STANDING COMMITTEE ON

INFORMATION TECHNOLOGY
(2009-2010)

8

FIFTEENTH LOK SABHA

MINISTRY OF COMMUNICATIONS & INFORMATION TECHNOLOGY

(DEPARTMENT OF TELECOMMUNICATIONS)

DEMANDS FOR GRANTS

(2010-2011)

EIGHTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

April, 2010/Chaitra,1932 (Saka)

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(2009-2010)

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MINISTRY OF COMMUNICATIONS & INFORMATION TECHNOLOGY

(DEPARTMENT OF TELECOMMUNICATIONS)

DEMANDS FOR GRANTS

(2010-2011)

Presented to Lok Sabha on 21 April, 2010

Laid in Rajya Sabha on 22 April, 2010

LOK SABHA SECRETARIAT

NEW DELHI

April, 2010/Chaitra, 1932 (Saka)

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*Minutes not included in the cyclostyled copy of the Report.

COMPOSITION OF THE
STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2009-2010)

Shri Rao Inderjit Singh - Chairman

Lok Sabha

2. Shri Rajendra Agrawal
3. Shri Nikhil Kumar Choudhary
4. Shri Milind Deora
* 5. Shri Charles Dias
6. Shri Rajen Gohain
7. Smt. Darshana Jardosh
8. Shri Mithilesh Kumar
** 9. Shri Sadashivrao Dadoba Mandlik
10. Shri Inder Singh Namdhari
11. Shri Abdul Rahman
12. Shri Prem Das Rai
\# 13. Shri Tufani Saroj
14. Shri Tathagata Satpathy
15. Shri Adhalrao Patil Shivaji
16. Dr. Bhola Singh
17. Shri Dhananjay Singh
18. Shri Sushil Kumar Singh
19. Shri C. Sivasami
20. Smt. M. Vijaya Shanthi
21. Shri Dharmendra Yadav

Rajya Sabha

22. Prof. Alka Balram Kshatriya
@ 23. Vacant
24. Shri Jesudas Seelam
25. Shri Ravi Shankar Prasad
26. Shri Prabhat Jha
27. Shri P. Rajeeve
28. Shri Shriram Pal
29. Shri N.R. Govindarajar
30. Shri M.P. Achuthan
31. Shri Rajkumar Dhoot

SECRETARIAT

1. Shri T.K. Mukherjee - Joint Secretary
2. Smt. Sudesh Luthra - Director
3. Dr. Yumnam Arun Kumar - Under Secretary

** Nominated to Committee w.e.f. 10th September, 2009.
\# Nominated to Committee w.e.f. 13th October, 2009.
* Nominated to Committee w.e.f. 19th November, 2009.
@ Consequent upon retirement of Shri Dharampal Sabharwal from Rajya Sabha w.e.f. 9th April, 2010.

LIST OF ABBREVIATIONS

AGR	-	Adjusted Gross Revenue
ADSL	-	Asymmetrical Digital Subscriber Line
AMC	-	Annual Maintenance Contract
BSNL	-	Bharat Sanchar Nigam Ltd.
CCA	-	Controller of Communication Accounts
CDMA	-	Code Division Multiple Access
C-DOT	-	Centre for Development of Telematics
DEL	-	Direct Exchange Line
DFL	-	Defect Liability Period
DLC	-	Digital Loop Carrier
DS	-	Defense Service
DSPT	-	Digital Satellite Phone Terminals
EGoM	-	Empowered Group of Ministers
FWT	-	Fixed Wireless Terminal
GBS	-	Gross Budgetary Support
GR	-	Generic Requirements
GSM	-	Global System of Mobile
IEBR	-	Internal Extra Budgetary Resource
ILD	-	International Long Distance
IPTV	-	Internet Protocol Television
IRS	-	Interface Requirements
ITI	-	Indian Telephone Industries
IUC	-	Interconnect Usage Changes
KCT	-	Kilo Circuit
LD	-	Liquidated Damages
LaBL	-	Lighting a Billion Life
LOI	-	Letter of Inteats
MARR	-	Multi Access Radio Relay
MTML	-	Mahanagar Telephone Mauritius Ltd.
MTNL	-	Mahanagar Telephone Nigam Ltd.
NeGP	-	National e-Governance Plan
NGN	-	Next Generation Network
NLD	-	National Long Distance
NRSMMS	-	National Radio Spectrum Management & Monitoring
NTP	-	New Telecom Policy
NVPL	-	Nepal Venture Pvt. Ltd.
OFC	-	Optical Fibre Cable
PCO	-	Public Call Office
PIU	-	Project Implementation Unit
PMC	-	Project Management Consultancy
POI	-	Point of Interconnection
PSU	-	Public Sector Undertaking
QoS	-	Quality of Service
RCP	-	Rural Community Phone
RAXS	-	Rural Automatic Exchanges
RDEL	-	Rural Direct Exchange Line
SDCA	-	Short Distance Changing Area
STPI	-	Software Technology Parks of India
SWAN	-	State Wide Area Network

TCIL	-	Telecommunication Consultant India Ltd.
TCoE	-	Telecom Centres of Excellence
TAX	-	Trunk Automatic Exchange
TDSAT	-	Telecom Dispute Settlement and Appellate Tribunal
TEC	-	Telecom Enginery Centre
TETC	-	Telecom Testing and Security Certificate Centre
TRAI	-	Telecom Regulatory Authority of India
UM A&N	-	Undersea Cabling between Mainland and Andaman & Nicobar Island
USL	-	Universal Service Levy
USOF	-	Universal Service Obligation Fund
USP	-	Universal Service Provider
USSP	-	Universal Service Support Policy
UASL	-	Unified Access Services Licence
VOIP	-	Voice Over Internet Protocol
VPT	-	Village Public Telephone
VSAT	-	Very Small Aperture terminal
WLL	-	Wireless in Local Loop
WMO	-	Wireless Monitory Organisation
WPC	-	Wireless Planning & Coordination
Wi-MAX	-	Worldwide Interoperability for Microwave Access

INTRODUCTION

I, the Chairman, Standing committee on Information Technology (2009-10) having been authorized by the Committee to submit the Report on their behalf, present this Eighth Report on Demands for Grants (2010-11) of the Ministry of Communications and Information Technology (Department of Telecommunications).

2. The Standing Committee of Information Technology (2009-10) was constituted on 31 August, 2009. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider Demands for Grants of the concerned Ministry/Department and to make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Telecommunications) for the current year i.e. 2010-11 which were laid on the Table of the House on 15th March, 2010. The Committee took oral evidence of the representatives of the Department of Telecommunications on 26 March, 2009.

4. The Report was considered and adopted by the Committee at their sitting held on 13 April, 2010.

5. The Committee wish to express their thanks to the officers of the Department of Telecommunications for appearing before the Committee and furnishing the information, that the Committee desired in connection with the examination of the Demands for Grants.

6. For facility of reference and convenience Recommendations/Observations of the Committee have been printed in bold letters in Part-II of the Report.

RAO INDERJIT SINGH
Chairman
Standing Committee on
Information Technology

New Delhi
19 April, 2010
29 Chaitra, 1932 (Saka)

REPORT

PART-I

I. INTRODUCTORY

Telecommunication is considered as one of the prime support services needed for rapid growth and modernization of various sectors of the economy. It has become especially important in recent years because of enormous growth of Information Technology and its significant potential for the impact on the rest of the economy of a country. Today, India has emerged as one of the fastest growing telecom market in the world. With its 582.04 million telephone connections, it has become the second largest network in the world after China.

2. The Department of Telecommunications (DoT), which form a part of the Ministry of Communications and Information Technology are responsible for Telecom Policy formulation, performance review, monitoring, international cooperation, wireless spectrum management, research & development and grant of licences to operators for providing basic and value added services in various cities and telecom circles as per approved policy of the Government. Another important function of the Department is to look after the programmes/schemes carried out by its different wings and also the various Universal Service Obligation (USO) activities carried out with the help of Universal Service Obligation Fund (USOF). They also look after the matters relating to its Public Sector Undertakings (PSUs), Autonomous and Regulatory Bodies and are also responsible for the administration of the Indian Telegraph Act, 1885, Indian Wireless Telegraphy Act, 1933 and Telecom Regulatory Authority of India Act, 1997.

3. The Internal and Extra Budgetary Resources (IEBR) of the PSUs i.e. BSNL and MTNL fund the development and expansion of telecommunication activities. The Gross Budgetary Support (GBS) funds the programmes/schemes carried out by Wireless Planning and Coordination (WPC), Wireless Monitoring Organisation (WMO), Telecom Engineering Centre (TEC), Telecom Regulatory Authority of India (TRAI), Telecom Dispute Settlement and Appellate Tribunal (TDSAT), Centre for Development of Telematics (C-DoT), and the four Departmental projects i.e. Setting up of Telecom Testing and Security Certification Centre (TETC), Technology Development and Investment Promotion (TDIP), Undersea Cabling between

Mainland and Andaman & Nicobar (UM&AN) and Optical Fibre Connectivity based network for Defence Services (DS).

4. The budgetary support is also 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 Outlays for USO forms part of the non-plan expenditure of the Department.

5. For the year 2010-11, Demands for Grants for Rs. 9610.87 crore which includes Rs. 7925.92 crore as Revenue Outlay (comprising of Rs. 315.05 crore as Plan Outlay and Rs. 7610.87 crore as non-Plan Outlay) and Rs. 1684.95 crore (Plan) as Capital Outlay were laid in Lok Sabha on 15th March, 2009. The total Plan Outlay i.e. Rs. 2000 crore from the Gross Budgetary Support (GBS) component of the Plan Outlay of the Department. The allocation for USOF is made from non-Plan Revenue Outlay of the Department.

6. The Committee in this Report have *inter-alia* analysed the position of Outlay and the expenditure, particularly, the performance of the Plan schemes which are carried out with the IEBR and GBS component of the Plan Outlays and the non-Plan schemes which are carried out with the Universal Service Obligation Fund in the context of examination of Demands for Grants (2010-11).

II. BROAD ANALYSIS OF THE PLAN OUTLAYS (IEBR + GBS) DURING ELEVENTH PLAN

7. The total allocation for the entire Eleventh Plan (at current prices) both for IEBR and GBS is Rs. 91333.57 crore. The Proposed Outlay, Budget Estimates, Revised Estimates and Actuals during the years 2007-08, 2008-09, 2009-10 (upto January, 2010) and 2010-11 both for Internal and Extra Budgetary Resources (IEBR) and Gross Budgetary Support (GBS) are as follows:

(Rs. in Crore)

Proposed Outlay/BE/RE/Actuals	2007-08	2008-09	2009-10	2010-11
Proposed	26549.42	21971.35	17334.80	18188.05
Budget Estimates	25561.97	21434.60	16216.02	18135.10
Revised Estimates	16039.30	19950.24	15828	--
Actuals	8414.04	12695.37	9122.57	--

Percentage of utilisation w.r.t. Revised Estimates	52.46%	63.64%	57.64% (Upto January, 2010)	--

(i) Gross Budgetary Support (GBS) Component of the Plan Outlay

8. The proposed Outlay for GBS component for the entire Eleventh Plan is Rs. 2937.07 crore. As per the data furnished in the budget documents, the percentage of utilisation of Outlays with respect to REs during the first three years of Eleventh Plan upto January, 2010 is 70.61 per cent the details of which are given as under:

Details of the status of utilisation of Outlays of the Gross Budgetary Support Component during 2007-28, 2008-09 and 2009-10

(Rs. in crore)

Total Proposed Outlay (GBS) for the entire Eleventh Plan	**Total GBS during 2007-08, 2008-09 and 2009-10 (Rs in Crore)**			**Actuals w.r.t. RE**	**Percentage of total Actuals w.r.t. total REs during 2007-08, 2008-09 and 2009-10**
	Year	BE	RE		
2937.07	2007-08	340.00	250.00	220.19	88.08%
	2008-09	375.00	725.00	687.00	94.76%
	2009-10	431.00	431.00	85.59	19.86%*
	Total	1146.00	1406.00	992.78	70.61%

* Upto January, 2010

9. With regard to the utilisation position of Outlay under GBS component, during the course of examination of Demands for Grants, the Committee have been informed that out of the Rs. 431 crore allocated at BE/RE stage, the utilisation was just Rs. 85.59 crore i.e. 19.86 per cent. However, in post evidence reply furnished five days after the evidence, the Committee have been apprised that the percentage of utilisation of Outlay as on date is 81.88 per cent.

(ii) Internal and Extra Budgetary Resources (IEBR) Component of the Plan Outlay

10. As per the information made available to the Committee, the total proposed Outlay for IEBR component for the entire Eleventh Plan is Rs. 89581.56 crore. The details of the status of utilisation of Outlays of the Internal and Extra Budgetary Resources Component during 2007-28, 2008-09 and 2009-10 are as under:-

(Rs. in Crore)

Total Proposed Outlay (IEBR) for the entire Eleventh Plan	Total IEBR during 2007-08, 2008-09 and 2009-10			Actuals w.r.t. RE	Percentage of total Actuals w.r.t. total REs during 2007-08, 2008-09 and 2009-10
	Year	BE	RE		
89581.56	2007-08	25221.97	16138.97	8193.85	50.77%
	2008-09	21059.60	19225.24	11777.08	61.26%
	2009-10	15785.02	15397.00	9036.98	58.69%*
	Total	62066.59	50761.21	29007.91	57.15%

* Upto January, 2010

However, in the post evidence reply furnished to the Committee five days after the evidence, the percentage of utilisation of Outlay for 2009-10 is stated to be 62.73 per cent

(iii) USOF Component of the non-Plan Outlays

11. As per the data made available to the Committee, the total collection of Universal Service Levy (USL) from 2002-03 to 2008-09 is Rs. 25331.36 crore whereas the allocation upto 2009-10 is only Rs. 10371.44 crore i.e. only 40.94 per cent out of the total allocation upto 2008-09. Out of this, Rs. 10033.30 crore have been spent as on January, 2010. For the year 2009-10, a total Outlay of Rs. 2400 was provided, however, only Rs. 2061.86 crore have been spent as on January, 2010. For the year 2010-11, a sum of Rs. 2400 crore have been allocated for USO activities.

III. THRUST AREAS OF THE DEPARTMENT

12. Network Expansion, Rural Telephony and Broadband Connections have been identified as the three thrust areas of the Department of Telecommunications.

(i) Network Expansion

13. The Department's network expansion envisages a total of 600 million connections by 2012. In this regard, the Department stated that as on January, 2010, India has 582.04 million telephone subscribers (both Wireline and Wireless). However, the exponential growth in the telecom sector in India has been led by the growth in the wireless/mobile telephony. The share of wireless phones in the total number of phones is 545.05 million and that of wireline is stated to be 36.99 million as on January, 2010.

14. With regard to the main reason for the slower growth of wireline phone, the Department informed that it is due to the rapid expansion of mobile services and increased usage of mobile phones by the subscribers. However, they have informed that steps have been taken to improve the growth of wireline which *inter-alia* include: (i) improving customer care, and after sales service, (ii) introducing Fixed Mobile Convergence to add value to wire line telephone, (iii) providing New Value Added Services on wire line, (iv) expansion of Broadband Services by rolling out Wi-MAX, DSL and Fibre to the Home (FTTH) services, (v) implementation of Call Data Record (CDR) based billing for wireline business and (vi) implementation of Enterprise Resource Planning (ERP) to streamline all business processes.

15. With regard to the initiative taken by the Department to arrest the declining trend of wireline connections, the Secretary, DoT during evidence stated as under:-

> "The number of landlines is indeed declining. But, with the increasing broadband, we hope to reach a plateau at some point where the decline of the landlines could be arrested."

16. The scrutiny of the budget document reveal that the total wireline phones in the country are 36993778. The document also reveal that the share of Public Sector for the wireline phones has declined from 97.56 per cent (2006) to 85.06 per cent in January, 2010 whereas, the share of Private Sector has increased from 2.44 per cent to 14.94 per cent during the same period.

17. The total wireless phones in the country as on January, 2010 are 545048136. In the wireless sector too there has been a decline in the share of the Public Sectors. The share of Public Sectors during 2006 was 21.44 per cent which decreased to 12.85 per cent in January, 2010. However, the Private Sector has gained in their share which has increased from 78.56 per cent to 87.15 per cent during the same period.

(ii) <u>Rural Telephony</u>

18. The Committee have been informed that as on January, 2010, the total teledensity of the Country is 49.52 per cent. The urban teledensity is 113.78 per cent whereas the rural teledensity is 22.18 per cent.

19. The reasons for slower growth of teledensity in rural areas as compared to that of urban teledensity as stated by the Department are: (i) poor availability of infrastructure viz. electric power supply & approach roads, (ii) most of the demand for telephone connections are distributed in the far-flung scattered areas where laying of telecom network is techno-commercially non-viable.

(iii) USOF Schemes : Rural Telephony

20. As per the Department, some of the core activities carried out under the USO activities for rural telephony are as follows:

(i) Village Public Telephones (VPTs) in all inhabited villages
(ii) Rural Household Telephone lines to individuals
(iii) Shared mobile Infrastructure Scheme and
(iv) Pilot Project on Renewable Energy

(a) Village Public Telephones (VPTs) in uncovered villages

21. An Outlay of Rs. 30 crore was provided under this Scheme during 2009-10 with a physical target to provide 5121 VPTs. Upto January, 2010 only Rs. 17.21 crore had been spent with the physical achievement of 4452 VPTs. The overall performance of this programme since its initiation is stated to be 61633 VPTs out of the 62302 VPTs as on January, 2010. However, the stipulated target to complete the scheme by November, 2009 has not been achieved and the deadline has now been extended upto September, 2010.

22. With regard to the reasons for extension of the stipulated target date, the Department have informed that the uncovered villages are located in more difficult and inaccessible terrain in the States of Jammu and Kashmir, Meghalaya, Chhattisgarh, Arunachal Pradesh, Uttaranchal and Manipur. They have also stated that although no formal extension has been given, BSNL on its own has conveyed that the remaining VPTs are likely to be provided in a phased manner by September 2010.

Identification of Beneficiary for VPTs

23. When enquired whether having a telephone connection is one of the parameter that debars a person/family from being BPL, the Department have replied that the matter does not come under their purview.

Role of Gram Panchayats in maintenance of VPTs

24. When asked about the role of Gram Panchayats in the maintenance of VPTs, the Department have stated that the Gram Panchayats have no role. However, their help is taken for identification of the locations for installation of new VPTs.

(b) Provision of Individual Rural Direct Exchange Lines (RDELs)

25. About 7,49,0429 lakh line have been provided under this scheme as on February, 2010. For the year 2009-10 an Outlay of Rs. 480 crore was provided for the scheme. However, only Rs. 390.78 crore have been spent as on January, 2010 with an achievement of 1177972 RDELs against the target of 1200000. The remaining RDELs are expected to be provided by 31st March, 2010. For the year 2010-11 an Outlay of Rs. 10 crore have been provided for maintenance of RDELs.

(c) Shared Infrastructure Mobile Services Scheme (First Phase)

26. Under the scheme 7387 towers are to be set up in 500 districts in the country. As on February, 2010, 7056 towers have been set up under this scheme the percentage of achievement being 95.52 per cent. The remaining towers are likely to be commissioned in a phased manner by March, 2010. During the course of examination of DFG (2009-10) the Committee were informed that the culmination date for this scheme was September, 2009. For the year 2010-11, an outlay of Rs. 95 crore has been provided under this scheme.

27. When enquired about the reasons for not meeting the targets with the stipulated deadline, the Department stated that : (i) the infrastructure/towers to be installed are in the rural and remote areas of the country, many of which are not connected by roads and public transport, (ii) the revenue record of the land in many of the villages is incomplete or inconsistent resulting into delay in conversion of land from agriculture to commercial, acquiring of land and signing of lease deeds

and its registration there off etc., and (iii) non availability/irregular availability of electricity connection.

(d) Shared Infrastructure Mobile Services Scheme (Second Phase)

28. The Committee have been informed that about 9000 additional towers are proposed to be installed under the second phase of the shared mobile infrastructure scheme, which is likely to be launched shortly. Villages or cluster of villages having population of 500 or more and not having mobile coverage have been taken into consideration for the scheme. The same status was reported during the examination of DFG (2009-10), however, the total number of additional towers have been reduced from 10128 to 9000 towers.

29. With regard to the reasons for reduction in number of additional towers from 10128 to 9000, the Department have stated that as per an analysis it has been found that the proposed towers would cover very thinly populated and sparsely located villages, and would benefit less than 5 villages or less than 2000 population and, therefore, it would not be commercially viable to provide services from such towers. However, USO Fund is considering making use of alternate solutions to provide coverage to these areas.

(e) Pilot Projects under USOF for Renewable Energy

30. For induction of new technological developments in the telecom sector, a scheme has been launched on a Pilot Project basis in rural and remote areas wherein about five Pilot Projects shall be provided subsidy support. Further support is also being considered for mobile charging stations in 5000 villages through TERI project of Lighting a Billion Lives (LaBL) for which the Agreement with TERI was to be signed in February 2010. As per the roll out condition, mobile charging stations in 5000 villages shall be set up in a phased manner over the next two years. Support is also being considered for renewable energy resources (Solar, Solar/Wind Hybrid energy solutions) for '28' sites on pilot basis, one in each state. An Outlay of Rs. 2.5 crore has been provided for the year 2010-11.

31. When asked about the status of signing the Agreement with TERI for the project of 'Lightening a Billion Lives', the Committee have been informed that the Agreement is likely to be signed shortly.

32. Regarding the status of Renewable Energy Sources (Solar, Wind, Hybrid energy solutions) for 28 sites on pilot basis, the Committee have been apprised that bids have been called for 28 Renewable Energy sites on a pilot basis i.e. one in each State. The bids have been evaluated and the Agreement with successful bidders is likely to be signed shortly

(f) Waiving of rural landline licence fee

33. The Committee have been informed about the reservation of Ministry of Finance on the issue of waiving of landline licence fee as the proposal entails a revenue loss of Rs. 200 crore per annum, of which Rs.75 Crore per annum will be the loss to the General Exchequer. Moreover, at a time when the obligations from the USO Fund are likely to increase substantially, any deficit in accruals thereto, on a sustainable basis, cannot be supported. However, the Department have informed that the Case was further examined by Finance Wing of DoT considering the remark of Finance Ministry and have forwarded for suggestions to the USOF wing to obtain remarks regarding possibility of working out a suitable scheme.

34. When asked to give the latest status report on the issue of waiving of rural landline licence fee, the Department informed that the matter is under consideration for decision on further course of action.

(iv) Broadband Expansion

35. As per the information provided by the Department, there are about 8.03 million broadband subscribers in the country. As on February, 2010, the urban and rural connections provided by BSNL are stated to be 4,590,864 and 462,168 respectively. There are about 4108 cities, 5468 block headquarters, 626 district headquarters covering about 1,10,187 villages which are broadband enabled. Out of about 2.50 lakh Village Panchayats about 32 per cent (i.e. 79,110) Village Panchayats are broadband enabled as on February, 2010. An additional 1.25 lakh Panchayats are planned to be broadband enabled by March, 2011.

The role of Broadband in the growth of GDP

36. With regard to significance of broadband in a country's economy , the Committee have been apprised that according to a World Bank Survey, for every

increase of 10 per cent regarding accessibility to broadband connectivity, it leads to an increase in the growth of GDP by 1.38 per cent which means economic development of the country.

37. When asked to state whether any study has been conducted to assess the role of broadband in the growth of GDP of the country, the Department informed that no study has been conducted or being contemplated by the Department.

38. From the data submitted by the Department regarding the target set and achievement made for the coverage of broadband coverage at Village Panchayat Level, it has been observed that the performance in some of the States/UTs is poor. Such under performing States/UTs include Assam, Chandigarh, Daman and Diu, Dadra and Nagar Haveli, Jharkhand, Lakshadweep, all the North East States, Tamil Nadu, West Bengal.

39. In the background of the Broadband Policy, 2004 which envisaged a target of 20 million broadband subscribers at the end of 2010, the Department were asked whether they would be able to achieve the 20 million target taking into consideration that only 8.03 million have been achieved as on January, 2010. In this regard, the Department have responded that the growth of broadband penetration has not been upto the mark and the reasons are: (i) lack of interest in private operators for broadband network expansion in rural areas being non-remunerative, (ii) non-availability of spectrum for mobile broadband, (iii) difficulty in laying of OFC network due to issues related to right of way clearances and high cost of right of way charges, (iv) high backhaul cost, (v) low PC penetration, (vi) high cost of Customer Premises Equipment (CPEs), (vii) low literacy levels, (viii) lack of local content and (ix) poor power supply.

40. The Department have informed that the following initiatives have been taken to achieve the target envisaged in Broadband Policy, 2004:

(i) For providing wireline broadband connections to Gram Panchayats, Higher Secondary Schools, Public Health Centres etc. under the USOF scheme, funds to the tune of Rs.1500 crore have been earmarked during the current Five Year Plan.

(ii) Setting up of 100,000 Common Service Centres (CSCs) by Department of Information Technology by 2010 which will provide access of broadband to about 6 lakh villages covering 700 million population.

(iii) Target to cover all Gram Panchayats, Government High Secondary Schools and Public Health Centres by broadband connectivity by 2012

(iv) Proposal for laying of dark fibre in all the 2.5 lakh Gram Panchayats with subsidy support from USOF is under consideration which will form the backbone network for the backhaul requirement in sharing mode

(v) Development of alternate energy resources, low power consumption and green telecom equipments for rural areas to reduce the dependence on State Governments for power supply

(vi) Suitable amendments have been made in the Indian Telegraph Act, 1885 to enable provision of USOF support for provision of Broadband connectivity to rural and remote areas.

(vii) BSNL has introduced many value added services such as IPTV, Games on Demand, Entertainment, educational content, Broadband – VPN, Video Conferencing, etc. to popularize Broadband services.

41. Elaborating on the issue, the representative of BSNL during the evidence stated as under:-

> "…….as far as the broad band is concerned, the BSNL is focussing both on wireline and wireless broadband connectivity. First talking about the wireline broadband, BSNL has out of the eight million subscriber that are there, five million subscribers, that means 60 per cent market share is of BSNL which has been over the years growing. In the last two years it has gone over from 40 per cent to 60 per cent. What we have done is that apart from all the cities which are completely covered we have got 29,000 telephone exchanges in the rural areas, out of which 24,000 exchanges we have already made broadband enabled. The focus is that all rural areas should have wireline broadband and that has already been done. In addition, in wireless broadband our focus is that we provide all the block headquarters with the Wi-Max access which will provide the wireless broadband. In all the 6,000 block headquarters, we have planned for Wi-Max towers to be provided. For the first one thousand already equipment has arrived and 250 of them have already been commissioned and remaining equipment is going on. In addition to the Wi-Max in the city areas especially we have started broadband access on 3G. We have already covered a large number of cities in the North Zone, in the East Zone and the South Zone with the 3G access and we have already 10 lakhs connection working on the 3G. There are already one million 3G connections working and we have a capacity of five million which is being installed. We have focussed to provide another two million connections in the coming year on the 3G. That way, there is a complete focus on that and then to promote the broadband in rural areas, along with the USO we have come out with a scheme where the PC is also being made affordable to the

rural population where a subsidy of Rs. 4,500 is given on the PC which is being provided and instalment schemes have been worked out so that the rural people and the other people can get the PC on equated monthly instalment basis. All those measures are being taken to promote the broadband penetration."

42. The representative of MTNL further added as under:-

"We in MTNL today have more than one million subscribers on broadband out of which about eight lakh are on the wireline and about 2.5 lakh are on wireless 3G. Actually when the 3G spectrum was given to us we had already planned the core network in such a manner that we were ready to roll out 3G immediately.....We are also planning to give 3G to all the subscribers who have 3G handset or who can use 3G service without any restriction. In the last few months we have been able to add substantial number of subscribers after the roll out has been completed. We have a target of reaching two million broadband subscribers for wireline and wireless by the next financial year."

43. When asked about the initiatives that have been taken by the Department to coordinate with the other concerned Departments/Ministries to ensure successful implementation of the broadband scheme, the Department submitted that based on directions of Cabinet Secretariat, an Inter-Ministerial Committee (IMC) was set up to prepare Concept Paper on "Broadband for All-An Integrated Approach for Rural Areas". The Inter Ministerial Committee, with participation from Department of Telecommunications, Planning Commission, Department of Higher Education, Department of Elementary Education, Ministry of Rural Development, Department of Economic Affairs, Ministry of Panchayati Raj and Department of Information Technology, held various meetings and finalised a draft Concept Paper. The salient points of the recommendations of IMC are as follows:

- OFC connectivity should be provided to all the 2.5 lakh village panchayats to ensure availability of high speed broadband (2 mbps) to all of them
- Broad strategy should be providing optical connectivity upto Gram panchayat level and the last-mile broadband connectivity could be made available through wireless based on 3G/broadband wireless technology.
- Dovetailing of financial resources from NREGS for labour component of laying OFC, although desirable, appears difficult on account of provisions of NREGS.
- An estimated amount of Rs. 18,000 crore will have to be provided from USO Fund for laying of 5 lakh kms of OFC over a period of three years.

- Carve out an infrastructure company form BSNL which can work with support of other PSUs like PGCIL & RAILTEL. The existing OFC network of BSNL could also be transferred to this Company. The network would be compulsorily shared among all service providers on same terms and conditions, to ensure level playing field.

- Mapping of entire network by USOF of various operators including PSUs on a GIS platform along with Gram panchayats to arrive at better estimates of incremental OFC length.

- Adoption of various methodologies in speeding up and simplifying right way of permissions.

- For undertaking the actions indicated in the recommendation, preparation of a detailed project report has been suggested.

44. Further, the Committee have also been informed that IMC has proposed that the Full Telecom Commission should take a decision on its recommendations and if necessary, Cabinet/Cabinet Committee/GoM may be constituted for taking a final decision on the recommendations and the Department have decided that

i. All existing OFCs would be mapped on a GIS platform within 2 months by USOF to get a better estimate of the required additional OFC.

ii. A Detailed Project Report (DPR) would be prepared by USOF which should include the following:

- Estimation of growth of broadband connections in rural area for next 20 years.
- Suggestion of the optimum depth to which OFC should be laid (blocks, large villages or all gram panchayats etc.) to provide adequate broadband speeds (2 Mbps) in rural areas and meet broadband requirements of all operators.

(a) <u>USO Activities and progress made in Broadband Expansion</u>

<u>Wireline Broadband Connectivity in Rural and Remote Areas</u>

45. The scheme was launched in January, 2009 to cover 28,000 rural exchanges and for a capacity creation of about 18 lakhs connections with a roll out period of 5 years. For the year 2009-10, an Outlay of Rs. 35 crore was provided with a physical target of 100000 broadband connection and 100 kiosks. However, out of the total Outlay, only Rs. 23.73 crore have been spent as on January,20010. An achievement of 1,18,785 broadband connections and 4 kiosks as on February, 2010. For the year 2010-11, Rs. 125 crore have been provided with the projected outcome of 120000 broadband connections and 1500 kiosks by March, 2011.

Wireless Broadband Connectivity in Rural and Remote Areas

46. 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 passive infrastructure available with the Telecom Service Providers (TSPs). This scheme would provide broadband coverage to above 2 lakh villages in 5000 blocks and the rest of the villages will be covered in subsequent schemes. However, the Committee have been informed that the scheme would be taken up after the BWA and 3G spectrum auction process is complete. An Outlay of Rs. 215 crore has been provided for this scheme for the year 2010-11.

Status of 3G Auction

47. When asked the latest status of 3G auctions, the Department have informed that the auction were tentatively proposed first in January 2009 and then in January 2010. But the Notice Inviting Applications (NIA) was finally issued on 21st February 2010 only. Now the auction is scheduled to begin from the 9th of April 2010 as per the said NIA.

48. When enquired as to how the Department would ensure availability of Spectrum at the earliest so as to ensure expeditious action for auction of 3G spectrum, the Department informed the Committee that EGoM on 3G auction have directed that 3 blocks would be auctioned in all telecom circles except Bihar, HP, Punjab, J&K and West Bengal where 4 blocks would be auctioned and all blocks of 3G spectrum would be assigned for use to successful bidders from 1st September, 2010 only.

e-Auction of 3G Spectrum

49. During the course of evidence, the Department were asked how they would address the issue of security concerns regarding e-Auction of 3G spectrum, the representative of the Department stated as under:-

> "The auction, as the Chairman has pointed out, is an electronic ascending simultaneous auction. The bidders can bid from wherever they are on the Internet, and each qualified bidder is being given a CD-ROM which has elaborate system of security access systems through digital signatures and passwords which would be there. The system of auction is a clock auction wherein the auctioneer will mention a price and the bidders have basically to

respond with whether they are willing to take spectrum at that price or no. It is basically a 'yes' or 'no' response, Sir. Each round, the price would be raised by a specific percentage, the conditions for which have been clearly spelt out in the notice inviting applications which is on our website. The security conditions have specifically taken into consideration the best practices followed by various auctions done by the Office of Communication in the UK, and the Federal Communications Commission in the US. The auctioneers who are working for us have long experience of conducting auctions in various European and American markets. The additional feature to prevent cartel formation or leakage of information or provision of information which would give one bidder an advantage over the other is taken care of by the fact that during the auction except for the core team of auctioneers which would be based at an undisclosed location, no one else including any person in the DoT or in the Government would have access to any more information than that would be put out on a daily basis on our website in the public domain.

We have also an Inter-Ministerial Committee set up by the Government which is overseeing all aspects of the auction. It has representatives also from the Department of IT in the Ministry of Communications to specifically look at the security elements of the auction, to ensure secure communication that there is no hacking or someone does not get authorised information as well as to ensure that the security systems, the digital passwords, the access control is of international standards. The auction will be held on the 9th, but before that, on the 5th of April, there is going to be a mock auction for all those bidders who are found eligible to ensure that they can access the auction server without any problem. There is no problem of speed or connectivity or security. We have also, in the DoT, taken special precautions and with the help of NIC, we have moved our website which is now being served through four servers as back up so that it does not collapse as happened in the case of the website of the IIM when there were lots of hits. So, various measures are being taken. It is a fact that this is the first auction. We do not have experience of conducting an auction of this magnitude in this country, but all efforts have been made to look at the best practices from different parts of the world and tried to adopt and incorporate them in this auction."

Consultation Papers on 4G Services by TRAI

50. The Committee have been informed that TRAI has issued pre consultation papers for seeking comments of various stake holders for the 4G services and the last date for receiving the comment was 20th March 2010.

51. When asked to give the highlighting points that have been received from the stakeholders for the introduction of 4G services, the Committee have been

informed that till 29th March, 2010 TRAI has received 9 responses from various stakeholders. The stakeholders, who have forwarded their comments, have supported the commencement of consultations on the 4G services indicating the need to auction the spectrum for 4G services at an early date. The following issues have been highlighted in the responses received:

(i) Requirements of large chunk of contiguous spectrum bandwidths;

(ii) Refarming of spectrum from the Government agencies for the newer technologies in the internationally identified spectrum bands;

(iii) Refarming of existing 2G spectrum bands 900/ 1800/ 1900 MHz for deployment of 4G technologies and services;

(iv) Issue of convergence of different technologies and services;

(v) issues & challenges in extending the broadband access to the rural India;

(vi) requirements of licensed and de-licensed usages of the spectrum to enable cost effective business models that are usable in urban and rural connectivity;

(vii) Candidate technologies for the 4G and band plans for various commercial services;

(viii) Need to migrate from IPV4 to IPV6.

52. The Department have also informed that on request of some the stakeholders, the last date for receipt of comments has been extended up to 15th April, 2010.

(b) <u>USO Pilot Projects for Broadband Connectivity</u>

<u>Satellite Broadband Connectivity in Rural and Remote Areas</u>

53. The scheme would cover provision of broadband connectivity in 5000 villages which do not have any terrestrial connectivity. An Outlay of Rs. 5 crore has been provided for this scheme for the year 2010-11. Regarding the status of the scheme, the Committee have been informed that the technical consultant for this scheme, i.e. C-DoT, has submitted its report and the same has been approved, in principle, by the competent authority. The formulation of the scheme is in progress and would be launched soon.

Augmentation, Creation and Management of Optical Fibre Network in Assam

54. The Committee have been informed that an Outlay of Rs. 26 crore has been provided for this scheme with a stipulated target of connecting 20 Districts by March, 2011 in the State of Assam during the year 2010-11. Further, the Committee have been apprised that the agreement for this scheme was signed on 12th February, 2010. However, the envisaged network is yet to be rolled out.

Augmentation, Creation and Management of Optical Fibre Network in Service areas other than Assam

55. Regarding Augmentation, Creation and Management of Optical Fibre Network in Service areas other than Assam, the Committee have been informed that the scheme will be rolled out in a phased manner during the current Five Year Plan (2007-2012). North East service area (comprising States of Meghalaya, Manipur, Tripura, Mizoram, Arunachal Pradesh, and Nagaland) and West Bengal service areas (comprising States of West Bengal and Sikkim) are being taken up first for implementation. For this, an Outlay of Rs. 10 crore has been provided with a target to cover 25 districts in these States. Elaborating on the issue, the Department informed that with regard to West Bengal Service Area and North East Service Area, USOF is in the process of signing MoU with Telecommunications Consultants India Ltd (TCIL) which likely to be signed in the month of March 2010.

IV. PROGRAMMES/SCHEMES CARRIED OUT WITH THE GROSS BUDGETARY SUPPORT

PERCENTAGE OF UTILISATION OF OUTLAYS IN SOME OF THE PROGRAMES/SCHEMES DURING 2007-08, 2008-09 AND 2009-10

Percentage of utilisation of Outlays w.r.t. RE

Scheme/Programme	2007-08	2008-09	2009-10 (upto January, 2010)
Wireless Monitoring Organisation (WMO)	0.00%	27.67%	5.50%
Wireless Planning and Coordination (WPC)	48.76%	38.04%	10.25%
Telecommunication Engineering Centre (TEC)	28.89%	0.00%	0.00%
Telecom Testing and Security Certification Centre (TETC)	0.00%	100.33%	0.00%

(i) Telecom Engineering Centre (TEC)

56. The Committee have been informed that the Plan allocation for TEC for 2009-10 at BE stage was Rs. 8 crore which was reduced to Rs. 1.90 crore at the RE stage. However, the actual was nil as on January, 2010. The Plan BE for 2010-11 provide an Outlay of Rs. 8 crore for TEC.

Setting up of Specific Absorption Rate (SAR) Lab

57. When asked about the major areas which would be taken up by TEC during 2010-11, the Committee have been apprised that TEC has planned to install a Specific Absorption Rate (SAR) Lab for testing mobile terminals to ensure that the radiations from the mobile equipment handled by the user are within safe limits taking into account that there has been a general concern towards the probable harmful effects on human beings from the electromagnetic radiations emitted by Mobile Terminals.

Radiation from Mobile Towers

58. When enquired about the effects of radiation from the towers on human being, flora fauna and the total eco-system, the Department informed that the Government has inserted a clause in the Access Service Licence Agreement dated 4th November, 2008 stating "Licensee shall conduct audit and provide self certificates annually as per procedure prescribed by Telecommunication Engineering Centre (TEC) / or any other agency authorized by Licensor from time to time for conforming to limits / levels for antennae (Base Station Emissions) for general public exposure as prescribed by International Commission on Non-Ionizing Radiation Protection (ICNIRP) from time to time. The Committee have also been informed that there are no restrictions on the installation of mobile towers in residential areas. However, the radiation of signal has to be within the limits prescribed by DoT. Permissible limits/levels of emission are given below:-

Frequency Range	**E-Field Strength (Volt/Meter (V/m)**	**H-Field Strength (Amp/Meter (A/m)**	**Power Density (Watt/Sq. Meter (W/Sq.m)**
400 MHz to 2000 MHz	$1.375f^{1/2}$	$0.0037f^{1/2}$	f/200
2 GHz to 300 GHz	61	0.16	10

(f= frequency in MHz)

Norms for Setting up of Towers

59. Recently a lot has been said by the media about the mushrooming of illegal towers in Delhi and NCR. When asked about the comments of the Departments in this regard, the Committee have been informed that to formulate a uniform Mobile Tower Policy, Telecom Regulatory Authority of India has issued a pre-consultation paper dated 5th February, 2010 and has asked all stakeholders to submit the comments by 20th March, 2010.

60. With regard to the norms for setting up of towers, the Department in their reply have stated that Telecom service provider decides the probable location of towers as per their Radio Frequency (RF) Network Planning and accordingly they are required to apply to local / municipal authorities for permission in terms of Section 12 of Indian Telegraph Act, 1885 and as such, the Department of Telecommunications are not interfering in this regard.

61. In a subsequent note the Committee have been informed that TRAI has contemplated to cover the following issues related to mobile towers which *inter-alia* includes:

(i) Future projections of telecom tower requirements and identification of tower location.

(ii) Tower design specification and camouflaging

(iii) Tower sharing among service providers

(iv) Ensuring safe radiation from mobile towers

(ii) Encouraging alternate source of energy for telecom tower to reduce pollution

(iii) Right of Way (ROW) for tower installation and laying of backhaul network

(iv) Methods to reduce number of telecom towers while providing better coverage for wireless services.

62. When enquired about the status of illegal towers in cities/areas other than Delhi and NCR, the Department have stated that they have not made any survey / study in this regard so far. However, all other States have formulated or are formulating their Tower Policy.

63. During evidence, the DoT also highlighted the problems of setting up of towers in urban areas as under:-

> "As regards the urban areas, this problem has been especially acute in large cities for three reasons..... One is non-availability of sites because of which there are dark spots where no signals exist and it affects the quality of most operators. Second is the aesthetic sense. In places like New Delhi, there is a special requirement. Third is the local municipal laws. The Department of Telecom set up a project called MOST, Mobile Operators Shared Towers project, especially to look at providing sites to these towers in cantonments and in large urban areas like New Delhi. We have got a major success when the Cabinet last year approved a policy on how towers would be installed in cantonments and the tariff that were payable. So, that problem has been by and large sorted out. The problem of national capital region is still there. We have been working together with the Municipal Corporation of Delhi, the NDMC, the Urban Arts Commission. The MTNL is also convening a meeting of group of all the operators to identify locations where multiple towers could be substituted by shared towers. There has been certain success in that area in the sense that lots of private operators have set up infrastructure companies and are sharing towers. Many of them are sharing towers with the MTNL. The radiation position in places like Chanakyapuri and other places has also improved greatly. The Urban Arts Commission has certain issues regarding the aesthetics of it. So, the operators have also designed certain mono-pole towers which could be put up on buildings, and not the regular steel kind of towers. Whoever is the operator or group of operators when they set up towers in an urban area, they have to follow the bye-laws of the municipality or the corporation. So, this is an issue which is primarily between the operators and the local bodies. Earlier the enforcement was apparently not taking place. But now in Delhi and in Noida the enforcement has been stronger. These are being rectified. The administration and the local bodies in these areas have given them some time. Hopefully they will be able to rectify this."

Mobile Number Portability

64. When asked about the status of finalization of Test Schedule by TEC which is a criteria for the implementation of Mobile Number Portability (MNP), the Department informed that TEC has already finalised the Test Schedule for implementation of MNP in December 2009.

65. Regarding the status of implementation of MNP, the Department have submitted that since all the required networks for the implementation of MNP are not likely to be completely ready by 31st March 2010 the deadline of 31st March,

2010 is not likely to be met and the new stipulated date for implementation is stated to be June, 2010.

66. When asked whether DoT have assessed the preparedness of all the service providers for implementation of MNP, the Committee have been informed that the review of preparedness of the Service Providers for implementation of MNP is being done regularly. The last review meeting with the stakeholders was held on 12th March 2010. The technical augmentation of networks has been carried out by most of the Access Service Providers. The installation of MNP Gateway of BSNL, MTNL and Uninor is yet to be completed. While BSNL and Uninor has already placed the purchase orders and are in process of installing / getting the MNP Gateway, MTNL is yet to place the purchase order for MNP Gateway. The BSNL and MTNL have also yet to establish the connectivity with the systems of MNP Service Providers.

Security Concerns for MNP

67. With regard to the readiness of the Department in connection with the security aspect for implementation of MNP, the Committee have been informed that Security Agencies have concern that in case a Mobile Number is under Lawful Interception and Monitoring by Security and Law Enforcement Agencies (LEAs), the intercept messages should not get affected due to the Mobile Number being ported from one operator's network to other. The Security and LEAs should get seamless information / messages even in case of Mobile Number Portability. Further the matter was discussed and deliberated with Nodal Security Agency (Intelligence Bureau) and their comments have been received on the proposed process. However, the comments of Ministry of Home Affairs (MHA) are still awaited.

(ii) Centre for Development of Telematics (C-DOT)

68. Rs. 345 crore (IEBR+GBS) were provided to C-DoT at BE stage of 2009-10. The allocation was reduced to Rs. 170 crore at the RE stage. The Actuals as on January, 2010 are Rs. 81.94 crore. During 2010-11, the allocation at BE stage is for Rs. 309 crore.

69. When asked about the major areas proposed to be taken by C-DoT in 2010-11 , the Department have informed that (i) Gigabit Passive Optical Network (GPON) for providing broadband delivery over an Optical Fibre Cable (OFC), (ii) MAX-NG

(MAX- Next Generation) for migrating existing C-DOT fixed line switching systems to the next generation packet technology as well VoIP technology trial in the north east region, (iii) Shared GSM Radio Access Network (SG-RAN) for sharing active infrastructure among multiple service providers, (iv) Wi-Fi based broadband wireless system and (v) Setting-up R&D lab-build for data centre for piloting technology of Centralized Monitoring System (CSM) are some of the programes to be taken up by C-DoT. The Committee have also been apprised that these technology trials require deployment of multiple systems at different field sites and hence are capital intensive.

Scheme on ATM-based system customization for multiple Defence applications

70. Another important scheme which is intended to be taken up by C-DoT during 2009-10 and 2010-11 is stated to be ATM-based system customization for multiple Defence applications. In this regard, the Department informed that C-DOT has gained a significant expertise in successfully carrying out customization and trials in association with M/s BEL and Navy for its ATM technology and it is now planned to be proliferated in other naval programmes.

71. When asked to explain the impact which would be made by the scheme to the Defence Communication Network, the Committee have been informed that when all the Naval ships are equipped by the ATM technology from C-DOT, Navy will be capable of providing very high speed, high quality onboard communication. The technology coming from a National R&D center, onboard networks will be free from any security weakness. Also, due to the ATM customization program, Navy is assured of networks optimized for their specific needs and is assured of long-term support for patches, upgrades, and most importantly, support against obsolescence with assured supply of spares. The Committee have also been informed that the initiation of the scheme is a very important step towards self-reliance in the area of strategic sector.

V. DoT PROJECTS

72. The financial support of DoT Projects is provided from the GBS component of the Plan Outlay. Some of the important projects are:-

(i) Undersea Cabling between Mainland and Andaman & Nicobar (UM&AN)

73. In order to provide an alternate and more importantly reliable communication link to avoid communication black out in a disaster a need was felt to have a submarine cable link from mainland to Andaman & Nicobar Islands. A sum of Rs. 61 crore was provided for this project in BE 2009-10 which was reduced to Rs. 52 crore at RE stage. However, no expenditure was made as on January, 2010. For 2010-11, an Outlay of Rs. 161.84 crore has been provided at BE stage.

74. When asked to give the status of the project and the cost involved, the Department have stated that the total cost of the project is Rs. 522.06 crore and has been approved by Telecom Commission and a note for Cabinet Committee on Economic Affairs (CCEA) has been circulated to concerned Ministries for Inter-Ministerial consultations. The Committee have also been apprised that the major areas identified for the project during the year 2010-11 are Project Management Plan, Quality Assurance Specification Submission, Product Design Acceptance (Cable, repeaters, branching units, Submarine Line Terminating Equipment), Final Route Survey Approval etc.

(ii) OFC based network for Defence Services (DS)

75. An Outlay of Rs. 26 crore was provided in BE 2009-10 but it was enhanced to Rs. 211.85 crore at RE stage. However, as on January, 2010 the expenditure for the project was stated to be only Rs. 0.21 crore. For 2010-11, an Outlay of Rs. 1500 crore have been provided at BE stage.

76. When asked to furnish the details of the allocation projected and agreed during Eleventh Plan for the project, the Committee have been informed that the total proposed Outlay for replacement of some of the Defence Wireless network between fixed locations is Rs. 9175.16 crore (Rs. 1077.16 Crore for Air Force Network and Rs. 8098.00 Crore for Army and Navy Networks).

77. The Committee have also been apprised that the IAF network is expected to be commissioned by June, 2010 and the optical fibre cable based network is expected to be completed by December, 2012.

VI. BHARAT SANCHAR NIGAM LIMITED (BSNL)

78. The total Eleventh Plan allocation (at the current prices) for BSNL is stated to be Rs. 80607.73 crore. The financial performance of BSNL during 2007-08, 2008-09 2009-10 and 2010-11 is given below:-

(Rs. in Crore)

Proposed/BE/RE/Actuals	2007-08	2008-09	2009-10	2010-11
Proposed	22881	18591	14015	14891
Budget Estimates	22881	18591	14015	14891
Revised Estimates	14065	17891	14015	--
Actuals	7239.43	10876	8357.83 (Upto Jan, 2010)	--
Percentage of utilisation w.r.t. Revised Estimates	51.47%	60.79%	59.63%	--

79. Regarding the reasons for shortfalls in utilisation of Outlays, the Committee have been informed that it is due to non-finalization of tenders for reasons that were beyond the control of BSNL and in some cases due to non-supply of equipment by the vendor in timely manner. In line with Pitroda Committee's recommendations, BSNL is working on the Managed Capacity / Managed Services model of tendering, by which BSNL hopes to have better control over the procurement dynamics.

80. Taking into consideration the persistent trend of under utilisation of Outlay, the Committee desired to know how BSNL would ensure optimal utilisation of Outlays during the remaining period of Eleventh Plan. In reply, the Department have stated that certain measures have been taken which *inter-alia* include (i) change in procurement policy related to pricing formula; vendors tie up; fixing of 'Block of Three Years' for procurement etc to curb the delay in procurement of equipment, (ii) resorting to strict and tight schedule for timely availability of equipment and (iii) periodical monitoring of implementation of all major projects.

81. When asked to furnish the financial data of BSNL during the first three years of the Eleventh Plan, the Department submitted as under:-

(Rs. in crore)

Parameters	2007-08	2008-09	2009-10
Income	38,053	35,812	32,529
Expenditure	33,636	34,354	35,320
Profit	3,009	575	(-)3,641

82. The reasons for estimation of Rs. (-) 3641 Crore is due to the potential incidence of payment of arrears amounting to about RS. 3600 Crore to non-executive employees' w.e.f 01.01.2007. Also, the income of the Company has been under pressure due to reducing tariffs in highly competitive market, sharp reduction in Land Line revenue, stoppage of License Fee reimbursement, lower returns on investments etc.

83. Regarding physical targets and the achievements during 2007-08, 2008-09 and 2009-10 by BSNL, the Department have furnished the following details:-

Sl. No.	**Item**	**Unit**	**2007-08**		**2008-09**		**2009-10**	
			Target	Achievements	Target	Achievements	Target	Achievements*
1.	DELs	lakh	99.75	76.16	111.5	91.52	165	94.66
2.	Broadband ADSL+	Lakh	10.50	10.55	15	15.25	25	11.73
3.	Internet	Lakh	8.40	2.35	5	1.73	--	--
4.	TAX	KC	1,575	465	1200	148	1000	3
5.	OF Cable	RKMs	26,250	43,832	28,500	44,265	25,000	22,756

* Upto December, 2009.

84. When asked to give the reasons for shortfalls in the physical achievements vis-a-vis targets, the Department informed that shortfalls were due to the following reasons:-

(i) **Telephone connections (DELs)**: The reason for shortfall in telephone connections is due to surrender of wireline telephone connections including disconnection due to non-payment and delay in supply & commissioning of WLL equipment by ITI.

(ii) **Internet connections:** The reason for shortfall in internet connections is due to switch over of customers to Broadband service.

(iii) **TAX:** The reason for shortfall in TAX capacity is due to non acceptance of the purchase order issued by BSNL by the vendors.

(i) <u>Outstanding Arrears</u>

85. The Department have informed that the outstanding arrears to be recovered as on 31st January, 2010 by BSNL is Rs. 648.25 crore for GSM mobile and for wireline it is Rs. 3438.27 crore.

86. When asked about the measures taken by BSNL to recover its outstanding arrears, the Committee have been informed that the following measures have been taken by BSNL:-

(i) During 2009-10, a New Scheme named as "Project Kuber" has been launched to recover the outstanding dues over 3 months to 2 years old involving amount between Rs. 1000 to Rs. 20000 against closed connections through experienced Private Recovery Agents / Agencies on commission basis.

(ii) Heads of Circles have been authorized to Appoint Private Recovery agents on commission basis to assist BSNL in recovery of outstanding revenue. Circles have also been asked to utilize the services of State Government Departments in recovery of outstanding dues.

(iii) Graded discount scheme regarding grant of discount to defaulting customers, for clearance of old outstanding dues has been introduced.

(iv) Legal proceedings wherever required are initiated against the defaulters for recovery of dues.

(v) The State Governments have been requested to amend their respective land revenue acts so that the defaulted Telephone dues of BSNL can be recovered as land revenue arrears.

(vi) Procedure for settlement of defaulter cases through Lok Adalat has been introduced for recovery of outstanding telephone dues in respect of permanently closed connections.

(ii) <u>Surrender of Telephones</u>

87. The surrender of telephones during 2009-10 were: Wireline = 28,61,592, WLL (F&M)= 9,05,240 and GSM Mobile= 34,84,24. Some of the reasons attributed by M/s IMRB who conducted an independent study are (i) increased usage of mobile phones, (ii) prolonged breakdown of service due to various reasons like road widening, cable thefts, cable faults, etc. and (iii) poor customer care, billing problems, etc.

88. The Committee have been informed that some of the highlighting cases of surrender of Wireline, WLL (F&M) and GSM Mobile during 2007-08, 2008-09 and 2009-10 have been witnessed in the States/cities of Andhra Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab, UP (East and West), West Bengal, Kolkata and Chennai, etc.

(iii) Quality of Services

Wireless Connections

89. When asked about the steps that have been taken by BSNL to improve the GSM mobile services, the Department informed about the steps being taken in this regard *inter-alia* include:

(i) Improved customer care services.

(ii) Up gradation of wireless network.

(iii) Proper marketing of Mobile services.

(iv) Rationalization of Wireless services tariff.

(v) SMS based BTS (Base Transceiver Station) Outage escalation has been implemented for automatic reporting of the outage of BTS to the concerned maintenance staff.

(vi) Synchronization of the network elements has been initiated to further improve the Quality of service

(vii) Monitoring of BTS infra alarms/status at central locations.

90. Besides, drive tests are carried out on regular intervals with a periodicity of three to six months and also as and when the network is augmented. Power failure has been observed as one of the major source of BTS down-time affecting the Quality of Service. Diesel Generator sets are provided as source of power to such sites. Diesel filling is a major source of concern in BTS downtime in case of power failures. To overcome this problem, wherever internal resources are inadequate, outsourcing the activity of diesel filling including its transportation to site, is being put in place.

Wireline Connections

91. With regard to Wireline Service BSNL is taking/planning the following steps for further improving the quality of service:

Core Network:

(i) All major nodes in the core network are being connected by self-healing rings thereby increasing reliability of network.

(ii) Capacity of all the interconnecting switches is being further upgraded to meet the interconnection requirements of other operators.

Landline Services:

(i) External Plant is being upgraded continuously.

(ii) 5 pair Distribution Points is being introduced to reduce the length of local loops.

(iii) Most of the urban network is being made pole less.

(iv) Fault prone Underground paper core cables are being replaced by Jelly filled cables.

(v) 2519 SDCAs (out of 2634 SDCAs) are already covered with IVRS (Interactive Voice Response System) based centralized fault booking. Efforts are being made to cover rest of SDCAs also.

(vi) Regular patrolling of important cable routes is being done to prevent cable thefts/cable damages

(vii) New exchanges (RSUs /DLCs) are being opened to reduce loop length of cables

(viii) Protective devices are being installed in the exchanges

(ix) Drop wire are being replaced, wherever required; and

(x) Life expired telephone instruments are being replaced

92. Elaborating on the issue of ensuring better quality of services, the representative of BSNL during evidence stated as under:-

> "We have constituted drive test teams in every circle where they go and drive and find out what are the issues which have to be attended and then optimise the network. We have also outsourced this work to another agency who will benchmark our network and tell us so that we improve on it. The growth of cellular network customers is exceeding the expansion which is leading to congestion. Another issue which has been affecting the network is the power supply. It has become a major constraint in areas where power failure is there for even 12 hours or more. There, we have ensured that we have DG sets and we run those sets so that the network availability is smooth. That effort is also being maintained. We have started synchronising the network and monitoring the BTH infra alarms. If the DG sets are not working or the power supply has failed, immediately the alarm will come. We have made a SMS based system of sending the message to all the concerned people so that they start acting on it immediately. Similarly, we have started upgrading our wireless call centres where customers complaints come so that those centres are immediately able to attend those complaints. All these

measures are taken to improve the mobile network quality and for expanding the network."

(iv) Performance of BSNL in North-East Region

93. It has been stated that the performance of BSNL in North-East Regions during 2009-10 was poor. The achievements vis-à-vis the targets set were also poor. Regarding the Net Switching Capacity for Wired, WLL and CMTS the target set was 6,16,254 whereas the achievement made was only 2,83,040 upto December, 2009. The number of wireline and mobile connections to be connected during the same period was stated to be 1,71,000 and 4,55,000 respectively, whereas, the achievement made was only (-) 23,265 and 2,98,314 respectively. The VPTs to be covered as per the Census, 2001 was 4,877, whereas, the achievement made was only 1,339. Regarding Broadband Capacity (Ports) and Broadband Connections the target set was 41,105 and 32,255 respectively, whereas, the achievement made was 16,628 and 15,563 respectively. The total teledensity as on December, 2009 for the entire North-East Region is stated to be 8.01 per cent. Out of this, the urban teledensity is stated to be 18.79 per cent and that of the rural teledensity, it is stated to be 3.92 per cent.

VII. MAHANAGAR TELEPHONE NIGAM LIMITED (MTNL)

94. The total Eleventh Plan allocations (at current prices) for MTNL is stated to be Rs. 8636.31 crore. The financial performance of MTNL during 2007-08, 2008-09 2009-10 and 2010-11 are given below:-

(Rs. in Crore)

Proposed/BE/RE/Actuals	2007-08	2008-09	2009-10	2010-11
Proposed	2309.00	2430.97	1725.02	1204.10
Budget Estimates	2309.00	2430.97	1725.02	1204.10
Revised Estimates	1692.33	1304.28	1352.00	--
Actuals	932.46	789.40	669.21 (Upto Jan, 2010)	--
Percentage of utilisation w.r.t. Revised Estimates	55.10%	60.52%	49.50%	--

95. Regarding the reasons for under utilisation and reduction in the Plan Outlays, the Committee have been apprised of the following reasons:-

(i) MTNL has to comply with the reservation quota policy of the Government for placement of orders. Under this quota policy orders for 2 million lines of GSM and 300 K broadband ports for Mumbai was placed on ITI. However, the

failure of ITI to supply the equipment has resulted in the considerable delay in these projects. Later on ITI supplied the equipment but the delay in the installation has further delayed the payments which are linked with different milestones during the implementation of the project in the year 2007-08 and 2008-09.

(ii) For some of the MTNL projects, although equipments, have been installed and are in commercial use, full payments could not be released due to some pending point / features to be demonstrated

(iii) Further, Outlays were allotted for the laying of the submarine cable however because of procedural issues, the submarine cable tender was cancelled and re-called and the tender is still in the evaluation stage.

96. In connection with the corrective measures which are being taken by MTNL, the Department informed that MTNL is drafting its annual plan taking into consideration the experience it had gained during the previous years. Meetings are being 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 allocations are done based on the expenditure likely to be booked under the various heads.

97. Regarding the profit earned by MTNL during the first three years of Eleventh Plan i.e. 2007-08, 2008-09 and 2009-10, the Committee have been informed about the following:

Year	**Net Profit (Rs in million)**
2007-08	5868.91
2008-09	2117.17
2009-10 upto December, 2009 (Ltd Review))	-9411.05*

*This is mainly due to increase in provision for future pension payments.

98. Regarding the reasons for loss incurred upto December, 2009 by MTNL, the Committee have been informed that The major reason is heavy staff cost which MTNL is forced to incur on account of the staff strength of more than 45,000 employees absorbed in MTNL from DoT and decline in tariffs in highly competitive market with resultant decline in revenues.

(i) Outstanding Arrears

99. The outstanding arrears as on 31st March, 2009 was Rs. 1173.73 crore. However, it has increased to Rs. 1179.18 crore as on 28th February, 2010.

100. With regard to the policies and action taken to reduce the outstanding arrears, the Committee have been informed that a Revenue Assurance programme is being implemented in MTNL wherein efforts are being made to ensure that maximum Revenue Billing and Revenue Realization takes place to further reduce the outstanding dues. In Mumbai a professional agency has implemented this program on MTNL's initiative. Further, TR Action Plan is also being implemented wherein MTNL has been launching various schemes from time to time to recover the outstanding dues. A drive has been initiated to settle the outstanding of disconnected numbers by adjusting their Security Deposits against their outstanding bills. Further, Convergent Billing System is being introduced for achieving further control on Revenue Assurance and realization of outstanding dues.

(ii) Surrender of Telephones

Landline Connections:

101. The gross landline connections given by MTNL during 2009-10 both in Delhi and Mumbai was 1,90,557 connections, whereas, the surrender was 2,76,979 as on January, 2010.

102. When asked about the steps taken by MTNL to sustain the number of landlines customers and the profits earned by MTNL, the Committee have been informed about the following steps:-

(i) Introduction of new and attractive tariff plans.

(ii) Increase in penetration of Broadband on ADSL 2+ technology and offering triple play services (voice, data & IPTV) there by making fixed line services more attractive

(iii) In addition to above, MTNL is also exploring the provisioning of various new value added services like CRBT on fixed lines.

(iv) Offer free services as add on to existing services.

(v) Close monitoring of faults is being maintained and emphasis has been given on the improvement of the quality of service.

(vi) Stress has been given on the redressal of the subscriber's complaints by increasing number of positions in Customer Care Centres, providing single window at the Sanchar Haats.

Mobile Connections:

103. The gross mobile connections given by MTNL during 2009-10 both in Delhi and Mumbai was 5,60,129 connections, whereas, the surrender was 1,05,641 as on January, 2010. The total number of surrender of mobile phones in Delhi was 1,02,460.

104. The Committee have been apprised that one of the reasons for surrender of mobile phones as stated by MTNL is the fact that MTNL cannot afford to offer very low NLD rates compared to its competitor having an all India presence. As MTNL has to pay carriage charges and terminating charges to the NLD and terminating operators respectively MTNL can not offer very attractive unlimited plans in NLD areas.

(iii) Exploring of Overseas Market by MTNL

105. With regard to MTNL entering into the overseas market, the Committee have been informed that MTNL in association with BSNL is working on a ambitious plan for laying of about 4000 kms of Submarine OFC Cable from Indian East Coast to South East Asia and from India West Coast to Middle East with an aim for onward connectivity to the Europe and North America through existing and newly planned submarine cables *via* both east and west routes.

(iv) Role of MTNL in Commonwealth Games

106. MTNL has been selected as the official telecom partner to set up a world class communication infrastructure to meet out the Commonwealth Games 2010 requirements. The project involves laying of 350 km Optical Fiber connecting 37 games and other venues. State of the Art MPLS/IP Networks will be set up for High Definition TV, games data and security. The project will be completed by 1st week of September, 2010 at an estimated cost of Rs. 390 Crores.

107. When enquired about the preparedness of MTNL for the Common Wealth Games, the representative of MTNL during evidence stated as under:-

> "Sir, in case of this Commonwealth network we had submitted the plans to the Organisation Committee long back, almost a year back and they were considering those places but we were not given go ahead for quite some time. In spite of that we had taken some advance action in floating the tender and keeping everything ready so that as soon as we get the go ahead we could go ahead and place the orders. But we only got the go ahead for placing these orders recently. But in spite of that out of the 350 kilometers of fibre that we have to lay, we have already laid 250 kilometers of fibre and our equipment also will start coming on time. In that also we still have some dependence on OC also because the part we are doing is the wide area network part. We have three networks to set up. One is for video broadcast where we will be connecting more than 17 Games venues some other venues with their international broadcasting centres are being set up at Pragati Maidan through a very high capacity broadband pipe which will be in more than 200 GB wide pipe. We will be giving them two more networks. One is the games data network and one is the security network. Al the three networks we have to provide but within the venues, the local area network has to be provided by the Organising Committee through some other vendor and that part they have to do. To integrate the two networks together, the OCS has appointed TCS which is the third party integrator which will be integrating those networks together. Some of the venues are still not ready yet. We are able to take the fibre upto the venue but we are not able to take it inside the venue till the venues become ready. But from our side, we will ensure that it will be completed on time."

PART-II

Recommendations/Observations

For the year 2010-11, the Department have been allocated a Plan Outlay of Rs. 18135.10 crore which comprises of Rs. 16135.10 crore as Internal and Extra Budgetary Resources (IEBR) and Rs. 2000 crore as Gross Budgetary Support (GBS). The GBS component comprises of Rs. 315 crore as the Revenue Outlay and Rs. 1684.95 crore as the Capital Outlay. Besides an Outlay to the tune of Rs. 2400 crore has been provided for the Universal Service Obligation Activities out of the Universal Service Obligation Fund (USOF). With regard to the non-Plan Outlay, Rs. 7610.87 crore have been allocated at BE stage during the year 2010-11. The salient points arising out of the examination of the Demands for Grants for the year 2010-11 of the DoT are dealt with in the succeeding paragraphs.

Position of utilisation of Outlay (IEBR + GBS) during Tenth Plan and Eleventh Plan

1. The Committee note that there has been a persistent trend of allocating reduced Outlay as compared to the projections in all the first three years of the Eleventh Plan. Further, there has also been considerable reduction of Outlay at the RE stage. Not only that there are considerable shortfalls in the utilization of even the reduced allocation both under IEBR and GBS components. The aforesaid trend has been continuing from the Tenth Plan. The Committee in their earlier Reports have repeatedly been expressing serious concern over the under utilisation of scarce resources. Inspite of this, there has been no improvement in this regard. The data furnished by the Department substantiates the aforesaid observation of

the Committee. The total allocation during 2007-08, 2008-09, 2009-10 both under IEBR and GBS components was Rs. 63212.59 crore at BE stage which was reduced to Rs. 51817.54 crore at RE stage. Thus, there was reduction of Rs. 11395.05 crore at RE stage. Even the reduced allocation was not effectively utilized. During the aforesaid three years, there was under spending to the tune of Rs. 21585.56 crore i.e. 41.66 per cent of allocation provided at RE stage. All this clearly indicates that there are serious problems in implementation of various schemes/projects. The detailed analysis project/scheme-wise has been done in the later part of the Report. While expressing their serious concern over the sorry state of affairs with regard to implementation of various projects/schemes, the Committee strongly emphasize that the Department should take concrete action with respect to each of the project/scheme which is under performing to ensure optimal utilisation of the Outlay.

Financial achievements of the Department with regard to IEBR and GBS Component during the years 2008-09 and 2009-10

2. From the data made available by the Department, the Committee find that the problem of under utilisation of resources under IEBR and GBS component is continuing during the years 2008-09 and 2009-10. With regard to the performance of the Department during the year 2008-09, the percentage of utilisation of Outlay under IEBR component is 61.26 per cent and with regard to GBS, it is 94.76 per cent. During the year 2009-10, the utilisation status with regard to IEBR, is 58.69 per cent as on January, 2010. The situation is alarming in case of GBS component. During the course of examination of Demands for Grants (2010-11), the Department informed that out of Rs. 431 crore allocated at BE/RE stage during 2009-

10, the utilisation status was Rs. 85.59 crore i.e. 19.86 per cent upto January, 2010. Even during the course of oral evidence held on 26th March, 2010, the Department informed that the expenditure status was Rs. 85.80 crore i.e. 19.91 per cent upto February, 2010. To the surprise of the Committee, the Department informed in response to one of the post evidence question received five days after the evidence that the expenditure is now 81.88 per cent. The Committee express serious concern over the status of utilisation of Outlay reported to the Committee. The Department need to clarify how the spending under GBS component which was just 19.91 per cent during the course of evidence could magically grow to 81.88 per cent after mere five days after evidence. The substantial shortfall in utilisation of resources is a matter of concern particularly when the important projects of Government of India are starving for funds. Again the Committee emphasize that the Department need to analyse the performance of various schemes programmes to find out the shortcomings and take the desired action to address the various problems. The concrete action taken in this regard should be taken and the Committee informed accordingly.

Universal Service Obligation Fund

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. From

the data furnished by the Department, the Committee note that total amount collected as USL upto 2008-09 is Rs. 25331.36 crore whereas the total allocation made to the Department of Telecommunication is Rs. 10371.44 crore i.e. just 40.94 per cent. With regard to the status of utilisation of Outlay, the Committee find that whereas there are shortfalls in utilisation of Outlay provided under IEBR and GBS component, the financial performance of USO Fund is quite satisfactory. The position of not allocating resources commensurate with the collections even when the allocation are being fully utilized is a matter of concern particularly when there is a definite source of funding for USO Fund and there are big challenges of providing connectivity in rural and backward areas. The Committee, therefore, strongly recommend that the quantum of allocation for USO activities should be increased further so as to improve the rural telecom connectivity. Besides, the Committee would also like to be informed about the use of the remaining Outlay collected through Universal Service Levy.

Thrust Areas of the Department

Network Expansion

4. Indian telecom market is one of the fastest growing markets in the world. The network expansion of the Department envisages a total of 600 million connections by 2012. As on January, 2010, India has 582.04 million telephone subscribers (both wireline and wireless). India is proud to have the status of second largest network in the world after China. The data provided by the Department indicates that the targets with regard to telephone connections and teledensity in urban areas are being over achieved. However, a lot needs to be done with regard to telephone

connectivity in rural and backward areas. The urban teledensity as on January, 2010 is 113.78 per cent whereas the rural teledensity is just 22.18 per cent. With regard to the reasons for slower growth of rural teledensity as compared to that of urban teledensity, the Committee have been informed that it is primarily due to poor electric power supply, lack of adequate infrastructure, approach roads and demand for telephone connections in the far-flung and scattered areas. In this regard, the Committee are of the view that use of non-conventional sources of energy, particularly the solar energy is the answer to the problem with regard to the shortage of electric power supply. Therefore, there is an urgent need to coordinate with the Department of non-Conventional Energy Resources and find out ways to address the problem. With regard to providing telephone connections in far flung and scattered areas, the Committee have been apprised that telecom network is not technically and commercially viable. The Committee emphasize that these areas are in immediate need of telephone connectivity. Providing better communication networks would certainly help the population living in far flung and scattered areas to connect with the main stream and the rest of the country. As such these areas needs special attention by the Public Sector Undertakings particularly when a lot of Government funding out of USO Fund and GBS component are being provided to address the problem of connectivity in rural areas. Therefore, the Department should find ways and means to address the various problems of rural areas so as to ensure that the teledensity in these areas is at par with the urban areas.

5. The Committee are disheartened to note that the Public Sector share in the network expansion has declined over the years both for the wireline

and wireless, whereas, the Private Sector has improved their share in both the sectors. This is substantiated by the data furnished by the Department which indicates that the share of Public Sector in the wireline segment has declined from 97.56 per cent in 2006 to 85.06 per cent in January, 2010 whereas in the case of the Private Sector, their share has grown from 2.44 per cent to 14.94 per cent during the same period. In the wireless sector too, there is marginal decrease in the share of the Public Sector. It was 21.44 per cent in 2006 which declined to 12.85 per cent in January, 2010. The Private Sector has grown from 78.56 per cent to 87.15 per cent during the said period. The Committee conclude that there are serious problems affecting the functioning of the two PSUs i.e. MTNL and BSNL whereas the Private Sector with their efficiency and marketing strategies have grown over the years. The Public Sector is losing its share even in the wireline segment which was previously their domain. The aforesaid scenario of under-performance by PSUs is an area of concern and since the BSNL and MTNL are under the administrative control of Department of Telecommunications, the Department too have great responsibility. The various shortcoming affecting the functioning of the PSUs need to be assessed and corrective action taken expeditiously. The Department should take action on the suggested lines and apprise the Committee accordingly.

<u>Rural Telephony under USOF schemes</u>

<u>VPTs in uncovered villages</u>

6. The Committee note that the physical achievement of the scheme as on January, 2010 is 61633 VPTs out of the stipulated target of 62302 VPTs. However, the stipulated target date to complete the scheme by the extended deadline of November, 2009 has not been met. 669 VPTs could

not be installed even within the extended deadline of November, 2009. The reasons attributed for the same are the location of these uncovered villages in more difficult and inaccessible terrain in the States of Jammu and Kashmir, Meghalaya, Chhattisgarh, Arunachal Pradesh, Uttaranchal and Manipur. The Committee feel that there is an urgent need to provide VPTs expeditiously to these areas keeping in view their strategic locations. As such all the desired initiatives should be taken to provide connectivity to these areas. Further, the option of using alternate technologies need to be explored in these areas to ensure that the remaining VPTs are provided within the shortest possible time. The desired action should be taken in this regard and the Committee be kept apprised. Another noticeable development with regard to the extension of deadline is the fact that BSNL has extended the deadline to September, 2010 without the formal extension given by the Department.

Identification of beneficiaries for installation of VPTs

7. On a query whether having a telephone connection is one of the parameters that debars a person/family from the status of BPL, the Department has responded that the matter does not come under their purview. The Committee are unhappy to note the way the Department has responded to one of the important issue which has great impact on telephone connectivity in rural areas. Instead of taking the matter with the Department of Rural Development and State Governments, the Department have simply stated that the matter is not under their purview. While expressing displeasure over the insensitive attitude of the Department, the Committee strongly recommend that the matter should be

clarified from the Department of Rural Development and the State Governments and the Committee apprised about the position in this regard.

Role of Gram Panchayats in maintenance of VPTs

8. The Committee note that besides installing the VPTs in the Gram Panchayats, what is more important is that, these VPTs actually work upto the satisfaction of villagers who are the actual users. In this background the Gram Panchayats can play an important role. What is displeasing to the Committee is the casual way the Department have replied that the Gram Panchayats have no role in this regard. The Committee strongly recommend that various telecom facilities provided with the Government funding should be a part of the agenda of social audit by Gram Sabhas. The desired guidelines envisaging the role of Gram Panchayats in this regard should be framed and the Committee informed accordingly.

Telephone Advisory Committees

9. Telephone Advisory Committees (TACs) at the district and zonal level is an important mechanism to keep an oversight over the implementation of various telecom projects funded by the Government. In this connection, the Committee observe that the meetings of TACs are not being regularly held. These Committees are an important link between users i.e. public at large and the implementing agencies and can play pivotal role by getting the feedback from the users and communicating to the implementing agencies for taking the desired action accordingly. As such the Committee emphasize that the Department should closely monitor the outcome of the

sittings by these Committees. The necessary action in this regard should be taken and the Committee informed accordingly.

10. The Committee further note that as per the existing position local sitting Member of Parliament is the co-Chairman of TACs. In this regard, the Committee may like to draw the attention of the Department to the district level Vigilance Committees constituted by the Union Ministry of Rural Development where the local sitting Member of Parliament is the Chairman. The Committee recommend that the local Member of Parliament should be the Chairman of district and zonal TACs on the line of the Vigilance Committees of the Ministry of Rural Development.

11. The Committee further note that the members of TAC are provided landline telephone. In case, the member of TAC in whose area there is no telephone connectivity is deprived of the facility of telephone. Telephone connectivity is the basic requirement of a TAC member as through it he remains connected with local masses of his area who can communicate their grievances as well as makes suggestions. As such the Committee would like to recommend that the members of TAC should be provided mobile or WLL or landline telephones as per their preference. The desired steps in this regard should be taken and Committee informed accordingly.

<u>Provision of Individual Rural Direct Exchange Lines (RDELs)</u>

12. The Committee note that the scheme is progressing satisfactorily as on February, 2010 about 7.5 lakh line have been provided. During 2009-10 out of the stipulated target of 1.2 lakh RDELs, about 1.18 lakh RDELs have been provided. Nevertheless, the Committee feel that BSNL need to do a

lot on the aspect of their sustainability and take suitable steps in this regard.

Shared Infrastructure Mobile Service Scheme

13. The Committee note that in terms of percentage the scheme has achieved 95.22 per cent of the physical targets as on February, 2010. However, the target date for its completion has been extended to March, 2010 from September, 2009. The reasons for the same as explained to the Committee are lack of infrastructure, inconsistencies in the revenue record in many villages and non-availability and irregularity of power supply in the villages. Taking into consideration, the importance of rural connectivity, the Committee feel that the Department should ensure that BSNL crease out all the aforementioned problems and ensure that the scheme is completed in time. The Committee are also of the opinion that to address the problem of power supply in the villages, the option of using renewable source of energy particularly solar energy as recommended in the earlier part of the Report should be explored at the earliest. The Committee further desire that the urgent steps be initiated to make larger use of the renewable source of energy like solar energy in all the areas.

Waiving of rural landline licence fee

14. The Committee note that there has been reservation by the Ministry of Finance on the issue of waiving of rural landline licence fee as the proposal would entail a revenue loss of Rs. 200 crore per annum, of which Rs.75 Crore per annum will be the loss to the General Exchequer. The Committee also note about the viewpoint of the Ministry of Finance that at a time when the obligations from the USO Fund are likely to increase

substantially, any accrual of deficit in General Exchequer is not justified. However, the Finance Wing of the Department of Telecommunications have taken the case further and have forwarded for seeking suggestions to the USOF wing. The Committee have now been informed that the matter is under consideration for decision on further course of action. Moreover, as stated earlier, the allocations made under USO Fund are far lesser than the revenue generated by the levy to form the USO Fund. As such the Committee strongly recommend that decision in this regard should be taken at the earliest and the concerns of the Committee duly communicated to the Ministry of Finance.

Broadband

15. Broadband Policy, 2004 envisages a target of 20 million broadband subscribers by the end of 2010. As per the information provided by the Department, there are 8.03 million broadband subscribers as on January, 2010. Compared to the status of telephone connections to the level of 582.04 million, the Committee feel that there are big challenges before the Department regarding the broadband expansion in the country. In this connection, the Committee may like to highlight the finding of a survey by the World Bank as given in the documents of the Department according to which every 10 per cent increase in access to broadband connectivity leads to 1.38 per cent increase in Gross Domestic Product (GDP). The finding is very much relevant in the context of our country particularly at the period of slowdown of International economy which has an impact on Indian economy too. The reasons attributed for slow broadband penetration are (i) lack of interest in private operators for broadband network expansion in rural areas being non-remunerative, (ii) non-availability of spectrum for

mobile broadband, (iii) difficulty in laying of OFC network due to issues related to right of way clearances and high cost of right of way charges, (iv) high backhaul cost, (v) low PC penetration, (vi) high cost of Customer Premises Equipment (CPEs), (vii) low literacy levels, (viii) lack of local content and (ix) poor power supply. The Committee, therefore, strongly recommend that the position State/UT-wise in this regard should be analysed by the Department and all the desired action taken to increase the broadband connectivity in the country.

16. The Committee note that the Department have not taken any initiative to assess the impact of broadband in the growth of GDP in our country. As such the Committee emphasize that a survey in this regard should be done at the earliest and the Committee be informed accordingly.

17. As per the Broadband Policy, 2004, the Department has targeted to provide broadband connectivity to all Gram Panchayats, Government High Secondary Schools and Public Health Centres by 2012. The existing status with regard to Gram Panchayats is that out of 242279 Village Panchayats only 79924 Gram Panchayats i.e. only 32 per cent could be broadband enabled as on February, 2010. The State/UT wise information provided by the Department indicates that the coverage of broadband to Gram Panchayats is very low in almost all the States/UTs excepting Kerala, Goa and Puducherry where almost 100 per cent Gram Panchayats have been covered. Besides, the performance in Andaman and Nicobar Islands and Nagaland is also very good. The Committee are surprised to note that in Daman and Diu, Dadar and Nagar Haveli and particularly Chandigarh which is one of the best planned cities in the country, none of the Village Panchayats, in these areas have been broadband enabled. The Committee

may like to know the reasons for non coverage of all the Village Panchayats under broadband expansion programme particularly in the case of Chandigarh which has 17 Village Panchayats. Besides, the Committee emphasize that performance with regard to providing connectivity to rural Panchayats should be evaluated State/UT- wise and the necessary corrective action taken so that all the Village Panchayats are covered by the stipulated time frame i.e. by 2012. With regard to the target of broadband enabling of the Higher Secondary School and Public Health Centres the existing status has not been indicated in any of the documents furnished by the Department. The Committee would like to be apprised about the existing position and the steps initiated by the Department to provide broadband connectivity to all these schools and Public Health Centres by the stipulated deadline of 2012.

18. The Committee note that the Inter Ministerial Committee (IMC), with participation from Department of Telecommunications, Planning Commission, Department of Higher Education, Department of Elementary Education, Ministry of Rural Development, Department of Economic Affairs, Ministry of Panchayati Raj and Department of Information Technology, held various meetings and finalised a draft Concept Paper. The salient recommendations of IMC are (i) OFC connectivity should be provided to all the 2.5 lakh village panchayats to ensure availability of high speed broadband (2 mbps) to all of them, (ii) broad strategy should be providing optical connectivity upto Gram panchayat level and the last-mile broadband connectivity could be made available through wireless based on 3G/broadband wireless technology, (iii) dovetailing of financial resources from NREGS for labour component of laying OFC, while desirable, appears

difficult on account of provisions of NREGS, (iv) an estimated amount of Rs. 18,000 crore will have to be provided from USO Fund for laying of 5 lakh kms of OFC over a period of three years, (v) carve out an infrastructure company form BSNL which can work with support of other PSUs like PGCIL & RAILTEL. The existing OFC network of BSNL could also be transferred to this Company. The network would be compulsorily shared among all service providers on same terms and conditions, to ensure level playing field, (vi) mapping of entire network by USOF of various operators including PSUs on a GIS platform along with Gram panchayats to arrive at better estimates of incremental OFC length, (vii) adoption of various methodologies in speeding up and simplifying right way of permissions and (viii) for undertaking the actions indicated in the recommendation, preparation of a detailed project report has been suggested. Further, the Committee have also been informed that IMC has proposed that the Full Telecom Commission should take a decision on its recommendations and if necessary, Cabinet/Cabinet Committee/GoM may be constituted for taking a final decision on the recommendations. The Committee would like to be informed about the status of implementation of the recommendations of IMC.

<u>USOF activities and Broadband expansion</u>

<u>Wireline Broadband connectivity in rural and remote areas</u>

19. The Committee are disheartened to note that the scheme has not progressed satisfactorily. This is substantiated by the fact that during 2009-10, out of the total Outlay of Rs. 35 crore only Rs. 23.73 crore could be spent as on February, 2010 with a physical achievement of only 4 kiosks out of the stipulated target of 100 kiosks. The Committee, therefore,

recommend that earnest steps be taken to utilize the Outlay provided for 2010-11 as it has been increased from a mere Rs. 35 crore to Rs. 125 crore and also the stipulated target of kiosks have also increased from 100 kiosks to 1500 kiosks.

Wireless Broadband Connectivity in Rural and Remote Areas.

20. The Committee note that the scheme of wireless broadband connectivity in rural and remote areas will be taken up after BWA and 3G spectrum auction to provide financial assistance by way of subsidy for the wireless broadband active infrastructure such as BTS, by utilizing the existing passive infrastructure available with the Telecom Service Providers (TSPs) and this scheme would provide broadband coverage to above 2 lakh villages in 5000 blocks and the rest of the villages will be covered in subsequent schemes. The Committee hope that the BWA & 3G Auction is completed as per the stipulated timeframe and the scheme sees the light of the day.

e-Auction of 3G Spectrum

21. The Committee find that date of 3G auctions has been shifted several times and at last now the auction is scheduled to begin from 9th April, 2010. As informed by the Department, the rules of auction have been announced on 25th February, 2010 and they are on the DoT's website. As regards eligibility, as mentioned in the rules, all existing Universal Access Service License holders or existing telecom operators are eligible to bid in this auction. In addition, foreign entities that have experience of running 3G services are also eligible to bid. With regard to security aspects in the e-Auction, the Committee have been informed that the best practices followed by various auctions done by the Office of Communication in the

UK, and the Federal Communications Commission in the USA have been taken into consideration. Besides, The auctioneers who are working for DoT have long experience of conducting auctions in various European and American markets. The Department have also informed the Committee that suitable steps have been taken by the Department to ensure free, fair and transparent e-Auction for the 3G spectrum. The Committee hope that the Department auction the 3G spectrum in a successful manner. In this regard, the Committee would like to recommend that by undergoing the process of e-Auction, the Department should ensure that the Indian auctioneers also get the experience and expertise so that the country need not depend on the foreign countries for conducting such auctions in future.

Consultation Papers on 4G Services by TRAI

22. The Committee note that till 29th March, 2010 TRAI has received nine responses from various stakeholders. Some of issues that have been highlighted in the responses that have been received by TRAI include (i) requirements of large chunk of contiguous spectrum bandwidths, (ii) refarming of spectrum from the Government agencies for the newer technologies in the internationally identified spectrum bands, (iii) refarming of existing 2G spectrum bands 900/ 1800/ 1900 MHz for deployment of 4G technologies and services, (iv) issue of convergence of different technologies and services, (v) issues & challenges in extending the broadband access to the rural India, (vi) requirements of licensed and de-licensed usages of the spectrum to enable cost effective business models that are usable in urban and rural connectivity and (vii) need to migrate from IPV4 to IPV6. The Committee while appreciating the steps taken by TRAI for introduction of 4G spectrum recommend that the

Department should look into the nitty gritty of the issues raised by the stakeholders so that 4G spectrum is introduced in the country at the earliest.

USO pilot projects for broadband connectivity

Satellite Broadband Connectivity in rural and remote areas

23. The Committee note that an Outlay of Rs. 5 crore has been provided for the aforesaid scheme for the year 2010-11. The report in connection with the scheme which was submitted by C-DoT has been approved by the Competent Authority. The Committee would like to have a status report on the launching of this scheme and how far this scheme will be able to make rural and remote areas broadband enabled in the country.

Augmentation, creation and Management of OFC network in Assam, North-Eastern States and West Bengal Service Areas

24. The Committee note that for the scheme for augmentation, creation and Management of OFC network in Assam, an agreement was signed on 12th February, 2010. However, the said network is yet to be rolled out. Regarding OFC network in North East States and West Bengal Service Areas USOF is in the process of signing MoU with TCIL and is likely to be signed in the month of March, 2010. The Committee hope that these schemes would be rolled out at the earliest so as to have better broadband connectivity in Assam, North-East States and West Bengal and the initiatives like setting up of BPO in the North-East States sees the light of the day.

Telecom Engineering Centre

Setting up of SAR Laboratory

25. One of the important area identified by TEC for 2010-11 is the setting up of Specific Absorption Rate (SAR) Laboratory for testing mobile terminals to ensure that the radiation from the mobile equipment handled by the users are within safe limit. The Committee find that the proposed plan of setting up of SAR lab is a step in the right direction. The aforesaid lab should be set up expeditiously as it would go a long way in addressing the general concern towards the probable harmful effects of the electromagnetic radiation emitted by mobile terminals on human beings.

26. The Committee further note that an International study has been conducted on harmful effects of radiation on mobile. World Health Organization (WHO) recommends ICNIRP (International Commission on Non-Ionizing Radiation Protection) guidelines for restriction of radiation on mobile. Accordingly ICNIRP guideline have been approved by the Department. The Committee also note that the Department have specified ICNIRP limits with regard to radiation from base station tower & mobile phones. Presently, DoT have stipulated the system of self certification of Specific Absorption Rate (SAR) for mobile phone by mobile manufacturers. The Committee in this regard would like to recommend that it should be made mandatory for the mobile manufacturers to indicate the level of radiation on the product itself which would ensure that these manufacturers strictly follow the ICNIRP limits recommended by World Health Organisation (WHO). Besides all cell companies should clearly communicate the potential danger of cell phone radiation and exposure. The Committee also emphasize that the cell phone industry should share

the responsibility of risk communications and management specially taking into account the projections to have 600 million connections by 2012. The Committee strongly recommend that the Department should take the desired action to implement the aforesaid recommendations of the Committee.

Radiation from Towers

27. The Department have inserted a Clause in the Access Service Licence Agreement which stipulates that Licensee shall conduct audit and provide self certificates annually as per procedure prescribed by Telecommunication Engineering Centre (TEC) / or any other agency authorized by Licensor from time to time for conforming to limits / levels for antennae (Base Station Emissions) for general public exposure should conform to the Guidelines prescribed by International Commission on Non-Ionizing Radiation Protection (ICNIRP) from time to time. The Committee observe that besides the aforesaid provision, there is an urgent need on the part of the Department to ensure that the licencee actually conduct audit annually and the limits/levels for antennae (Base Station Emissions) for general public exposure are within the limits prescribed by ICNIRP.

28. The Committee observe that recently media has reported about the illegal phone towers mushrooming in Delhi and NCR areas. In this regard, it has been reported by the Department that to formulate a uniform mobile tower policy, TRAI has issued a pre consultation paper dated 5 February, 2010 on telecom towers and related issues. The Committee feel that the aforesaid initiative has only been taken after the problem of illegal towers has been reported by the Media. The Committee are further concerned to

note that the Department have not bothered to know the number of non-functional towers in the country. The Committee are of the strong view that the Department itself has to play a proactive role with regard to various issues related to telecommunications in the country. The problem of illegal towers in the country needs to be addressed. In this regard, a country wide survey should be conducted to know the extent of the problem of illegal and non-functional towers in various States/UTs. Now when the matter has been referred to TRAI, the Committee hope that the consultation by TRAI would be done in a stipulated time frame followed by guidelines by the Department to address the problem of telecommunication towers in the country.

Implementations of Mobile Number Portability

29. The Committee are concerned to note that the deadline for Mobile Number Portability (MNP) is continuously being shifted. The present deadline of 31st March, 2010 is also not likely to be met as stated by the Department. Now the probable date for its implementation is stated to be as June, 2010. The Committee further note that Security Agencies have expressed concern that in case a Mobile Number is under Lawful Interception and Monitoring by Security and Law Enforcement Agencies (LEAs), the intercept messages should not get affected due to the Mobile Number being ported from one operator's network to other. The Security and LEAs should get seamless information / messages even in case of Mobile Number Portability. In this regard, the matter has been discussed and deliberated with Nodal Security Agency i.e. Intelligence Bureau and their comments have been received. However, the comments of Ministry of Home Affairs (MHA) are awaited. The Committee find that the concerns

expressed by the security agencies are very much valid and the Department suo-moto should have sought the views of security agencies and Ministry of Home Affairs instead of waiting for these agencies to express their concern in this regard thereby delaying the implementation of MNP further. The Committee strongly recommend that all the security concerns expressed by these security agencies should be considered carefully and the Mobile Number Portability be implemented expeditiously.

Centre for Development of Telematics (C-DoT)

30. The Committee note that some of the programmes to be taken up by C-DoT for the year 2010-11 includes (i) Gigabit Passive Optical Network (GPON) for providing broadband delivery over an Optical Fibre Cable (OFC), (ii) MAX-NG (MAX- Next Generation) for migrating existing C-DOT fixed line switching systems to the next generation packet technology as well VoIP technology trial in the north east region, (iii) Shared GSM Radio Access Network (SG-RAN) for sharing active infrastructure among multiple service providers, (iv) Wi-Fi based broadband wireless system and (v) Setting-up R&D lab-build for data centre for piloting technology of Centralized Monitoring System (CSM). The Committee recommend that the Department should ensure that adequate Outlay is provided to C-DoT so that all these important projects are implemented in time to reap their benefits at the earliest by the masses.

Scheme on ATM-based system customization for multiple Defence applications

31. Another important scheme which is intended by C-DoT for the year 2009-10 and 2010-11 is ATM-based system customization for multiple Defence applications. In this regard, the Department have informed that C-

DOT has gained a significant expertise in successfully carrying out customization and trials in association with M/s BEL and Navy for its ATM technology and it is now planned to be proliferated in other naval programmes. The Committee have also been informed that when all the Naval ships being equipped by the ATM technology, Navy will be capable of providing very high speed, high quality onboard communication. The technology coming from a National R&D center, onboard networks will be free from any security weakness. Also, due to the ATM customization program, Navy is assured of networks optimized for their specific needs and is assured of long-term support for patches, upgrades, and most importantly, support against obsolescence with assured supply of spares. The Committee while appreciating the steps taken by C-DoT recommend that they should take suitable measures to ensure that the scheme is implemented expeditiously particularly when the initiation of the scheme is a very important step towards self-reliance in the area of strategic sector.

DoT Projects

Undersea Cabling between Mainland and Andaman & Nicobar (UM&AN)

32. The Committee note that the project costing Rs. 522.06 crore has been approved by Telecom Commission and a note for Cabinet Committee on Economic Affairs (CCEA) has been circulated to concerned Ministries for inter-Ministerial consultations. The Committee have also been apprised that the major areas identified for the project during the year 2010-11 are Project Management Plan, Quality Assurance Specification Submission, Product Design Acceptance (Cable, repeaters, branching units, Submarine Line Terminating Equipment), Final Route Survey Approval etc. Even when

the scheme was at the finalization stage, Rs. 52 crore was allocated at RE stage during 2009-10 which remained unutilized. During the year 2010-11, the allocation of Rs. 161.84 crore has been made at the BE stage. The committee find that the project of Undersea Cabling between Mainland and Andaman & Nicobar is an important project. After the execution of the project it would provide and alternate an more importantly reliable communication link to avoid communication blackout in a disaster. As such the Committee emphasize that the project should be approved expeditiously so that the Outlay provided are effectively utilised.

OFC based network for Defence Services (DS)

33. The Committee are disheartened to note that out of the Rs. 211.85 crore allocated at RE stage only Rs. 0.21 crore have been spent as on January, 2010 as the network has not been commissioned. The Committee have been apprised that the IAF network is expected to be commissioned by June, 2010 and the optical fibre cable based Defence network is expected to be completed by December, 2012. The Committee strongly recommend that the steps should be taken to ensure that the dedicated Defence network is completed by the stipulated time frame particularly in the context of MoU signed between the Ministry of Communications and Information Technology and Defence whereby the vacation of the spare spectrum from Ministry of Defence is dependent on the executions of dedicated fibre cable based Defence networks.

Bharat Sanchar Nigam Limited (BSNL)

34. The Committee are really upset to note the worsening status of one of the important Public Sector Undertaking i.e. Bharat Sanchar Nigam

Limited (BSNL) whose mandate is to provide telecom services across the length and breadth of the country excluding Delhi and Mumbai. The data in respect of various parameters of performance of the PSU as made available to the Committee substantiates the aforesaid observation of the Committee. There is persistent problem of under-utilization of scarce resources provided under IEBR and USO Fund. The utilization status of IEBR in the first three years of Eleventh Plan is just 57.87 per cent. Not only that, the profit making PSU has turned to be a loss making PSU as per the information provided to the Committee. During the year 2007-08, the profit was Rs. 3009 crore which decreased to Rs. 575 crore during 2008-09. During the year 2009-10, the estimated loss is to the tune of Rs. 3641 crore. There are huge outstanding arrears both for GSM mobile and wireline. As on January, 2010, the outstanding arrears are Rs. 4086.52 crore. Surrender of telephone connections is another matter of concern. During 2009-10 the total number of surrender wireline was 28,61,592, WLL (F&M) and for GSM Mobile it was 34,84,24. The under-performance of one of the important PSUs of the Department is a matter of great concern. The reasons for shortfalls in various parameters such as non-finalization of tender, non-timely supply of equipments, reducing tariffs in highly competitive market, sharp reduction in Land Line revenue, stoppage of License Fee reimbursement, lower returns on investments etc. are not acceptable to the Committee particularly when the Private Service Providers are functioning in all these conditions and even then making great profits. More so, BSNL being the Government of India undertaking has always the support of the Government by way of Government funding as well as various policies of the Government. Another noticeable point is that even when the Private Service Providers are waiting endlessly for

getting 3G spectrum, BSNL has been provided 3G spectrum much ahead. During this period BSNL had the great opportunity to take advantage of the facility of 3G services and could have easily overtaken the Private Service Providers. But the Committee are unhappy to note that this has not happened. The Committee are of the firm view that there is an urgent need to fix the responsibility for this under-performance by the PSU. The functioning of the BSNL should be reviewed and all the corrective action taken expeditiously. The Committee should also be kept informed about the action taken by the Department/BSNL in this regard.

Performance of BSNL in North-East Region

35. The Committee note that the performance of BSNL in North-East Regions during 2009-10 was poor as the achievements vis-à-vis the targets set were discouraging. Regarding the Net Switching Capacity for Wired, WLL and CMTS the target set was 6,16,254 whereas the achievement made was only 2,83,040. The number of wireline and mobile connections to be connected during the same period was stated to be 1,71,000 and 4,55,000 respectively, whereas, the achievement made was only (-) 23,265 and 2,98,314 respectively. Further, the VPTs to be covered as per the Census, 2001 was 4,877, whereas, the achievement made was only 1,339. Regarding Broadband Capacity (Ports) and Broadband Connections the target set was 41,105 and 32,255 respectively, however, the achievement made was 16,628 and 15,563 respectively. The total teledensity in the entire North-East Region is 8.01 per cent. Out of this, the urban teledensity is stated to be 18.79 per cent and that of the rural teledensity, is 3.92 per cent which are far below when compared with the National Statistics. Therefore, the Committee expect that BSNL would

perform better during 2010-11 by taking suitable measures to improve the network connectivity in this region.

Mahanagar Telephone Nigam Limited (MTNL)

36. The Committee note with dissatisfaction that the performance of MTNL is not upto the mark. The trend of under utilisation of Outlay has been seen during the first three years of Eleventh Plan. In terms of percentage, it is only 54.99 per cent with respect to the allocated REs. Further, the Committee note that there has been a decline in the earning of MTNL. As per the data furnished by the Department during 2007-08 the earning of MTNL was Rs. 5868.91 million but in the subsequent year it has reduced. During 2008-09, the earning was Rs. 2751.74 million less than what it had earned during 2007-08. For the year 2009-10, MTNL has projected a loss of Rs. 9411.05 crore. Another disappointing observation made by the Committee is with regard to the outstanding arrears. The outstanding arrears of MTNL as on 28th February, 2010 is Rs. 1179.18 crore. Further, the Committee also note the alarming trend of surrender of telephone in landline connections has grown tremendously. During 2009-10 the total connection given by MTNL was only 1,90,557, whereas, the surrender was 2,76,979. This means that the surrender is almost double the connections provided by MTNL. The trend of surrender has also been witnessed in the mobile connections. The total connections given during 2009-10 was 5,60,129 whereas the surrender was 1,05,641. From the above observation, the Committee cannot but conclude that a lot needs to be done on the part of MTNL to improve their performance taking into consideration that the share of Public Sector in the network expansion has been declining both in wireline and wireless services when compared to

the Private Sector. Since the Department look after the matters relating to the performance of its PSUs, the Committee recommend that they should thoroughly analyse the under performance of MTNL and take corrective action in this regard and Committee be informed accordingly.

Role of MTNL in Commonwealth Games

37. Commonwealth Games would start from 3rd October, 2010 and countdown for the game has already begun. This is a prestigious event for the country and MTNL has been selected as an official telecom partner to set up a world class communication infrastructure. The Committee note that the project which is being carried out by MTNL involves laying of 350 km Optical Fiber connecting 37 games and other venues for which State of the Art MPLS/IP Networks will be set up for High Definition TV, Games and Security data . The project is expected to be completed by 1st week of September, 2010 at an estimated cost of Rs. 390 crore. The Committee note that out of the stipulated 350 kms optical fiber to be connected for the Games, 250 kms have already been laid by MTNL. Again the Committee emphasize that Commonwealth Games is the proud event for the country when India will showcase its capabilities to the world. As such all the efforts should be made by MTNL to ensure that the project is completed well before 3 October, 2010 so that the setup is tested and the system functions properly during the Commonwealth Games.

RAO INDERJIT SINGH
Chairman
Standing Committee on
Information Technology

New Delhi
19 April, 2010
29 Chaitra, 1932 (Saka)

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Confidential

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2009-2010)

The Committee sat on Thursday, the 26th March, 2010 from 1100 hours to 1420 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Rao Inderjit Singh -- *Chairman*

MEMBERS

Lok Sabha

2. Shri Nikhil Kumar Choudhary
3. Shri Charles Dias
4. Smt. Darshana Jardosh
5. Shri Mithlesh Kumar
6. Shri Inder Singh Namdhari
7. Shri Abdul Rahman
8. Shri Prem Das Rai
9. Dr. Bhola Singh
10. Shri C. Sivasami

Rajya Sabha

11. Prof Alka Balram Kshatriya
12. Shri Dharam Pal Sabharwal
13. Shri Prabhat Jha
14. Shri M.P. Achuthan

SECRETARIAT

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

WITNESSES

REPRESENTATIVES OF THE DEPARTMENT OF TELECOMMUNICATIONS

1. Shri P.J. Thomas, Secretary, DoT
2. Dr. Ashok Chandra, Wireless Advisor
3. Shri J.S. Deepak,Joint Secretary (T)
4. Smt. Archana G Gulati,Joint Administration (F)
5. Shri Kuldeep Goel,CMD, BSNL
6. Shri Kuldeep Singh,CMD, MTNL
7. Shri S. K. Chatterjee,CMD, ITI

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee convened to take oral evidence of the representatives of the Department of Telecommunications of the Ministry of Communications and Information Technology in connection with the examination of the Demands for Grants (2010-11) of the Department of Telecommunications.

[The representatives of the Department were then called in]

3. The Chairman welcomed the representatives of the Department of Telecommunications. The representatives of the Department then explained salient features of the Demands for Grants (2010-11) through a power point presentation highlighting briefly the important activities/achievements of the Department, targets set for the Annual Plan 2010-11 and the initiatives being taken by the Department to meet them within time was also brought out in the presentation.

4. The Members sought certain clarifications on various issues relating to the examination of Demands for Grants (2010-11) of the Department and the representatives of the Department of Telecommunications responded to the same. Further, the Secretary assured the Committee to furnish written replies of the issues of which information was not readily available.

5. The Chairman thanked the representatives of the Department of Telecommunications for appearing before the Committee as well as for furnishing valuable information that the Committee desired to know in connection with the examination of the Demands for Grants (2010-11) of the Department.

[The witnesses then withdrew]

A copy of verbatim proceedings of the sitting has been kept.

The Committee then adjourned.

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MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2009-10)

The Committee sat on Tuesday, the 13th April, 2010 from 1500 hours to 1600 hours in Committee Room '62', First Floor, Parliament House, New Delhi.

P R E S E N T

Shri Rao Inderjit Singh - Chairman

Members

Lok Sabha

2. Shri Rajendra Agrawal
3. Shri Nikhil Kumar Choudhary
4. Shri Charles Dias
5. Smt. Darshana Jardosh
6. Shri Mithilesh Kumar
7. Shri Inder Singh Namdhari
8. Shri Abdul Rahman
9. Shri Tufani Saroj
10. Shri C. Sivasami
11. Shri Dharmendra Yadav

Rajya Sabha

12. Shri Jesudas Seelam
13. Shri Ravi Shankar Prasad
14. Shri Prabhat Jha
15. Shri P. Rajeeve
16. Shri N.R. Govindarajar
17. Shri M.P. Achuthan

S E C R E T A R I A T

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

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee.

3. *** *** ***

4. The Committee, then, took up for consideration the Draft Report on Demands for Grants (2010-11) of the Department of Telecommunications (Ministry of Communications and Information Technology) and adopted the same with deletion of Para No. 93 of Part-I and modifications to Para Nos 6, 13 & 21 and deletion of Para No. 35 of Part-II of the Report.

5. The Committee, then, authorized the Chairman to finalise the aforesaid draft reports in the light of the factual verifications made by the concerned Ministry/Department and present the same to the House on a date convenient to him.

The Committee, then, adjourned.