of BSNL, the recovery is very difficult.
- (iv) After migration to CDR billing, bills were issued in arrears and the customers did not pay their telephone bills and switch over to mobile connections of other operators

and disconnections due to non payment could not be made in time which resulted in increasing in TR outstanding.

Following steps are taken to reduce the outstanding arrears:

- (i) CDR billing has been implemented in more than 90% SSAs and are now streamlined.
- (ii) The disconnection due to non payment has made now in time.
- (iii) The bills are stopped in CDR beyond the date of disconnection of incoming facility, due to which fictitious bills are not generated now.
- (iv) The Circles / SSAs were instructed to made sincere efforts for recovery of old outstanding and in case of outstanding is not recoverable than the same should be written off as per rules.

Surrender of Telephones:

The reasons for surrender of telephones are

- Trend of shifting of wired line customers towards cheaper and more convenient mobile (due to ease of use/mobility feature),
- Closure due to nonpayment of telephone bills/economic reasons.
- Surrender of landline connections by customers having more than one connection.
- Frequent disturbance of services due to large scale damages of u/g cable by various utility agencies doing digging operations, cable thefts and cable faults etc
- Unavailability of various attractive features in phones compared to mobile phones etc.

Mobile Number Portability

As regards MNP (Mobile Number Portability) scenario in BSNL, cumulative net subscribers ported out of BSNL as percentage of total subscribers as on 30.06.2011 is approximately is 0.7%. On month to month basis net subscribers ported out from BSNL is reduced from 0.17% of total subscriber base in March, 2011 to .07% in June, 2011. The following steps have been taken by BSNL to prevent churn-out and consequent increase in subscriber base under MNP scenario:

- (i) Forgoing port fees from subscribers coming into BSNL network.
- (ii) Circles have formed Special Cell to contact customers and address their grievances on war footing.
- (iii) Special arrangements have been made in call centres.
- (iv) Aggressive Data Plans (GPRS & 3G).
- (v) Competitive prices for all wireless products.
- (vi) Additional incentives for sales channels.
- (vii) Wide publicity through media highlighting the advantage of availing services from BSNL namely Trusted Brand, Transparent Billing, Widest Network, competitive Rates etc.

3 G Services: First mover advantage:

BSNL launched its 3G services commercially on 27th February 2009 in 12 selected cities. This was a new service in India and for any new service the entire eco system should support promotion of the service. When BSNL launched 3G Services, the eco system comprising of handsets availability, and its Cost competitiveness, 3G Content Service Providers, Subscriber Awareness etc were in a very nascent stage and as such, it took time for the technology / services to mature. Presently, BSNL 3G Service is available in 832 cities as on 13.06.2011. The eco system is maturing progressively by the day with the initial efforts of BSNL / MTNL and subsequently by the combined efforts of private operators as well.

Following actions are being taken for growth of subscribers of 3G services:

- ❖ The services are being rolled out in more and more cities.
- ❖ The service coverage is being improved in the cities where services have been rolled out. More and more no of B-Nodes for 3G services are being installed with optimizing the existing RF coverage.
- ❖ To popularize the services, 3G experience centers with mobile vans were established in 15 important towns. Action is in progress to expand this to most of the major cities/towns.
- ❖ Subscribers having 3G enabled handsets are being contacted with request for subscribing to 3G services.
- ❖ Tariff for 3G services has been rationalized.
- ❖ Migration from 2G subscriptions to 3G subscription has been made almost free of any charge.
- ❖ Handset bundling has been done for 3G services.
- ❖ Data card bundling also has been done for 3G services.
- ❖ All the mobile subscribers are made 3G services' enabled.

CSCs connectivity:

BSNL is providing on demand Broadband connections to Common Service Centres using various technologies like ADSL2+,WiMAX and EVDO etc. Broadband coverage is planned for around 1,00,000 Common Service Centres (CSCs) across the country out of which approx 63,000 CSCs have been made feasible through various technologies.

Initiatives on Govt. Projects / CSCs (Community Service Centers)/USO Funded schemes:

- a) BSNL has target to provide broadband connectivity to 250000 Gram Panchayats. As on 31-05-2011, BSNL has covered 1,22,605 Gram Panchayats through broadband.
- b) BSNL has covered around 63000 CSCs using various technologies. Work for providing the remaining CSCs using DSL & Wireless technology is in progress.
- c) USOF is extending subsidy to BSNL for offering Broadband Services from existing wireline rural & remote telephone exchanges. BSNL has provided total of 2.80 Lac rural broadband connections .
 - i. USOF Subsidy to provide wireline broadband connectivity in 28672 rural and remote exchanges. Subsidy support from USOF for wireline Broadband connections (Rs. 4800/- per as front loaded and Rs. 175/- per quarter per connection upto two years), CPEs (Rs. 850/- per) and computer/ computing devices (Rs. 4500/- per) limited to a maximum number of 31 connections /

computing devices per DSLAM (on net addition basis) for a total number of 28,672 DSLAMs spread over the rural & remote areas.

A total of 21839 PCs / computing devices have been installed till May'2011.

- ii. USOF subsidy for setting up Broadband Kiosk in all 28,672 rural exchange areas (one each in a Rural exchange area). Subsidy support of RS. 20,000/- per Kiosk per quarter for a period of three years from USOF is available for setting up the Broadband Kiosk.

BSNL has established 4817 such kiosks till 31.05.2011

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 33)

The Committee are disheartened to note that MTNL has not been able to put its house in order to ensure that precious funds meant for the development of telecom sector in the country are optimally and judiciously utilized. The above observation of the Committee can be substantiated by the fact that in the last four years, it has been able to utilize only 61.08 per cent of the Outlays with respect to the Revised Estimates as on February, 2011. Further, the PSU has incurred huge financial loss since the year 2009-10. During 2009-10, it had incurred a loss of Rs. 2610.97 crore and during 2010-11 it has incurred a loss of Rs. 1727.38 crore upto 31st December, 2010. As per MoU target, the PSU has projected a loss of Rs. 1140.11 crore for the year 2011-12. It has also a huge outstanding arrears of Rs. 2303.77 crore as on 28 February, 2011. The Committee also note that year after year the surrender of telephones is also increasing especially in Mumbai. The surrender of telephone in Mumbai during 2008-09 and 2009-10 were -66,118 and -82,606 respectively. For the year 2010-11 till February, 2011, the total number of phones that have been surrendered in Mumbai sector is reported to be - 51,763. In Delhi the gross connection both for wireline and wireless has declined over the years. During 2007-08, the total gross connection was 1,48,966, however, declined to 89,559 connections as on February, 2011. The Committee also note with dissatisfaction that after the implementation of Mobile Number Portability, a total of 34698 subscribers have ported out of MTNL and only 7718 subscribers have ported in MTNL GSM Network. From the above observations, it clearly indicates that MTNL has to really gear up all its energies to overcome the various lacunae as pointed out by the Committee and take corrective actions immediately. Needless to say that the PSU should crease out all the grey areas and set realistic and achievable targets and accordingly project their financial Outlay to ensure their effective and optimal utilisation. The Committee hope their concerns would be taken into account while initiating various schemes/projects by MTNL during the Twelfth Five Year Plan.

Action Taken by the Government

Every Year MTNL tries to draft a more realistic plan where it hopes to spend as much of its plan projections as feasible and because of these continuous efforts, the percent utilization of funds for the year 2010-11 has increased to 98% (Planned outlay: Rs 1281.84Cr, Expenditure: Rs 1257.07Cr) from 88.36% during 2009-10 & 67% during 2008-09.

It is factually correct that MTNL has been incurring loss since 2009-10. However, the main reason for loss is very high working staff strength against the actual requirement and

consequently increased staff cost due to wage revision, increase in provision for retirement benefits and amortization of 3G and BWA spectrum cost.

Other reasons which led to decline in the revenue earnings by MTNL:

- General reduction in tariff including per second tariff plan.
- MTNL is providing services in Delhi and Mumbai only and unable to offer Pan India tariff plans unlike its competitors who have presence in other circles. This reduces the attractiveness of MTNL's Tariff Plans.
- Increase in competition from Private Operators.
- Churn in landline.

In Para 33, the outstanding of MTNL as on 28.02.2011 has been shown as Rs.2303.77 crores. However, as per the official records, the outstanding amount is Rs.1151.89 crores. This has further reduced and the outstanding dues of MTNL in r/o Basic, GSM and CDMA as on 30.06.2011 are given below:-

Declining outstanding arrears of MTNL in r/o of Basic, GSM and CDMA services:-

(Amt. in Crores)

Period	MTNL
31.03.05	1286.21
31.03.06	1272.68
31.03.07	1218.43
31.03.08	1188.62
31.03.09	1173.73
31.03.10	1119.60
31.03.11	1103.49
30.06.11	1127.98

From the above it can be seen that the outstanding arrears of MTNL has been declining over the years. There is a reduction of Rs.158.23 crores from the year 2004-05 in spite of heavy annual billing of Rs.3500 crores approximately and launching of new services on frequent basis. Despite other choices now available to customers due to competition which reduces MTNL's ability to realize outstanding through disconnection, MTNL has still been able to bring down total outstanding. Over the years, all efforts are being made to control outstanding in spite of customer's ability to move to other operators if there is too much pressure to pay MTNL.

Regarding surrender of landline connections, it is submitted that there is a general decline in the demand for the fixed lines telephone as there is a tendency to shift to mobile services because of its sheer convenience with regards to affordability and availability. This is worldwide trend that when liberalization takes place and monopoly is removed in telecom sector there is a churn in fixed line subscribers.

MTNL has been continuously making its best efforts to arrest the surrender of land line connections. Present day fixed line network does not support many valued added services like video call etc whereas the same are available in the GSM. This is one of the reasons for the churning of the landline subscribers

Continuous efforts are being made by MTNL on various fronts to reach to the masses:-

- (i) The laying of fiber is a continuous process which results in the overall upgradation of the MTNL network. With the growth of the internet and broadband, the demand for the bandwidth is increasing exponentially. The

advent of the new services like VOD, online gaming, High definition TV has given thrust to this demand.

- (ii) To meet the ever increasing demand for the bandwidth, achieve higher level of customer satisfaction and providing wide range of services to its customers MTNL is aggressively laying and extending the reach of optical fiber in its network and is planning to deploy GPON based FTTH network. It is a centrally managed network designed to provide reliable fiber routes to cover all possible destinations within MTNL. This will help in meeting the increased bandwidth requirement for both data and video applications.
- (iii) In order to attract more and more subscribers, MTNL is bringing very attractive tariff plans in its 2G/3G services for the common man and students. In addition to meet the capacity crunch problem MTNL is planning to further expand its 2G and 3G capacity each in Delhi and Mumbai. MTNL is also bundling its services with data cards & handsets from various vendors. MTNL has adopted two strategies to provide 3G data cards to its subscribers.
- (iv) Actions are being taken to generate fresh demands by providing quality services, customer care & satisfaction, introduction of new services / schemes and innovative marketing strategies. For this purpose the following steps are being taken:
 - Expansion of 2G/ 3G GSM capacity and broadband capacity.
 - Provide Wi-Max and 3G Services on revenue share through franchisees.
 - Capture enterprise business aggressively.
- (v) Bundling of 3G data cards with MTNL's 3G service - In this case, MTNL allows suppliers to sell their 3G data cards bundled with MTNL's 3G services. Before allowing such data cards with MTNL's 3G services, MTNL thoroughly tests the data card for its performance in MTNL's 3G network.
- (vi) In order to meet the challenges of wire line broadband and to offer higher data throughputs to the esteemed subscribers with enhanced quality of service, MTNL is in the process of rolling out BWA services in its licensed service areas of Delhi and Mumbai. The choice of technology and further roadmap for deployment is being decided through appointment of consultant.

Following steps have been taken by the Company to improve operation and to earn more income:

- Introduction of various schemes to attract new Landline subscribers. & sustaining existing Landline base.
- New Plans have been introduced to excite interest of customers of others operators to port in to MTNL's network.
- More emphasis on adding GSM and Broadband.
- Introduction of Flexible tariff policies.
- Extensive marketing is being done for MTNL's services.
- Rationalization of expenditure to reduce Administrative and Operative cost.
- Efforts are being made by MTNL to earn additional revenue through gainful utilization of its existing infrastructure and assets.
- Close monitoring of faults is being maintained. Emphasis has been given on the improvement of the quality of service. Stress has been given on the redress of the subscriber's complaints by increasing number of positions in Customer Care

Centre, providing single window at the Sanchar Haats and improving quality of service.

- In order to offer better services and high data speed up to 21.1 Mbps to MTNL's 3G subscribers, MTNL is in the process of expanding /augmenting the existing 3G networks in Delhi and Mumbai from HSDPA to HSPA+. This will also provide better network coverage and capacity.
- 3G data Cards are being sold by MTNL for accessing high speed internet.
- MTNL is in the process of deploying Broadband wireless access services (BWA/LTE) in Delhi and Mumbai.
- To meet the ever increasing demand for the bandwidth, achieve higher level of customer satisfaction and providing wide range of services to its customers, MTNL is aggressively laying and extending the reach of optical fiber in its network and is planning to deploy GPON based FTTH network.
- To offer better quality of service to the customers, MTNL has planned to phase out the legacy TDM networks and migrate towards all IP based converged network(s). Further, to take advantage of IP network and to improve the services the company intends to create POP (through which data, voice, enterprise and other services will be provided to the subscribers) on fiber within 1 km of radius of the subscriber, agglomeration is commercially feasible.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 35)

The Committee note that several measures have been put in place by the Department to improve the telecom expansion in the North-East areas which *inter-alia* includes increase in installations of number of Base Transceiver Stations (BTSS), providing OFC connectivity with 2.5 G rings to cover all District Headquarter/Sub District Headquarters and en-route towns of Assam, NE-I and NE-II and expansion of broadband service in area using high speed ADSL2+ technology. However, the Committee are constrained to point out that during the last four years there have been under achievements in the financial targets. Out of the total Outlay of Rs. 2255.43 crore provided during the last four years of the Eleventh Plan, the percentage of utilization as on 31st January, 2011 is only 61.19 per cent. The Committee also note that during 2010-11, out of the approved Outlay of Rs.384.20 crore only Rs.198.23 crore could be utilized as on January, 2011. Further, under achievements of physical targets have also been noticed which *inter-alia* include Net Switching Capacity Lines (Wired+WLL+CMTS), Wireline and Wireless Connections, VPTs, Broadband capacities and Broadband connections. Out of the target of 6,50,366 Net Switching Capacity Lines, only 1,63,857 could be achieved as on 31st December, 2010. During the said period, the fixed line had a negative growth of -98,886, where as, the achievement made in wireless was only 4,88,420 out of the target of 11,05,000 connections. With regard to the VPTs as per Census 2001, only 415 VPTs could be achieved out of the stipulated target of 2,477 VPTs. The broadband capacity had made an achievement of only 16,388 ports out of the target of 40,367 ports, whereas, the broadband connections could be made to only 26,194 out of the target of 79,185 connections. This clearly indicates that the measures taken by the Department are not adequate and there is a need to give more focus attention so that this part of the Country which is devoid of various communication infrastructure do not remain cut off from the rest of the Country.

The Committee observe that preparation for Twelfth Plan would commence from 1 April, 2012. As such, there is an urgent need to review the implementation of various

projects/schemes being implemented in North Eastern Region particularly related to telecom and broadband connectivity during the Eleventh Plan so that the necessary corrective action can be taken. In this regard, the Committee would like to recommend that a Committee may be constituted in consultation with the Ministry of Development of North-Eastern Region with the instruction to give the report within six months. The said Committee may look into various aspects related to North-Eastern Region particularly the telecom and broadband connectivity in the context of preparation and finalization of Twelfth Plan. The desired action in this regard may be taken and the Committee informed accordingly.

Action Taken by the Government

The North East Region (NER) comprises of eight States viz. Assam, Meghalaya, Mizoram, Tripura, Arunachal Pradesh, Manipur, Nagaland and Sikkim. The NE Region has a strategic situation. All-round development of the region is of utmost importance for the country. With this view, special focus has been given to the development of this region. This region is characterized by extremely tough terrain with very limited transport and other infrastructure. At the very outset it was appreciated that to bring this region into the national mainstream, it will be essential to substantially improve the telecommunication facilities.

The region comprises of three Territorial Telecom Circles, viz. Assam (covering the State of Assam), NE-I (comprising of States of Meghalaya, Mizoram and Tripura) and NE-II (includes the States of Arunachal Pradesh, Manipur and Nagaland). The eighth State of NE Region is Sikkim which is under the Territorial Circle of West Bengal. The Long Distance Telecommunication Network is maintained by Eastern Telecom Region (ETR). To ensure rapid implementation of various schemes in NER a CGM (NE Task Force) is posted at Guwahati.

Under the Special Component Plan, BSNL makes provision for the development of telecom facilities in N.E. Region. During the 11th Five year plan (year wise) the financial allocation and expenditure incurred by BSNL is as under:

North Eastern Region

(Rs. In crore)

Sl. No.	Year	Funds Allocated	Expenditure incurred
1.	2007-08	403.48	307.63
2.	2008-09	990.56	466.06
3.	2009-10	477.19	424.47
4.	2010-11	268.83	141.35
5.	2011-12	497.19*	75.39*

* Figures of expenditure upto 31.07.2011 are provisional on the basis of cash drawal authorization.

Target and Achievements of NE Region for the year 2010-11

S. No	Details	Unit	Assam		NE-I		NE-II		Sikkim		TOTAL NE Region	
			Target	Achv.	Target	Achv.	Target	Achv.	Target	Achv.	Target	Achv.
1	Switching capacity											

1(a)	Wired lines	lines	0	-18,360	0	-14,900	0	-1,876	0	0	0	-35,136
1(b)	WLL	lines	0	24,250	0	7,950	0	17,000	0	0	0	49,200
1(c)	Mobile	lines	0	86,500	0	78,579	0	51,690	0	7,450	0	224,219
	Total Switching Capacity	lines	0	92,390	0	71,629	0	66,814	0	7,450	0	238,283
2	DELs											
2(a)	Wired lines	Nos	0	-52,141	0	-53,298	0	-3,756	0	-3,631	0	-
2(b)	WLL	Nos	0	963	0	-406	0	5,719	0	94	0	6,370
	Fixed		6,544	-51,178	13,534	-53,704	11,224	1,963	1,000	-3,537	5,234	-
2(c)	Mobile	Nos	260,000	341,122	93,000	132,935	113,000	228,687	53,000	10,236	519,000	712,980
	Total DELs	Nos	266,544	289,944	79,466	79,231	124,224	230,650	54,000	6,699	524,234	606,524
3	Broadband Capacity	ports	0	10,960		256	0	3,296	0	2,356	0	16,868
4	Broadband connections	Nos	31,400	22,277	23,100	10,155	19,000	4,180	3,685	807	77,185	37,419
5	Internet connections	Nos	0	128		-44,940	0	2,507	0	7	0	-42,298
6	VPT	Nos	0	229		1,281	0	971	0	-8	0	2,473
7	TAX	Kccts	0	40		16	0	48	0	0	0	104
8	OFC	Rkms	150	129	40	0	75	1,225	0	-69	265	1,285

Following are the reasons for under achievements of Physical targets during the year 2010-11.

1. Low demand of landline broadband connections in rural areas.
2. Slow growth of IT enabled services due to lack of consumer awareness.
3. High cost of personnel computers.
4. The whole North East region is a disturbed area, where accessibility is difficult due to hilly terrain, prevailing law and order conditions, climate etc.

Present Status

As on 30.06.2011 the total number of telephones exchanges in NE Region are 1221 equipped capacity is 41.38 lakh lines (wire line+WLL+GSM Mobile) and total nos. of telephone connections are 37.04 lakh (wire line+WLL+GSM Mobile).

Broadband coverage of NE states is as under:

Circle	State	DHQ		Cities		Villages		No of Exchanges	ADSL Covered
		Total	Covered	Total	Covered	Total	Covered	Total	Covered
Assam	Assam	26	26	125	125	25124	6995	432	432
NE-I	Meghalaya	7	7	16	16	5782	275	89	44
	Mizoram	8	8	22	13	707	100	66	32

	Tripura	4	4	23	23	858	160	89	56
NE-II	Arunachal Pradesh	16	12	17	15	3863	34	54	53
	Nagaland	11	11	9	9	1278	1154	41	13
	Manipur	9	9	40	16	2315	701	61	1
WB	Sikkim	4	4	12	12	450	275	58	10

Detail of VPTs in North East Region along with achievement made during 2010-11 & 2011-12 (upto July 2011) is as under:

S. No.	Circle	Total No. of Inhabited uncovered Villages (Census 2001)	Villages covered with VPT facility as on 31.7.2011	VPT provided during 2010-11		VPT provided during 2011-12 (upto July 2011)	
				Under Bharat Nirman	Under New VPT Agreement	Under Bharat Nirman	Under New VPT Agreement
1	Assam	25124	24280	0	229	0	58
2	NE-I	7347	6418	114	1281	0	148
3	NE- II	7456	6000	18	971	0	13
4	Sikkim	450	429	0	-8	0	0
	Total	40377	37127	132	2473	0	219

Efforts are being made to cover all the uncovered villages under the USOF agreement as per the terms and conditions of the agreement.

Telecom Expansion in the North-East Sector

As for wireline is concerned, no switching capacity target is given for North East Sector keeping in view the already available sufficient spare capacity. However, churn of wireline connections is continued in North East also. The main reasons for this churn are trend of shifting of wireline customers towards cheaper and more convenient mobile (due to ease of use/mobility feature), frequent disturbance of services due to large scale damages of u/g cable by various utility agencies doing digging operations, unavailability of various attractive features in phones compared to mobile phones.

Efforts to contain the churn and to attain the positive growth of wireline in North East Sector, various measures like provisioning of Broadband along with landline, attractive tariff plans, modernization of exchanges/ external network, introduction of new services like PRBT, providing CLIP instruments etc are being taken. Close coordination is being maintained with the local authorities and civic bodies to avoid cable breakdown due to various developmental activities being undertaken.

Road Map ahead with target dates:

BSNL plan to provide 5.65 lakh telephone connections and 150124 nos. Broadband connections (wireline+wireless) in NE Region during 2011-12. The physical targets & Achievement up to 30-06.2011 of NE region is given below.

S. No.	Parameter	Unit	Physical Target during 2011-12				Grand Total (Targets)	Achievement upto 30.06.2011
			ASSAM	NE-I Total	NE-II Total	SIKKIM		
1	Net addition in Switching Capacity							
1 (a)	Wired line	Lakh Lines	0.00	0.00	0.00	0.00	0.00	-0.05
1 (b)	WLL	Lakh Lines	0.00	0.00	0.06	0.03	0.09	0.13
1 (c)	Mobile	Lakh Lines	0.64	0.87	0.65	0.04	2.20	0.35
	Total	Lakh Lines	0.64	0.87	0.71	0.07	2.29	0.43
2	Net addition in Telephone Connections							
2 (a)	Wired line	Lakh Nos.	0.06	-0.08	0.02	0.00	0.00	0.12
2 (b)	WLL	Lakh Nos.	0.30	0.10	0.09	0.01	0.50	0.02
2(c)	Mobile	Lakh Nos.	2.77	1.00	1.35	0.04	5.16	1.16
	Total	Lakh Nos.	3.13	1.02	1.45	0.05	5.65	1.30
3	VPTs	Nos.	274	1,920	1,180	20	3,394	149
4	Broadband Capacity	Ports	0	17,800	3,739	4,992	26,531	320
5	Broadband Connections	Nos.	36,000	7,000	11,000	3,494	57,494	6241
6	OFC	RKMs	300	150	400	10	860	340

The work on providing OFC connectivity to all DHQs and SDHQs of Assam is in progress. Out of 354 locations, 127 locations have been connected. Besides this, the following steps have been taken to strengthen the transmission network in NE Region:-

- a) Large scale deployment of Optical Fibre cable. Presently, about 20,000 Route Kms of Fibre is available in NE Region.
- b) Deployment of high capacity SDH radio links (3+1), STM-16, for all state Headquarters for redundancy.
- c) Deployment of SDH radio links for important locations and difficult areas.
- d) Deployment of 2Mb/ 8 Mb Satellite links to provide connectivity to remote areas, especially in Arunachal Pradesh.
- e) Bandwidth has been hired from PGCIL for improving reliability of the network.
- f) 936 Kms. of Dark fibre has been hired from Oil India for improving connectivity of Assam. This fibre link is very stable as it has been laid along the pipeline of OIL. 10 G DWDM system has been installed on this cable.
- g) 2.5 G DWDM systems have been deployed in all State headquarter.
- h) All state headquarters, except Gangtok, Aizwal and Agartala have been connected on self healing SDH rings.
- i) Digital Cross Connects (DXCs) have been deployed at important locations.

- j) Primary Reference Clock has been deployed at Guwahati and Silchar, and SSUs have been deployed in all SSA Headquarters.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 36)

The Committee note that the total quantity of e-Waste generated during 2007 was 3,32,979 metric tones which is expected to increase to about 8 lakh metric tones by 2012. The e-Waste generated by mobile phones during 2007 is stated to be 1655 metric tones. A number of Research and Development have been initiated at the various National Institutions in India which inter-alia include development of processing technology for recycling and reuse of electronic waste, environmentally sound methods for recovery of metals from Polychlorinated Biphenyls (PCBs) and recovery and conversion of plastic from Waste Electrical and Electronic Equipment (WEEE) to value added products. The Committee also appreciate to note that the National Metallurgical Laboratory at Jamshedpur has successfully recycled upto 1 metric tones of e-Waste on pilot basis which include e-Waste out of mobile phones and is now attempting to take it to possible commercial application. The Committee appreciate the initiatives taken by the various organizations to deal with the issue of e-Waste, nevertheless, they would like the Department to continue its efforts to overcome the potential threats of e-Waste taking into account that it contents hazardous constituents that negatively impact the environment and human health. The Department in coordination with DIT should also strive to have to place a legislation mandating electronic manufactures and importers to take back used electronic products at the End-of Life (EoL) based on the principle of Extended Producer Responsibility (EPR) and the Committee informed accordingly.

Action Taken by the Government

Department of Information Technology is continuing its efforts to promote R&D to develop technological solutions for electronic waste (e-waste) management (including mobile phones) in environmental friendly manner.

It may kindly be noted that the Ministry of Environment and Forest (MoEF), Government of India is the nodal agency for making legislation to address the environmental related issues including Electronic waste. MoEF has notified (S.O. 1035) the electronic wastes (Management and Handling) Rules, 2010 on 12th May 2011 to address the safe and environment friendly handing, transporting, storing, recycling of electronic waste and also to reduce the use of hazardous substances during manufacturing of electrical and electronic equipments. These rules will be enforced from 1st May 2012.

The recommendation of the Standing Committee regarding legislation is already taken care of in Chapter II, Section 4 of the above rules, which include the 'Responsibilities of the producer' mandating that electric manufactures and importers take back used electric products at the End-of-life(EoL) based on the principle of Extended Producer Responsibility (EPR).

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

CHAPTER –III

**RECOMMENDATION / OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN
VIEW OF THE REPLIES OF THE GOVERNMENT**

--NIL--

CHAPTER –IV

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

Recommendation (Para No. 1)

The Committee note that the Budget Estimate allocations that include both Internal and External Budgetary Resources (IEBR) and Gross Budgetary Support (GBS) are for Rs.19881.09 crore during the year 2011-12 against the allocation of Rs.18135.10 crore during the previous year. So far as the trend of utilization of outlay earmarked at BE stage is concerned, it has been observed that the allocations earmarked at BE stage are being reduced at RE stage and the actual utilization is far lesser than the allocations made at RE stage. The Committee have consistently been expressing concern over the aforesaid trend and exhorting the Department to take corrective action. In spite of that the status of utilization of funds during the year 2010-11 has further worsened. The allocations made for Rs.18135.10 crore at BE stage were drastically reduced to just Rs.11860.84 crore at RE stage. Not only that the utilization as on February 2011 is just Rs.6507.60 crore i.e 54.87 per cent of the allocations made at RE stage. In case the utilization status is compared to the allocations made at BE stage, it just comes to 35.88 per cent.

If the financial performance of the Department during the Eleventh Plan as a whole is taken into consideration, the proposed allocations for the five years both for IEBR and GBS are for Rs.103526.96 crore. During the first four years of the Eleventh Plan, the Department could utilize just Rs.41676.36 crore which is little more than 40 per cent of the allocations. In spite of the continuous pursuance of the issue, the Department does not seem to have bothered to undertake detailed analysis of the reasons for under utilization of the scarce resources. The reply of the Department that the projects do not come up or get delayed sometimes due to reasons beyond control further substantiates the aforesaid observation of the Committee. The detailed analysis of the various Plan schemes and the performance of two Public Sector Undertakings viz. MTNL and BSNL has been done in the subsequent paras of the Report. Here the Committee express serious concern over the trend of under utilization of resources. Moreover, it seems the Department has not taken the observation of the Committee seriously. The Committee again exhort the Department to analyze the implementation of various Plan schemes so as to ensure that the budgetary resources provided for various schemes are effectively utilized and the schemes are implemented in a proper way. The Committee strongly emphasize to undertake the review of the various schemes of the Department so as to understand the bottlenecks in implementation of various schemes. The desired corrective action may accordingly be taken and the Committee informed accordingly.

Action Taken by the Government

BSNL:

IEBR Allocated & Utilized during the last five Years & the Current Year 2011-12 is furnished below:

(Rs. in Crores)

Financial Year	IEBR Allocated	Fund Utilized
2007-08	13846.5	7239.43
2008-09	17813.5	10876
2009-10	14001.19	12681
2010-11 *	10151.7	24646
2011-12	15277.63	1259.41

Note:

5. The figures of funds utilized for the year 2010-11 is provisional.
6. The funds utilized for the year 2011-12 (up to 31.07.2011) is provisional.
7. * Rs.18500.38 Crores paid to DOT for one time Spectrum Charges in respect of 3G & BWA during 2010-11 year.
8. This allocation includes all Capital Expenditure.

No budgetary support is provided by Government to BSNL.

Under utilization of allocations made under IEBR and GBS:

The outlays involve several components. One of the components may be related to the release of the payments to vendors under the ongoing projects. It may be noted that there are defined rollout obligations/targets against which the payments of the vendors are released in these projects. Some of the rollout targets/obligations could not be completed by the vendors in time because of several reasons like delay in provisioning of electricity connections by state electricity authorities, delay in municipal clearance, delay in permission provided by state governments, delay in commissioning by the vendor etc. As per the tender terms and conditions payments will be released once these targets/obligations are met by the vendors. Therefore, the provisions made in the outlays for these payments may get shifted to the next financial year.

The effective utilization of outlays is primarily linked to timely completion of tendering process for procurement and execution in case of turnkey projects. BSNL has made all out efforts for effective utilization of outlays by ensuring effective and timely planning and estimation of requirements and formulation/ floating of tenders and thereafter the completion of tendering process, rigorous monitoring of project execution by regular periodic review meeting at all level at BSNL corporate office as well as field unit. However the shortfall in effective utilization of outlays is most of the time due to unforeseen and unavoidable situations whereby the tendering process gets delayed/ stalled and the subsequent execution of project also gets affected.

Measures being taken to ensure optimum utilization are as under:-

- (b) Change in procurement policy related to Price Formula; Vendors tie up; Fixing of 'Block of Three Years' for procurement etc to curb the delay in procurement of equipment.
- (b) Resorting to strict and tight schedule for timely availability of equipment.
- (d) Periodical monitoring of implementation of all major projects for achievements of targets.

MTNL:

The financial performance of MTNL during the last four years is given below:-

Table -1

(Rs. in Crore)

	2007-08	2008-09	2009-10	2010-11
Budget Estimates (IEBR)	2309.00	2430.97	1725.02	1204.10
Revised Estimates	1692.33	1304.28	1352.01	1281.84
Actual utilization	932.46	871.12	1194.70	1257.07
Percentage of utilization w.r.t. Revised Estimates	55.10%	66.79%	88.36%	98.06%

Note: No budgetary support is provided by Government to MTNL.

MTNL has been formulating its annual plan taking into consideration the experience it had gained during the previous years. Meetings are held with the units to review the progress of the ongoing projects. Further the status of the new / upcoming projects to be taken up during the next year, are reviewed and the funds are allocated based on the expenditure likely to be booked under various heads. MTNL has been making its best efforts for making estimates and projections as realistic as possible based on available information.

Thus, every year MTNL is trying to formulate a more realistic plan where it hopes to spend all its plan outlay for the achievement of its physical targets. It is quite evident from above table that MTNL has progressively improved the amount of capital expenditure incurred vis-à-vis the proposed outlay and the utilization is 98.06% in 2010-11.

At the time of initial planning, provision of funds have also to be kept for the new and upcoming projects likely to come in future. However, if the projects do not come up or are delayed due to unavoidable circumstances in such cases the funds allotted against such projects remain unutilized and results in lower expenditure as compared to outlay.

Further, in the telecom sector which is driven by stiff competition, fast changing technologies and falling prices of the telecom equipments, it is becoming increasingly difficult to predict/ forecast the requirements well in advance. As an abundant precaution, certain provisions are kept in the projections which do not always get spent.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

**Comments of the Committee
(Please see Para No. 8 of Chapter I)**

Recommendation (Para No. 5)

The Committee find that rural teledensity as on 31st March, 2010 was 24.31 per cent which has grown to 32.19 per cent as on January, 2011. During the corresponding period, the urban teledensity has shown a tremendous growth. It grew from 119.45 per cent to 150.20 per cent. What is disheartening to the Committee is the fact that in the last five years rural teledensity has not shown the kind of growth which has been witnessed in the urban areas. In the last five years the urban teledensity has shown positive growth of 120.64 per cent which is almost four times that of the growth of rural teledensity. The Committee find this highly disturbing. Taking into account that in line with NTP, 99, the Universal Service Support Policy came into effect from 1st April, 2002 with the mandate to improve rural telephony. However, in spite of the rigorous work done in the last 9 years with the help of USOF, rural telephony has not shown the kind of growth which is expected. The Committee understand that the telecom connectivity has played an important role in the overall economic growth of the country. To achieve the inclusive growth there is an urgent need to give more attention to rural areas. As such the initiative being taken by the Department and BSNL should further be geared up so as to fill up the gap between urban and rural teledensity. The Committee would also like the Department to explore the possibility of introducing various new services to capture the rural market and steps be taken to make a significant inroads for 3G and BWA services in these areas.

Action Taken by the Government

Following initiatives have been taken on rural connectivity/broadband:

- i) Allotment of Spectrum for 3G and BWA services to the private operators through auction. This will facilitate proliferation of broadband through mobile handset and wireless technologies.
- ii) Permitting Sharing of infrastructure amongst the Service providers.
- iii) The Indian Telegraph Rules have been amended, and stream IV has been added under the title "Provision of broadband connectivity to villages in a phased manner" to bring provisioning of broadband connectivity to the rural areas under the purview of the USOF.
- iv) USOF schemes for supporting shared infrastructure for mobile services in rural and remote areas. These towers will also be used to provide Broadband connectivity in the newly covered Block/Taluka headquarters.
- v) USOF, through BSNL, has started 'Rural Wireline Broadband Scheme' to provide wire-line broadband connectivity to rural & remote areas by leveraging the existing rural exchanges infrastructure and copper wire-line network. Under this scheme, BSNL will provide 8, 88,832 wire-line Broadband connections to individual users and Government Institutions over a period of 5-years, i.e., by 2014. The estimated subsidy outflow is Rs. 1500 crore in 5 years. As of July 2011, a total of 3,06,443 broadband connections have been provided under this scheme.

As on 31.03.2011, BSNL has the 28.16 Million rural GSM connection out of total 86.32 Million GSM connection, which is 32.62 % of total GSM (Rural+ Urban) connection.

As on 31.08.2011, BSNL has the 29.79 Million rural GSM connection out of total 90.48 Million GSM connection, which is 32.92 % of total GSM (Rural+ Urban) connection.

BSNL has planned to cover all the villages with GSM services having population greater than 1000 in coming years, subject to techno-commercial viability of BSNL. Out of 6.1 Lakh villages, BSNL has already covered 3.95 Lakhs villages, having population more than 1000. To further augment the GSM capacities, process to procure additional 15 Million GSM lines has already been initiated.

BSNL, subject to techno commercial feasibility, will continue to participate in the schemes launched by USOF, in providing services to urban & rural masses of the country.

The 3G Services is presently planned in cities only due to techno-Commercial reasons.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

**Comments of the Committee
(Please see Para No. 11 of Chapter I)**

Recommendation (Para No. 8)

The Committee in 8th Report on Demands for Grants 2010-11 had recommended that the issue regarding debaring a person from the BPL list on possessing a telephone connection should be taken up by the Department with the Ministry of Rural Development and the State Governments. When the issue was pursued further during the examination of Demands for Grants of the year 2011-12, the Ministry has taken up the matter with the Ministry of Rural Development. As per the status report given by the Ministry of Rural Development, the position is not very clear. As per the Ministry of Rural Development the existing criteria/methodology for identification of BPL households i.e criteria/ methodology for BPL Census 2002 was adopted on the recommendation of an Expert Group. In this method, 13 socio-economic indicators reflecting the levels of living and quality of life of the rural population were used to identify the poor households. While elaborating on the 13 indicators, at one place these have been stated to be Land Holdings, Type of House, Availability of Clothing, Food Security, Sanitation, ownership of consumer durables viz. TV, Electric Fan, Kitchen appliances, Cooker, Radio etc., Literacy status if highest literate, Status of Household Labour, Means of livelihood, Status of Children, Type of indebtedness, Reasons for migration and Preference for Assistance. The telephone connection thus do not find direct mention in the list. However, at another place in the case of BPL Census 2002 conducted in the year 2004 in the State of Karnataka, it has clearly been mentioned that telephone connection is one of the parameters. The family having telephone connection along with other household equipments like Television, Radio, Fan, Refrigerator, 2/4 wheelers etc. were given 4 marks. In Karnataka, families who scored 14 & less than 14 points are considered BPL families.

The Committee observe that in case where a person having telephone connection as is evident from the practice in Karnataka is debarred from the BPL list, to achieve the desired level of teledensity in rural areas may be a big problem. The Committee find that this is a serious matter which could have got the attention of the Department suo-moto. The Committee deplore even when the issue was raised by the Committee in their said report, the Department did not bother to get the clear-cut position from the Ministry of Rural Development. While expressing unhappiness over the way the Department has dealt with the matter, the Committee strongly recommend to take up the matter with the Ministry of Rural Development, particularly when the methodology for the proposed forthcoming BPL 2011 Census is being finalized.

Action Taken by the Government

Information obtained from the Ministry of Rural Development regarding “Having Telephone connection as one of the criteria to debar a person form BPL list” is as follows:

The matter was taken up with the Ministry of Rural Development. The Ministry of Rural Development has clarified that it provides financial and technical support to States/UTs for conducting the BPL Census to identify the rural households living below the Poverty Line who could be assisted under its various programmes. The BPL Census is conducted by the respective States/UTs and the BPL lists are prepared and maintained by the respective State Government/UT administrations. Last such BPL Census was conducted in 2002.

For conducting the BPL Census for the Eleventh Five Year Plan, the Ministry of Rural Development constituted an Expert Group, to advise it on the suitable methodology which consisted of academicians, experts, representatives of the civil society organizations and senior officials of the central and state governments associated with management of the rural poverty alleviation programmes, as members. The Expert Group submitted its report on 21st August 2009 under chairmanship of Dr. N.C. Saxena. The Report of the Expert Group was posted on the

Ministry's website www.rural.nic.in_ soliciting comments and suggestions. It was circulated among the State Governments/UT administrations and the concerned Central Ministries for their comments. The Ministry also consulted the issue of finalization of methodology with experts in the related field. In accordance with suggestions of experts MoRD has conducted a Pilot survey to field test alternative methodologies and to arrive at the methodology for conducting forthcoming BPL Census. Results of pilot study were discussed with States/UTs and methodology/criteria so arrived was placed before the approval of Cabinet which include "Households owning landline phones" as one of the exclusion criteria.

With approval of Union Cabinet the Socio-Economic and Caste Census (SECC 2011) has been commenced for collecting Socio-economic and caste data of households in the rural and urban areas of the country. Socio economic data collected from SECC 2011 will be utilized by respective States/UTs for identifying BPL households in rural areas for 12th Five Year Plan. The SECC-2011 would be conducted from 30th June, 2011 to 31st December, 2011 in a phased manner throughout the country. However the Criteria for identification of rural BPL households under the Socio Economic and Caste Census (SECC-2011) have not yet been finalized."

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Comments of the Committee
(Please see Para No. 14 of Chapter I)

Recommendation (Para No. 9)

The aforesaid scheme was launched with the help of USOF with objective to provide subsidy support for setting up and managing 7871 number of infrastructure sites (towers) in 500 Districts across 27 States for provision of mobile services in the specified rural and remote areas where there is no existing fixed wireless or mobile coverage. The targets were further scaled down to 7363. The agreements effective from 1 June, 2007 were signed with the successful bidders in May, 2007. The roll out period which was initially one year, was further extended till December, 2009. Even when the extended period has already been over, 211 towers are yet to be set up. The physical targets of setting up of 265 towers during 2010-11 could not be fully met. The physical achievement was only 138 towers as on December, 2010.

As per the information furnished by the Department, the infrastructure so created is to be shared by three service providers for provision of mobile services. So far as the status of utilization of the infrastructure so created under the scheme is concerned, the data furnished by the Department indicates that out of the target of 22161 Base Transceiver Stations (BTSs) only 13866 i.e. 62.57 per cent of BTS could be commissioned by different service providers as on December, 2010. The Committee are surprised to note the replies of the Department as furnished on 18 March, 2011 whereby it has been stated that most of the towers under this scheme are likely to be commissioned in a phased manner by March, 2011. The Committee fail to understand how the Department would ensure the commissioning of most of the BTS within a few days. The Committee express serious concern over the way the scheme is being implemented. The Committee recommend that all out efforts should be made to ensure that all the targeted towers are set up and commissioned so that rural and remote areas could get the telecom connectivity.

Action Taken by the Government

It is informed that 7289 out of the proposed 7353 mobile towers under the scheme have been commissioned. Infrastructure Providers who are installing the mobile towers in North East states i.e. BSNL and KEC International Limited have been allowed to commission the remaining towers by 31 August 2011 keeping in view the difficulties being faced by them in the region. Regular meetings are being held with Infrastructure Providers & Mobile service providers to review the progress and to resolve the issues leading to delay, which are in the purview of the USOF.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Comments of the Committee (Please see Para No. 17 of Chapter I)

Recommendation (Para No. 11)

The Committee are concerned to note that the illegal telecom networks are mushrooming in the country. As per the cases reported so far 500 clandestine/illegal setups are operating in various parts of the country. The actual position in this regard may even be worse. After analyzing the State-wise position with regard to illegal operation of telecom networks in the country, the Committee observe that such cases have been reported in 16 States. The position is worse in Andhra Pradesh (120) followed by Tamil Nadu (100), Delhi (61), Maharashtra (54), Karnataka (31) where the number of illegal operations is very high. The Committee express serious concern over such a high number of illegal telecom networks in the country. These illegal networks cause a great loss to the Government because they need not pay the licence fee. Not only that they are security threat to the country. The Committee understand that the illegal operations are busted by TERM Cells. The raids are conducted along with the persons from Law Enforcement Agencies (LEAs) and the cases are handed over to LEAs simultaneously. The Committee are concerned to note that the Department has not maintained the data with regard to dates when these cases were referred to LEAs. The Committee strongly recommend to collect such information and apprise the Committee so as to understand the action taken against the illegal operators.

Action Taken by the Government

The date of raids has been submitted along with the list of cases provided earlier. The raids have been conducted along with the persons from Law Enforcement Agencies (LEAs) and the cases are handed over to LEAs simultaneously. In general, the date of raid can be taken as the date of handing over of the case to LEA. The TERM Cells have been asked to mention the dates on which the cases were handed over to LEAs for rechecking the same.

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Comments of the Committee (Please see Para No. 20 of Chapter I)

Recommendation (Para No. 22)

As per para 10.2(1) of the Licence Agreement, the licensor may without prejudice to any other remedy available for the breach of any conditions of licence, by a written notice of 60 Calendar days from the date of issue of such notice to the licensee, terminate these licences under specified circumstances which include failure to perform any obligations under the licence including timely payments of fee and other charges due to the licensor, failure to rectify within time prescribed, any defect/deficiency/correction in service/equipment as may be pointed out by the licensor, if licensor goes into liquidation or ordered to be wound up and if the licence is recommended by TRAI for termination of licence for non-compliance of terms and conditions of the licence. The Committee are surprised to note that the Department has not maintained data with regard to licensees issued notices for not agreeing to the aforesaid obligations as per the Licence Agreement. When the specific information was asked, the Department in a very vague manner has stated that compliance to different conditions of licensees are dealt with in various wings/units of DoT and compilation of violations by approximately 260 existing UAS licensees is not readily available. The Department has further mentioned that it would take sometime to collect the data desired by the Committee.

The Committee further find that 120 new licences of 2G spectrum for Unified Access Service were issued by the Department in January, 2008. Para 35.2 of the Licence Agreement specifically provides for roll out obligations and penal provisions for violation. As per the Agreement, for delay in roll out of more than 52 weeks, the licences may be terminated under the terms and conditions of the Licence Agreement. The Committee further note that in the delay of less than 52 weeks, the licensor is entitled to recover LD charges at the specified rates as mentioned in para 35.2 of the Licence Agreement. When asked for the specific information about the number of operators who are yet to start 2G operations after obtaining the licence, the Department at one place has mentioned the name of 6 licensee companies viz. S. Tel Private Limited (Jammu and Kashmir), Spice Communications Limited (Andhra Pradesh), Spice Communications Limited (Haryana), Spice Communications Limited (Maharashtra), Idea Cellular Limited (Karnataka) and Idea Cellular Limited (Punjab). It has been mentioned that the licensees have been allocated start up allocations after award of UAS but have not yet registered with Telecom Enforcement and Resource Monitoring (TERM) Cells of Department of Telecommunications for coverage testing of their network to meet the roll out obligations as per licence conditions. As per the information furnished by the Department, till date no UAS licence has been terminated. At another place it has been mentioned that recently TRAI recommended for cancellation of 74 UAS licences for violation of roll out obligation conditions. With regard to issue of show cause notices, there is no clarity with regard to number of licensees who have been issued show cause notices. At one place it has been mentioned that show cause notices for termination have been issued to 5 licensees and for additional 5 licensees notices are under approval. In the same para, it has been mentioned that in addition to above, 3 show cause notices for cancellation of UAS licences have been issued for violation of roll out obligation conditions and 2 more show cause notices for termination are under approval. In the next line, it has been mentioned one show cause notice for termination has been issued for violation of the licence conditions and intra-service area merger guidelines and 5 more notices of similar violations are under legal vetting. Not only that it has also been mentioned 64 cases have been referred back to TRAI for their reconsideration in the context of licence conditions. To add this the analysis of the detailed statement sent by the Department along with the written replies reveal that against the column of date of issue of show cause notice to the licensees at 5 places viz. Etisalat DB Telecom Pvt. Ltd. (Delhi), Etisalat DB Telecom Pvt. Ltd. (Mumbai) show cause notices have been stated to be issued on 7 March, 2011. Again in case of Sistema Shyam TeleServices Ltd. (Assam), Sistema Shyam TeleServices Ltd. (Kerala) and Sistema Shyam TeleServices Ltd. (West Bengal) show cause notices have been stated to be issued on 5 March, 2011. In case of Spice

Communications Limited (Andhra Pradesh) and Idea Cellular Limited (Karnataka), it has been mentioned that show cause to the licensee is under approval. In the column of remarks of AS Cell, DoT against 7 licensees roll out has been shown within one year from the date of startup spectrum allocation and in 2 causes it has mentioned as more than 52 weeks. The aforesaid licensees are apart from the licensees to whom the show cause notices have been stated to be issued in the detailed statement.

The aforesaid position clearly indicates that there is lot of confusion with regard to the number of licensees who could not meet the roll out obligations and to whom the show cause notices have been issued. Not only that, out of 74 UAS licenses recommended for cancellation by TRAI for violation of roll out obligation condition, the Department acted in respect of only 10 odd licensees. Remaining 64 cases have been referred back to TRAI for their reconsideration in the context of licence conditions. The Committee note that 120 2G licenses were issued on January, 2008 and already more than three years have passed. During these three years no action seems to have been taken to cancel the licenses of the defaulter licensees as clearly stipulated in the terms and conditions of the licenses. Show cause notices were issued only during the month of March and April, 2011 and that too in respect of only 5 or 6 licensees. What is surprising to the Committee is that no UAS license has ever been terminated till now even when cancellation of the license is a legal binding as per the license agreement as acknowledged by the Department. To add to this, one of the conditions of cancellation of notice as per para. 10.2(1) of the License Agreement the details of which have already been given above is to terminate the licence if so recommended by TRAI for termination for non compliance of the terms and condition of the license. The Committee fail to understand the inaction on the part of the Department with regard to cancellation of as many as 74 UAS licenses as recommended for cancellation by TRAI for violation of roll out obligation conditions. The Committee deplore the way the Department and its various wings are functioning.

The Committee may further like to highlight that 120 new Licenses of 2G spectrum for Unified Access Services were issued at a very reasonable price. Even then, the licensees fail to meet out the roll out obligations. The scarce resource that is spectrum remained idle with the service providers which was a clear loss to the customer for the benefit of whom the spectrum was allocated. What is really disappointing to note is that LD charges are imposed if the delay in roll out is upto 52 weeks is more a favourable position where neither the penalty is imposed nor cancellation is done as is apparent from the aforesaid position. The Committee strongly disapprove the inaction of the Department which made the default above 52 weeks a gainful position. While deploring the way the Department and its various Wings have failed to ensure compliance of the roll out obligation by the service provides, the Committee strongly recommend that strict action should be taken against the defaulter licensees.

Action Taken by the Government

Sub-Para 1: As mentioned in the report in Para 99 & 100, some of the recent violations details had already been made available to the committee. However, various cells of the DoT/ TRAI have been requested to compile the data on priority as desired by the committee and the same would be made available, as early as possible.

Sub-Para 2: In respect of the observations about the number of Show Cause Notices issued to UAS licensees for violation of the various license conditions, earlier replies were given as per the specific question of the committee. Their seems to be confusion because in the said question, committee had referred to 120 UAS Licences and in subsequent question, Committee has referred to all UAS licensees. It is to mention that TRAI had sent the recommendations in respect of 145 UAS Licences only. The remarks in the annexure (sent to the committee earlier) were meant for further clarity

and were based on the status at that time. The desired information is attached again, in the tabulated form now, along with complete details as per **annexure-II** (at page 54). The list consists of details of 24 show cause notices (SCNs) issued for termination. Out of these 15 SCNs have been issued for violation of roll out obligations and 6 SCNs have been issued for violation of substantial equity related conditions/ merger guidelines. Three more SCNs are proposed to be issued as per legal advice, as the matter is sub-judice.

Sub-Para 3: TRAI vide its letters dated 18th November 2010 and 22nd December 2010 recommended for cancellation of 43 Unified Access Service (UAS) licenses as per licence conditions and to consider the cancellation of another 31 UAS licenses after legal examination out of 145 UAS licences. These 145 UAS were granted from the year 2006 to 2008. Department of Telecommunications (DoT) had examined the recommendations of TRAI as per the UAS License conditions in consultation with Ministry of Law and Justice. The Show Cause Notices were issued to the Licensees who have not registered with TERM Cell for roll out testing even after delay of more than 52 weeks from the due date for meeting the 1st year rollout obligations.

As per proviso-5 of section 11(1) of TRAI Act- 1997, "if the Central Government having considered that recommendation of the TRAI, comes to a prima facie conclusion that such recommendation cannot be accepted or needs modifications, it shall, refer the recommendation back to the Authority for its reconsideration and the authority within fifteen days from date of receipt of such reference forward to the Central Government its recommendation after considering the reference made by that Government. After receipt of further recommendation if any, the Central Government shall take a final decision"

Since the government came to a prima facie conclusion that TRAI recommendations may need modifications, the reference was sent back to TRAI for its reconsideration as per TRAI Act, 1997 for other cases.

After reconsideration, TRAI vide its letter dated 14th July 2011 has recommended for cancellation of 53 licences. Out of these 53 licences, show cause notices have already been issued to 15 licensees and to 3 more licensees SCNs shall be issued as per legal advice because the matter is sub-judice. The details of 15 show cause notices issued for violation of roll out obligation condition are mentioned in the annexure-II. Now, it has been decided to issue the SCNs for termination of licenses for remaining 35 UAS licensees also as recommended by TRAI.

TRAI in its recommendation dated 14.07.2011 has also recommended to seek legal opinion once again on the issue of cancellation of another 30 UAS licences. Accordingly, case is being sent to law Ministry for legal opinion.

After issuing of UAS licenses in the year 2008, an amendment dated 10 Feb. 2009 in respect of rollout obligation conditions was issued. Since this amendment had financial implications, therefore, the matter was referred to Ministry of Finance for getting their views in the matter. Ministry of Finance had given their view in December 2010. Action has been taken in these cases immediately after receipt of views /comments of Ministry of Finance. As per amended license conditions, data required for calculation of LD/ cancellation of the licenses, such as, date of allocation of frequency, average delay in SACFA clearance, date of registration by Telecom service Providers (TSPs) with TEC/ TERM cells for roll out testing were collected from various unit of the DoT and notices were issued to various licensees after compilation and computations for imposition of LD & cancellation of licenses, as applicable.

Sub-Para 4 : In respect of the 120 new Licensees, the LD was imposed as per licence conditions wherever there was delay in compliance of rollout obligations beyond the due date. In respect of Licensees where delay in registration with TERM Cell was more than 52 weeks from due date for meeting the roll out obligations, in addition to levying the maximum amount of LD i.e. Rs. 7 Crores, Show Cause Notices for termination of the UAS Licences has also been issued.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

**Comments of the Committee
(Please see Para No. 23 of Chapter I)**

Recommendation (Para No. 24)

The Department has also informed the Committee that the decision for termination for UAS licence was being taken after considering the replies of show cause notice by the competent authority. In this connection, the Committee would like to be apprised about the date of furnishing the replies by the defaulter licensees. The Department has also informed that many licensees have filed the petitions in the Hon'ble TDSAT against the imposition of LD charges and matter is subjudice. The Committee would like to be apprised about the number of such licensees and the details of their grievances. The Committee would also like to be apprised of the dates when the petitions in TDSAT by these licensees have been filed.

The Committee further find that with regard to the allocation of 3G spectrum the stipulated roll out period is within 5 years of the effective date. The aforesaid provision has been made as per the amendments of UAS Licence Agreements issued from 1 September, 2010. The Committee consider 5 years too long a period for the roll out obligation. The Committee are unable to understand such a great difference of roll out period between 2G and 3G. In case of 2G, the roll out has to be effective within 52 weeks i.e. one year and in case of 3G upto 5 years the service providers can hold up the roll out. The Committee may also like to highlight that spectrum is a scarce and non-renewable natural resource. The best way is the efficient and effective utilization of the resource. The aforesaid provision of 5 years for roll out obligation of 3G spectrum would result in blocking of the scare resource. The Committee are of the strong opinion that the aforesaid provision need to be reconsidered by the Department in the light of the observations made above.

Action Taken by the Government

Sub-Para 1:

The details of the Licensees to whom SCNs were issued and date of receipt of their reply is mentioned in **Annexure-II** (at page 54). The details of licensees who have filed petitions against the imposition of LD charges, dates of filing of petitions in TDSAT and the details of their grievances are attached as **Annexure-I** (at page 49 to 53).

Sub-Para 2:

The rollout obligation in case of 3G being part of Notice Inviting Applications (NIA), it cannot be altered at this stage.

Annexure-I

S. No.	Petition No.	Parites in the Case	Name of Service Area	1 st date of Hearing	Prayer
1	59 of 2011	Idoa Cellular Ltd. Vs Uol & Ors.	West Bengal	28-Jan-11	The Petitioner has raised various issues regarding roll-out of services in West Bengal Service Area & challenged the Demand Notice. The Petitioner prayed for staying the operation of the Impugned Demand Notice raised by DoT and restraining the DoT, its officers and agents from taking any action pursuant to the aforesaid Impugned Demand.
2	48 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Orissa	27-Jan-11	
3	49 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Kerala	27-Jan-11	
4	52 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Kerala	27-Jan-11	
5	65 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Uttar Pradesh (West)	31-Jan-11	
6	66 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Tamilnadu	31-Jan-11	
7	67 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Maharastra	31-Jan-11	
8	68 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	West Bengal	31-Jan-11	
9	69 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Madhya Pradesh	31-Jan-11	
10	70 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Uttar Pradesh (East)	31-Jan-11	
11	71 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Punjab	31-Jan-11	
12	72 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Gujarat	31-Jan-11	
13	73 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Karnataka	31-Jan-11	
14	74 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Bihar	31-Jan-11	The Petitioner prayed for stay the operation of the Demand Notice issued by DoT.
15	75 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Assam	31-Jan-11	
16	76 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	North East	31-Jan-11	
17	77 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Himachal Pradesh	31-Jan-11	
18	78 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Jammu & Kashmir	31-Jan-11	
19	79 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Haryana	31-Jan-11	
20	80 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Andhra Pradesh	31-Jan-11	
21	109 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	New Delhi	21-Feb-11	
22	110 of 2011	Systema Shyam Teleservices Ltd. Vs Uol & Ors.	Mumbai	21-Feb-11	
23	54 of 2011	S. Tel Pvt. Ltd. Vs Uol & Ors.	Orissa	28-Jan-11	
24	55 of 2011	S. Tel Pvt. Ltd. Vs Uol & Ors.	Assam	28-Jan-11	
25	56 of 2011	S. Tel Pvt. Ltd. Vs Uol & Ors.	Bihar	28-Jan-11	
26	57 of 2011	S. Tel Pvt. Ltd. Vs Uol & Ors.	North East	28-Jan-11	
27	58 of 2011	S. Tel Pvt. Ltd. Vs Uol & Ors.	Jammu & Kashmir	28-Jan-11	
28	1 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs Uol & Ors.	Uttar Pradesh	06-Jan-11	The Petitioner prayed for stay the operation of the Demand Notice issued by DoT and restraining the
29	10 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs Uol & Ors.	Tamilnadu	06-Jan-11	

30	11 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Orissa	06-Jan-11	DoT from taking any coercive, precipitative of consequent actions against the Petitioner in pursuance to the Demand Letter till the final decision of the present petition.
31	12 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Rajasthan	06-Jan-11	
32	13 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Jammu & Kashmir	06-Jan-11	
33	2 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Andhra Pradesh	06-Jan-11	
34	3 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Karnataka	06-Jan-11	
35	4 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Kolkata	06-Jan-11	
36	8 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Himachal Pradesh	06-Jan-11	
37	9 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Kerala	06-Jan-11	
38	19 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Bihar	11-Jan-11	
39	20 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	North East	11-Jan-11	
40	21 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Gujarat	11-Jan-11	
41	22 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	West Bengal	11-Jan-11	
42	23 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Maharashtra	11-Jan-11	
43	24 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Assam	11-Jan-11	
44	36 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Madhya Pradesh	19-Jan-11	
45	37 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Haryana	19-Jan-11	
46	53 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Punjab	28-Jan-11	

47	97 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	Mumbai	14-Feb-11	The Petitioner prayed for stay the operation of the Demand Notice issued by DoT.	
48	114 of 2011	Unitech Wireless (Tamilnadu) Pvt. Ltd. Vs UoI & Ors.	New Delhi	23-Feb-11		
49	41 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	Kolkata	21-Jan-11		
50	42 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	West Bengal	21-Jan-11		
51	47 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	Assam	27-Jan-11		
52	62 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	Andhra Pradesh	28-Jan-11		
53	63 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	Madhya Pradesh	28-Jan-11		
54	64 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	Karnataka	28-Jan-11		
55	82 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	Jammu & Kashmir	02-Feb-11		
56	83 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	North East	02-Feb-11		
57	84 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	Haryana	02-Feb-11		
58	85 of 2011	Videocon Telecommunications Ltd. Vs UoI & Ors.	Uttar Pradesh(East)	02-Feb-11		
59	129 of 2011	Dishnet Wireless Ltd. Vs UoI & Ors.	Haryana	25-Feb-11		The Petitioner prayed to Quash Demand Notice & direct the refund of all amounts or such excess amount appropriated by the Respondent with such interest and on such terms as may be deemed fit.
60	130 of 2011	Dishnet Wireless Ltd. Vs UoI & Ors.	Madhya Pradesh	25-Feb-11		
61	131 of 2011	Dishnet Wireless Ltd. Vs UoI & Ors.	Kerala	25-Feb-11		
62	132 of 2011	Dishnet Wireless Ltd. Vs UoI & Ors.	Chennai/Kolkata	25-Feb-11		
63	133 of 2011	Dishnet Wireless Ltd. Vs UoI & Ors.	Uttar Pradesh	25-Feb-11		

			(West)		
64	134 of 2011	Dishnet Wireless Ltd. Vs UoI & Ors.	Punjab	25-Feb-11	The Petitioner prayed to Quash Demand Notice & direct the refund of all amounts or such excess amount appropriated by the Respondent with such interest and on such terms as may be deemed fit.
65	135 of 2011	Dishnet Wireless Ltd. Vs UoI & Ors.	Uttar Pradesh (East)	25-Feb-11	
66	122 of 2011	Aircel Ltd. Vs UoI & Ors.	Maharashtra	25-Feb-11	
67	123 of 2011	Aircel Ltd. Vs UoI & Ors.	Andhra Pradesh	25-Feb-11	
68	124 of 2011	Aircel Ltd. Vs UoI & Ors.	New Delhi	25-Feb-11	
69	125 of 2011	Aircel Ltd. Vs UoI & Ors.	Gujarat	25-Feb-11	
70	126 of 2011	Aircel Ltd. Vs UoI & Ors.	Rajasthan	25-Feb-11	
71	127 of 2011	Aircel Ltd. Vs UoI & Ors.	Mumbai	25-Feb-11	
72	128 of 2011	Aircel Ltd. Vs UoI & Ors.	Karnataka	25-Feb-11	The Petitioner prayed for setting aside and quashing the impugned demand notices. The Petitioner has also prayed for stay on the said impugned demand for liquidated damages.
73	238 of 2011	Idea Cellular Ltd. Vs UoI	Punjab	06-May-11	
74	240 of 2011	Idea Cellular Ltd. Vs UoI	Haryana	10-May-11	
75	241 of 2011	Idea Cellular Ltd. Vs UoI	Karnataka	10-May-11	
76	242 of 2011	Idea Cellular Ltd. Vs UoI	Andhra Pradesh	10-May-11	
77	243 of 2011	Idea Cellular Ltd. Vs UoI	Maharashtra	10-May-11	

					Annexure-II
Sr. No.	Name of the service area	Name of licensee	Date of issue of show cause notice for cancellation of licenses	Date of reply	Remarks
1	Andhra Pradesh	Aircel Ltd.	31.3.2011	27.5.2011	Notice issued for violation of roll out obligation condition
2	Gujarat	Aircel Ltd.	31.3.2011	27.5.2011	
3	Rajasthan	Aircel Ltd.	31.3.2011	27.5.2011	
4	Haryana	Dishnet Wireless Ltd.	2.6.2011	28.07.2011	
5	Kolkata	Dishnet Wireless Ltd.	2.6.2011	28.07.2011	
6	Madhya Pradesh	Dishnet Wireless Ltd.	2.6.2011	28.07.2011	
7	Punjab	Dishnet Wireless Ltd.	2.6.2011	28.07.2011	
8	Delhi	Etisalat DB Telecom Pvt. Ltd.	07.03.2011	06.05.2011	
9	Mumbai	Etisalat DB Telecom Pvt. Ltd.	7.03.2011	06.05.2011	
10	Karnataka	Idea Cellular Ltd.	11.5.2011	18.8.2011	
11	Assam	Sistema Shyam TeleServices Ltd.	05.04.2011	12.5.2011	
12	Kerala	Sistema Shyam TeleServices Ltd.	05.04.2011	12.5.2011	
13	West Bengal	Sistema Shyam TeleServices Ltd.	05.04.2011	10.5.2011	
14	Andhra Pradesh	Spice Communications Ltd. #	11.5.2011	18.8.2011	
15	North East	Vodafone Essar Spacetel Ltd.	2.6.2011	21.6.2011	
16	Punjab	Idea Cellular Ltd.	24.2.2011	31.3.2011	
17	Karnataka	Idea Cellular Ltd.	01.06.2011	Reply Awaited*	
18	Delhi	Spice Communications Ltd. #	01.06.2011	Reply Awaited*	
19	Andhra Pradesh	Spice Communications Ltd. #	01.06.2011	Reply Awaited*	
20	Haryana	Spice Communications Ltd. #	01.06.2011	Reply Awaited*	
21	Maharashtra	Spice Communications Ltd. #	01.06.2011	Reply Awaited*	Submitted for legal advise for issue of SCN as matter is sub-judice and the same is awaited
22	Maharashtra	Spice Communications Ltd. #			
23	Haryana	Spice Communications Ltd. #			
24	Punjab	*Idea Cellular Ltd.			

Note:

As informed by companies, M/s. Spice Communications Ltd. amalgamated with M/s. Idea Cellular Limited vide orders dated 26.11.2009 and 05.02.2010 passed by Hon'ble High Court of Gujarat and Hon'ble High Court of Delhi respectively. The matter is sub-judice.

* M/s. Idea Cellular Ltd. has approached the TDSAT and the matter is sub-judice.

Comments of the Committee (Please see Para No. 26 of Chapter I)

Recommendation (Para No. 29)

The Committee observe that in spite of the security agencies expressing serious concern over the encrypted data of Blackberry and its security risks, the Government have not been able to resolve the problem. The Committee note that Research in Motion (RIM) through its Blackberry Services offers Voice, SMS, BlackBerry Internet Services (BIS), BlackBerry Messenger (BBM) and BlackBerry Enterprise Solution (BES) services. However, due to its nature of highly encrypted data, the Security Agencies want interception of these services in readable format. The Committee have been apprised that out of the various services provided by Blackberry, the BlackBerry Messenger and BlackBerry Enterprise Solution services cannot be intercepted in readable format, even if the encrypted message is made available by the service providers. The Committee note that the deadline to access the data in the requisite format from the BlackBerry company have been

extended time and again from 31st August to 31st October, 2010 and then to 31st January and again to 31st March, 2011. The Committee have now been informed by the Department regarding the constitution of the Committee to look into all types of encrypted communications. The expected date for submission of the Report by the aforementioned Committee was 20th April, 2011. The Committee express unhappiness over the way the extension after extension are being given to resolve such an important issue related to security of the country. Constitution of Committee for the purpose is another delaying tactics. The Committee are of the firm opinion that no compromise can be made when it is the question of the security of the Nation. As such, the issue need to be taken strongly with BlackBerry so that the matter is resolved. The Committee would also like to recommend to analyse the position internationally to know how the issue has been addressed in other countries.

Action Taken by the Government

- As a Research Organisation in the field of Telecommunications, C-DOT has, over the past few years ;
 - Developed a Centralized Monitoring System for Law Enforcement Agencies (LEA's) for lawful interception.
 - Designed IP. Based Network elements for secured communication.
 - Assisted the government in the monitoring of Internet Service Providers (ISPs) gateways.
 - Associated with the Indian Institute of Science (IISc) for evaluation of network elements / telecom equipment for security.
 - Developed Pilot Models of a converged Multi Technology Centralised Interceptions Systems
- Though it is desirable that C-DOT, as a Public Funded Research Association, is formally authorized to participate, either directly or indirectly, in the development of telecom security related projects, the centre is not formally authorized to involve itself with reference to the services rendered by agencies like Research in Motion (RIM).
- The government will, therefore, be in a better position to furnish an appropriate response to this query.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Comments of the Committee (Please see Para No. 29 of Chapter I)

CHAPTER –V

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

Recommendation (Para No. 7)

The Committee note that various Panchayats are being consulted through the Ministry of Rural Development to involve them in the process of social audit for the telecom facilities provided with the Government funding. Further, instructions have been issued to all field units i.e. Comptroller of Communications Accounts (CCAs) to interact with State/Local Bodies to obtain the feedback with regard to the functioning of the Village Public Telephones & Rural Community Phones that have been installed by BSNL. Further, agreement has been signed by USOF Administrators with Indian institute of Management Ahmedabad (IIMA) for impact assessment of the service provided by BSNL to obtain feedback from beneficiaries and Gram Panchayats. While appreciating the steps taken by the Department, the Committee impress that feedback received by the CCAs should be analysed and the desired concrete action be taken. The Committee should also be kept apprised about the follow up action taken in this regard.

Action Taken by the Government

Feedback received from CCAs with regard to the functioning of the Rural Community Phones (RCPs) has been analysed. No feedback requiring corrective action has been received, so far. Further, Pilot phase of the impact assessment study of the USOF wireline broadband is under process. This study envisages feedback from beneficiaries and Gram Panchayats. The Hon'ble Committee shall be kept apprised about follow up action taken in this regard.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 10)

The Committee find that even when the issue of radiation from telecom towers is being debated in the country as well as internationally and the adverse affect of radiation from cellular phones and towers are being reported by various studies, the Inter-Ministerial Committee has broadly relied on the studies according to which the direct link between exposure to radio frequency radiation from mobile towers and health could not confirm a cause-and-effect relationship between radiation radio frequency radiation and health. The Committee further note that the Ministry of Environment and Forests has constituted an Expert Group to study the possible impact of communication towers on birds and bees. The Committee would like to know about the results of the aforesaid study being undertaken by the Ministry of Environment and Forests. Besides, the Committee also emphasize that there is an urgent need to undertake more studies as well as to follow the studies being undertaken internationally so as to find out the impact of telecom towers on overall eco-system.

The Committee are surprised to note that out of 1770 BTS tested by Telecom Engineering and Resources Monitoring (TERM) Cells, no BTS was found non-compliant to the radiation norms set by International Commission for Non-Ionising Radiation Protection (ICNIRP). The Committee understand that testing of BTS by TERM Cells do not seem to reflect the ground position which may not be so satisfactory. The aforesaid observation of the Committee is further reinforced by the fact

that as many as 59,000 BTS are yet to self-certify conforming to limits/levels as prescribed by ICNIRP. Self-certificates in this regard are to be submitted by the telecom service providers to respective TERM Cells of DoT and penal provision for non-submission has been made. The Committee are unable to understand non-submission of self –certification for such a good number of BTS even when the penal provision has been made for non-submission. The Committee in this regard would like to be apprised of amount of penalty imposed on the service providers for non-submission of the certificates during the last five years. The Committee would also like to recommend that the mobile towers should be tested for complying to the specific radiation norms as set by ICNIRP by some independent agency so as to know the real picture in this regard.

Action Taken by the Government

An Inter-Ministerial Committee was constituted to examine the effect of EMF radiation on health by mobile phone towers and handsets. The report of the Inter-Ministerial Committee was placed on the DOT website calling for feedback from stake-holders. The comments/feedback received have been duly examined and are under submission to the competent authority for appropriate action in the matter.

The Ministry of Environment and Forest has constituted an Expert Group to Study the possible impact of communication towers on birds and bees. Comments on the draft report received from the Ministry of Environment and Forest (MOEF) has been furnished on 15.07.2011. The present status is being ascertained from MOEF.

With regard to BTS tested by TERM Cells, it is submitted that the testing is done based on the procedure prescribed by Telecom Engineering Centre of Department which have been formulated based on the internationally established practices for measuring the radiations. The equipments used for testing by TERM Cells are having valid calibration certificate from OEM (Original Equipment Manufacturer) or any national / international accredited Lab. In view of above, it is felt that the testing being carried out by TERM Cells is by using the appropriate equipments and procedures, therefore, the test results of TERM Cells may be fully relied upon.

Regarding issue of imposition of penalty on the Telecom Service Providers, it is submitted that the requirement of self certification was first introduced in the License Agreement by Amendment dated 4th November 2008, as per which the self certification was to be provided after the procedures for the same were prescribed by Government. The procedure for measuring the EMF Radiation was prescribed by DoT in November 2009 for the first time. Therefore, prior to November 2009, there was no requirement of submitting certificate in this regard. The initial self certification of existing sites was allowed to be submitted till 31.03.2011. Department is in process of finalising the modalities to impose penalty in case of non-submission of self certificate.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 12)

Power supply is the major constraint in expanding the telecom network in rural areas, particularly in the remote and difficult areas. The Committee have been recommending in their reports for the use of new and renewable energy sources for powering the mobile infrastructure sites. In this connection, Pilot Projects to establish the viability of powering of Shared Mobile Infrastructure Sites in rural areas through solar/solar-wind Hybrid Installations with Subsidy support from Ministry of New and Renewable Energy and USOF towards solar/solar-wind hybrid power installations in 28 USOF shared mobile infrastructure sites has been initiated by the Department. As per the information furnished by the Department, the results obtained from these sites would help to establish technical feasibility and financial viability of utilization of renewable energy in shared mobile sites in rural areas. So far as the progress of the aforesaid project is concerned, the Committee find that Expression of Interest (EOI) was floated in June, 2009. A draft agreement to be signed with the GTL/BSNL/RCIL/KEC/BSEL/QTIL Infrastructure Providers (IPs) was prepared and vetted but the successful Infrastructure Providers (IPs) are yet to confirm their willingness to sign the agreement. The Committee find that there is some disagreement in the rates quoted by the bidders. According to the Department, the exorbitant rates have been quoted by the bidders vis-à-vis prevailing market rates as well as the benchmark rates given by the Ministry of New and Renewable Energy. Accordingly, it was felt necessary to incorporate a stipulation in the agreements, to the effect that the prevailing rates of Ministry of New and Renewable Energy would be compared with the representative rates and the lower of the two would be taken. The Department has also stated that none of the bidders is agreeable to incorporation of this stipulation in the agreement. The Committee hope that the Department would resolve the aforesaid issue and the pilot projects would be implemented with great success followed by nationwide programme in this regard. The Committee are of the firm opinion that finding ways to use the renewable energy sources for telecom infrastructure powering would be a great boost to expanding the telecom network in rural areas and would definitely result into meeting the targets of teledensity in rural areas.

Action Taken by the Government

It is informed that:

- (1) 20 pilot projects have been undertaken by BSNL out of which 10 have been completed and 10 are under process.
- (2) Based upon the results of the pilots, the matter of scaling up the results to a full-fledged scheme would be considered.
- (3) USOF shall be incorporating the aspect of use of Renewable Energy wherever possible in its future schemes.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 17)

In the background of the finding of survey by World Bank according to which every increase of 10 per cent in broadband connectivity leads to a growth of GDP by 1.38 per cent, the Committee in their Eighth Report had emphasized the need on the part of the Department to conduct a survey to know of the impact of broadband in the growth of GDP in India. The Committee have been informed that the Department is initiating a survey to ascertain the impact of broadband in the

growth of GDP in the country. The Committee emphasize that the survey in this regard should be done expeditiously and the outcome thereto intimated to the Committee.

Action Taken by the Government

The Expression of Interest (EOI) documents for outsourcing the study on Impact of Broadband in the Growth of GDP in India is under finalization.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 23)

The Committee further find that as per the Licence Agreement, if the roll out delay is less than 52 weeks, the licensor is entitled to recover LD charges as specified in the para 35.2 of the Licence Agreement for Provision of Unified Access Service. In the detailed statement furnished to the Committee the penalty amount calculated as per the licence conditions is Rs.311.55 crore. In reply to question asking about the amount calculated by the Department by invoking the penal provision for the non roll out of services after availing the 2G spectrum, it has been stated that an amount of approximately Rs. 220 crore has been calculated by the Department. The word ‘approximately’ indicates that even about the penalty calculated from the licensees, the Department is not sure of the amount. The difference between penalty calculated and the money collected is to the tune of Rs. 91.55 crore. It means that the defaulter licensees have not even deposited the LD charges with the Department. The Committee while expressing serious concern would like to strongly recommend to take strict action against the defaulter licensees. Besides, the details of such licensees who did not even pay the LD charges may also be intimated to the Committee. The Committee would also like to emphasize that accountability of the officials in this regard should also be fixed. The Committee may be kept informed about the action taken in this regard.

Action Taken by the Government

While replying the questions, it was mentioned that the amount of LD imposed against 120 UAS Licensees (issued in Jan. 2008) is Rs. 311.55 Crore and out of this Rs. 220 Crore (approximately) have been collected by DoT. The exact amount collected from these 120 UAS Licensees by DoT till 2.5.2011 was Rs. 220.39 Crore against the LD. The difference between LD imposed and collected to the tune of Rs. 91.16 Crore is mainly due to court orders. After issue of demand notices for imposition of LD most of the Licensees filed petitions in TDSAT against the imposition of LD. TDAST in its interim orders, directed the petitioners to deposit 60% of the demanded amount in many cases. The details of the Licensee who did not file petitions in TDSAT but deposited less than demanded amount are as follows:

Sl. No.	Name of Licensee	Name of Service area	Amount of LD imposed in Rs. Crores	Amount of LD paid in Rs. Crores	Main grievance of the Licensee
1	Loop Telecom Limited	West Bengal	6.75	NIL	Spectrum allotted in partial number of DHQs
2	Vodafone Essar Spacetel	Orissa	0.25	NIL	Average SACFA delay is incorrect

	Limited				
3	Vodafone Essar Spacetel Limited	Bihar	0.30	NIL	Average SACFA delay is incorrect
4	Vodafone Essar Spacetel Limited	J&K	0.45	0.35	Average SACFA delay is incorrect
5	Vodafone Essar Spacetel Limited	North East	7.00	3.35	Average SACFA delay is incorrect and number of DHQs in North East LSA

These licensees had given the representations to DoT against the LD demand notices and the same are under examination.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 28)

The Committee are surprised to note that the Department did not notice any security threats due to import of SIM cards before the matter was pointed out by the Ministry of Home Affairs. What surprised the Committee more is the fact that neither the Department thought of any potential security threat that could have been emanated from the SIM cards nor asses any security threats that could have come due to the use of imported SIM cards in the Country. It was only after the security issues were raised by the Ministry of Home Affairs that the Department has sought information in this regard from the different Telecom Service Providers (TSPs) in the Country. The Committee also note that the Government is making efforts to promote indigenous production of telecom equipments, however, as per the Department the import of telecom equipments cannot be dispensed with. The Committee feel that the importing of SIM cards and telecom equipments from the different countries especially China is a big threat to the National security and, therefore, recommend that all initiatives to have indigenous SIM cards as well as other telecom equipments should be explored and the Committee informed accordingly.

Action Taken by the Government

The Department is accessing the possible security threats due to import of SIM Cards. Large numbers of SIM Cards have been imported by Telecom Service Providers in addition to procuring the same from indigenous manufacturers/suppliers. Department is exploring the possibilities of indigenous procurement of SIM Cards by all TSPs.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 30)

The Committee in their Eighth Report had recommended that the Department should address the issue raised by the security agencies that the intercept message should not get affected due to the Mobile Number being ported from one operator's network to other while implementing the Mobile Number Portability. Subsequently, the Committee have been informed that various rounds of discussions were held and views of the Security Agencies/Ministry of Home Affairs were

sought on the final procedure before issuing the instructions. The views of the Ministry of Home Affairs/ Nodal Security Agency have been received and necessary secret instructions have been issued to the Service Providers addressing the security concerns in the porting process. However, the Committee are disheartened to note that there have been numerous instances across the country where the subscribers are making calls on their officially deactivated SIMS even after availing of Mobile Number Portability raising concerns of abuse and possible security risk. The Committee are dismayed to note that instead of taking instant corrective measures to remedy the situation, the Department has simply informed that a close watch on the matter is kept by the TERM Cells of the DoT and based on the feedbacks from the Telecom Service Providers and the subscribers, various instructions have been issued to resolve the problem. While deploring the state of affairs concerning the Mobile Number Portability and security risk, the Committee strongly recommend that the Department should again take up the matter with the Ministry of Home Affairs and determine the potential security threats at the earliest. The Committee also recommend that the various provisions of the 'Telecommunications Mobile Number Portability Regulations 2009 as amended' should be followed by the various Telecom Service Providers in letter and spirit.

Action Taken by the Government

It is submitted that TRAI has one of its functions as monitoring the Regulations issued by it. The observations of Hon'ble Committee have been communicated to TRAI for effective implementation of Telecommunications Mobile Number Portability Regulation 2009 and its amendments.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

Recommendation (Para No. 34)

The Committee are disheartened to note that inspite of various steps taken by the Department to transform ITI from a sick company to a vibrant institution, the revival plan of ITI has not borne fruit. The Committee note that the strength of ITI lies in the strategic area of communication for Defence and the same has been epitomized by the prestigious Army Static Switch Communication Network (ASCON) Project. It has also executed satellite project such as Carnation for Army, Earth Stations for Airforce and Civilcon for Ministry of Home Affairs. However, the Committee are constrained to note that for the entire Eleventh Plan, the Planning Commission has made an allocation of only Rs. 2.01 crore out of the total Outlay of Rs. 105.87 crore provided for the entire Eleventh Plan. Some of the initiatives taken by the Department include 'Revival Plan 2009' which led to release of a sum of Rs. 2820 crore for discharging its liability to clean up its balance sheet as per the revival package, the policy of Reservation Quota of 30 per cent of the BSNL/MTNL purchases of the telecom equipments from ITI, release of Rs. 180 crore during March, 2011 towards the working capital for ITI. Further, the Committee also note that the Department has given various advice to ITI which include chalking out of concrete strategic plan for its revival based on a thorough review of its working, operation, establishment, marketing strategy, setting long term goals through value proposition by designing a road map and initiative to bring out some unique value which ITI could present to its prospective customers, technology mapping and benchmarking vis-à-vis the current market scenario. The Committee feel that the various suggestions and advice given by the Department to ITI for its revival are in the right direction and feel that Department as well as ITI should take the revival plan forward so that the objectives of setting up ITI i.e. to develop strategic area of communication for Defence is met.

Action Taken by the Government

- (i) The report of the Standing Committee on Information Technology (2010-11) on 'Demand for Grants' (2011-12) on ITI is an observation by the committee on its present sick status in spite of having taken several steps by the Department of Telecommunication for the revival of the company.
- (ii) The Department of Telecommunications in its Revival Plan (2009) had released Rs.2820 Crores in August 2009 to M/s ITI Ltd for discharging its liabilities and to clean up their balance sheet as per revival package approved by the CCEA. An additional amount of Rs.180 crores was released in March, 2011 towards the working capital margin. However Rs. 2.01 Crores had been allotted in the 11th Five Year Plan to ITI by the Planning Commission. ITI had to manage the capital expenditure using internal resources for absorption of some of the new technologies like National Population Register (NPR), Solar Panel Projects etc.
- (iii) As part of the revival package a proposal for Joint Venture for manufacturing new technology products at three ITI locations had been approved. However, the formation of Joint Venture could not materialize since ITI failed to get any offer against the Expression of Interest (EoI) for the Joint Venture proposal even after extension of the EoI.
- (iv) ITI has taken diversification strategy to improve its top line as well as the bottom line. One of the strategies being pursued aggressively is in the Defence Sector, e-Government and Contract Manufacturing. It has already got into big project of NPR (National Population Register) as part of the consortium for bio-metric cards required by RGI (Registrar General of India). Further, ITI is laying its hand in non-conventional energy sources under MNRE.
- (v) ITI had requested a budgetary support of Rs.135 crores for the year 2011-12 to upgrade its manufacturing infrastructure and induct new technologies. However, an amount of Rs.1 lakh only has been provisioned by the Planning Commission for the current financial year.
- (vi) ITI has been requesting through the Department of Telecommunications for Governmental financial aid for up-gradation of the existing facilities and induction of new technologies for the revival of the company. ITI have requested for:
 - Reservation quota from Defence Ministry similar to the one approved by Ministry of communication for its two PSUs i.e. BSNL & MTNL.
 - Funding support as proposed for 2011 and 12th Five Year Plan.
 - Allocation of Government funded Telecom & IT Projects to ITI only.
- (vii) The Department of Telecommunications has constituted a Core Group to examine, identify and devise the revival plan of ITI based on priority analysis. The core is working out the details for the revival of ITI Ltd. Another committee headed by Member (Services) has also been constituted to explore the various possibilities of synergizing the working of the PSUs under DoT, namely BSNL/MTNL/ITI/TCIL/C-DOT. This committee would be analyzing the inputs received from BSNL and other divisions of Department of Telecommunications before finalizing a restructuring plan.

(Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-3/2011-B dated 4th November, 2011)

New Delhi
20 March, 2012
30 Phalguna, 1933 (Saka)

RAO INDERJIT SINGH,
Chairman,
Standing Committee on
Information Technology.

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2011-2012)**

MINUTES OF THE EIGHTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 7th March, 2012 from 1100 hours to 1300 hours in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Rao Inderjit Singh –Chairman

MEMBERS

Lok Sabha

2. Shri Rajendra Agrawal
3. Smt. Sarika D.S. Baghel
4. Shri Nikhil Kumar Choudhary
5. Dr. Charles Dias
6. Shri A. Ganeshamurthi
7. Smt. Darshana Vikram Jardosh
8. Dr. Tarun Mandal
9. Shri P.R. Natarajan
10. Shri Tapas Paul
11. Shri Rajiv Ranjan Singh *alias* Lalan Singh

Rajya Sabha

12. Shri M.P. Achuthan
13. Shri Mohammad Adeeb
14. Shri Raj Kumar Dhoot
15. Shri P. Rajeeve
16. Shri Jesudasu Seelam

SECRETARIAT

1. Shri T.K. Mukherjee - Joint Secretary
2. Smt. Sudesh Luthra - Director
3. Shri Y.M. Kandpal - Additional Director
4. Dr. Sagarika Dash - Deputy Secretary

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee convened for consideration and adoption of Draft Action Taken Report on Demands for Grants (2011-12) of the Ministry of Information and Broadcasting.

3. The Committee, then, took up for consideration and adoption the Draft Action Taken Report on Demands for Grants (2011-12) of the Department of Telecommunications. The Committee adopted the Draft Action Taken Report without any modification. The Committee then also authorized the Chairman to present the Report to the House at a date convenient to him.

4.	xxx	xxx	xxx
5.	xxx	xxx	xxx
6.	xxx	xxx	xxx
7.	xxx	xxx	xxx

The Committee, then, adjourned.

xxx Matters not related to the Report.

ANNEXURE-II

Annexure-II as referred in the Action Taken Notes on the Recommendation No. 22 of the Original Report

Sl. No	Name of the Service Area	Name of Licensee	Date of issue of show cause notice for cancellation of licenses	Date of reply	Remarks
1	Andhra Pradesh	Aircel Ltd.	31.03.2011	27.05.2011	Notice issued for violation of roll out obligation conditions.
2	Gujarat	Aircel Ltd.	31.03.2011	27.05.2011	
3	Rajasthan	Aircel Ltd.	31.03.2011	27.05.2011	
4	Haryana	Dishnet Wireless Ltd.	02.06.2011	28.07.2011	
5	Kolkata	Dishnet Wireless Ltd.	02.06.2011	28.07.2011	
6	Madhya Pradesh	Dishnet Wireless Ltd.	02.06.2011	28.07.2011	
7	Punjab	Dishnet Wireless Ltd.	02.06.2011	28.07.2011	
8	Delhi	Etisalat DB Telecom Pvt. Ltd.	07.03.2011	06.05.2011	
9	Mumbai	Etisalat DB Telecom Pvt. Ltd.	07.03.2011	06.05.2011	
10	Karnataka	Idea Cellular Ltd.	11.05.2011	18.08.2011	
11	Assam	Sistema Shyam TeleServices Ltd.	05.04.2011	12.05.2011	
12	Kerala	Sistema Shyam TeleServices Ltd.	05.04.2011	12.05.2011	
13	West Bengal	Sistema Shyam TeleServices Ltd.	05.04.2011	10.05.2011	
14	Andhra Pradesh	Spice Communications Ltd. #	11.05.2011	18.08.2011	
15	North East	Vodafone Essar Spacetel Ltd.	02.06.2011	21.06.2011	
16	Punjab	Idea Cellular Ltd.	24.02.2011	31.03.2011	Notice issued for violation of substantial equity condition and merger guidelines.
17	Karnataka	Idea Cellular Ltd.	01.06.2011	Reply awaited*	
18	Delhi	Spice Communications Ltd. #	01.06.2011	Reply awaited*	
19	Andhra Pradesh	Spice Communications Ltd. #	01.06.2011	Reply awaited*	
20	Haryana	Spice Communications Ltd. #	01.06.2011	Reply awaited*	
21	Maharashtra	Spice Communications Ltd. #	01.06.2011	Reply awaited*	
22	Maharashtra	Spice Communications Ltd. #			Submitted for legal advise for issue of SCN as matter is sub-judice and the same is awaited.
23	Haryana	Spice Communications Ltd. #			
24	Punjab	Ideal Cellular Ltd.*			
Note:					
#	As informed by companies, M/s. Spice Communications Ltd. Amalgamated with M/s. Idea Cellular Limited vide orders dated 26.11.2009 and 05.02.2010 passed by Hon'ble High Court of Gujarat and Hon'ble High Court of Delhi respectively. The matter is sub-judice.				
*	M/s. Idea Cellular Ltd. Has approached the TDSAT and the matter is sub-judice.				

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THEIR TWENTY-FIRST REPORT
(FIFTEENTH LOK SABHA)**

[Vide Paragraph No. 3 of Introduction]

(i)	Recommendations/Observations which have been accepted by the Government		
	Para Nos.:- :- 2, 3, 4, 6, 13, 14, 15, 16, 18, 19, 20, 21, 25, 26, 27, 31, 32, 33, 35 & 36		
		Total	20
		Percentage	55.56
(ii)	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government		
	Para No.:- Nil		
		Total	Nil
		Percentage	0.00
(iii)	Recommendations/Observations in respect of which replies of the government have not been accepted by the Committee and require reiteration		
	Para Nos.:- 1, 5, 8, 9, 11, 22, 24 & 29		
		Total	08
		Percentage	22.22
(iv)	Recommendations/Observations in respect of the reply which is of interim nature		
	Para Nos.:- 7, 10, 12, 17, 23, 28, 30 & 34		
		Total	08
		Percentage	22.22