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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2001)**

THIRTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS
(DEPARTMENT OF TELECOMMUNICATIONS)**

**DEMANDS FOR GRANTS
(2001-2002)**

TWENTY-SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2001/Chaitra, 1923 (Saka)

INTRODUCTION

I, the Chairman, Standing Committee on Information Technology (2001) having been authorised by the Committee to submit the Report on its behalf, present this Twenty-Second Report on 'Demands for Grants (2001-2002)' relating to the Ministry of Communications (Department of Telecommunications).

2. The Standing Committee on Information Technology (2001) was constituted on January 1, 2001. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider Demands for Grants of the concerned Ministry/Department and make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications (Department of Telecommunications) for the current year *i.e.* 2001-2002 which were laid on the Table of the House on March 19, 2001. The representatives of the Department of Telecommunications briefed the Committee on March 14, 2001 about the Demands for Grants (2001-2002) pertaining to their Department. The Committee took evidence of the representatives of the Department of Telecommunications on March 23 and 28, 2001.

4. The Report was considered and adopted by the Committee at its sitting held on April 12, 2001.

5. The Committee wishes to express its thanks to the Officers of the Department of Telecommunications for appearing before the Committee and for furnishing the information, that the Committee desired in connection with the examination of the subject.

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

NEW DELHI;
12 April, 2001

22 Chaitra, 1923 (Saka)

SOMNATH CHATTERJEE,
Chairman,
Standing Committee on
Information Technology.

REPORT

Introductory

Pursuant to the New Telecom Policy announced in April 1999, the Government of India on October, 15, 1999 bifurcated the Department of Telecommunications into two Departments *viz.* the Department of Telecommunications (DoT) for policy and licencing function and Department of Telecom Services (DTS) for all service providing functions. On July 19, 2000, the Department of Telecom Services was further bifurcated into two Departments *viz.* the Department of Telecom Services (DTS) and the Department of Telecom Operations (DTO) for all matters relating to operations of telephones, wireless, data, facsimile and telematic and other like forms of telecommunications. However, as it is being contended that consequent upon the furtherance of the ongoing reforms in the Telecom Sector, the two newly carved out service providing Departments *i.e.* DTS and DTO were corporatised and a Public Sector Company namely "Bharat Sanchar Nigam Ltd. (BSNL)" was established and given all the service providing functions with effect from October 1, 2001, earlier performed by the abovementioned two Departments. Thus, after losing the direct responsibility of service providing function, the Department of Telecommunications is now responsible for policy formulation, licensing, wireless, spectrum management, administrative monitoring of PSUs, research and development and standardization/validation of equipments etc.

2. In the year 2000-2001, the DoT received approval for two Demands *i.e.* Demand No. 12 and Demand No. 13. Demand No. 12 related to DoT and Demand No. 13 was for DTS. Consequent upon the creation of BSNL, the Department of Telecommunications has presented only Demand No. 12 for the year 2001-2002.

A. Budgetary Provision

3. The Budget Estimates of the Department of Telecommunications (DoT) for the year 2001-2002 is as under:—

Demand No. 12		(Rs. in crore)
Revenue Section	Plan	Non-Plan
Major Head		
3275	107.6	1529.58
2071	—	685.00
3451	54.00	48.37
Capital Section		
Major Head		
5275	2.00	—
Total	163.6	2262.95

4. The total Grant *i.e.* Plan plus Non-Plan is Rs. 2426.55 crore for the year 2001-2002. The total BE of the Department for the year 2000-2001 was Rs. 37,548.55 crore and the Revised Estimates for the same year was Rs. 19,480.88 crore as the provisions were made for only six months. Thus, Demand is less in RE 2000-2001 and BE 2001-2002 consequent to creation of BSNL.

5. The Plan size and funding as proposed by BSNL and as approved/provided for the year 2001-2002 was stated to be as under:—

	As proposed by BSNL	As provided
(i) Internal Resources	Rs. 1134 crore	Rs. 11341 crore
(ii) External Borrowing	Rs. 5233 crore	Rs. 5233 crore
(iii) Support for non-viable Projects	Rs. 2526 crore	Nil
Total	Rs. 19100 crore	Rs. 16574 crore

6. The Committee was informed that BSNL anticipated certain relief in the funding Plan for the year 2001-2002. Accordingly, the operational expenditure was projected as if BSNL would continue to maintain the same expenditure as the erstwhile DTS did except to the extent that some increase had been anticipated in staff costs, consequent to adopting industrial pattern of wage scales as against the present Central Government pattern. However, no provision has been made to give BSNL relief from additional financial burdens (approx.) as under:—

(i) Income Tax	Rs. 500 crore
(ii) Enhanced dividend	Rs. 900 crore
(iii) License Fee	Rs. 1500 crore
(iv) Sales Tax etc.	Rs. 600 crore
(v) Spectrum Charges	Rs. 300 crore
(vi) Interest on Govt. Loan	Rs. 900 crore
(vii) Excise Duty on Telecom Factory Production	Rs. 50 crore
(viii) Sales Tax on equipments utilized in rural networks	Rs. 25 crore
Total:	Rs. 4775 crore

7. The Committee was apprised that if the above mentioned concessions were not granted to BSNL then the internal resource availability would be reduced by an amount of Rs. 4775 crore. It was further stated that as the EBR component in the funding pattern was already as high as Rs. 5223 crore, any addition to it would be clearly unsustainable. Therefore, with the presently approved Plan outlays and financing pattern, it would be difficult for BSNL to achieve the targets proposed earlier. The original target and the revised target due to

fund constraints for the year 2001-2002 was stated to be as under:—

	Target	
	Original	Revised
(i) Plan Outlay	Rs. 19100 crore	Rs. 16574 crore
(ii) DELs (Lakh line)	68.3	62.3
(iii) Rural DELs (Lakh Line)	16	13
(iv) Optical Fibre Cable (RKM)	1,26,000	10,0000
(v) VPTs (Nos.)	77,038	45,000(+1,20,000 replacement)

8. In this context, the Committee desired to know about the support extended/proposed to BSNL. The Secretary, DoT in evidence stated that an amount of Rs. 1500 crore would be reimbursed to BSNL for the rural telephone operations. He further stated that BSNL's main concern would be about the activities which are not commercially viable. For that, the Department has given a commitment that the Government would give BSNL financial support for commercially non-viable projects. Moreover, BSNL will have access to the Universal Service Obligation (USO) fund for the activity which are covered under that fund. According to the Secretary, DoT, funding for infrastructure would not be a problem so far as BSNL was concerned.

9. As regards the additional financial burden of Rs. 4775 crore upon BSNL owing to its corporatisation, DoT has replied that it was essential to take measures for ensuring that BSNL retained its revenue to the maximum extent permissible under the law in the interest of the growth of the telecom services sector.

10. To a specific query in this regard, it was replied that of the total of 342.88 lakh subscriber lines (including Cellular) as on February 28, 2001, 266 lakhs (about 77%) were of BSNL. 22% of this network was in rural areas and 3.9 lakh were VPTs. Over 80 lakh lines did not generate any surplus as they belonged to low calling urban customers. Thus, the total annual operating losses incurred on all these services had been estimated at over Rs. 6,500 crore.

11. The Committee notes that for the year 2001-2002, Bharat Sanchar Nigam Ltd. (BSNL) has been provided with an approved outlay of Rs. 16,574 crore against a proposed outlay of Rs. 19,100 crore. The newly created undertaking will be required to bear an additional financial burden of Rs. 4775 crore in the form of Government levies viz. Income Tax, Sales Tax, Licence fee, Spectrum Charges and interest on Government loan and enhanced dividend etc., which were not levied when telecom operations were looked after by and belonged to the Department of Telecommunications itself. Further, the Extra Budgetary Resources (EBR) component in the funding pattern of the company is already as high as Rs. 5233 crore and any addition to it will clearly be unsustainable. Although the Department of Telecommunications (DoT) will reimburse Rs. 1500 crore to BSNL for rural telephony, the additional financial burden will still amount to Rs 3275/- crore. As the company has inherited the legacy of the Department of Telecom which has given up direct responsibility of a sole service provider in the coming years, it is imperative that BSNL be given necessary fiscal reliefs to ensure that its internal resources are not eroded.

12. In the coming years, BSNL will be required to continue with the activities which are now not commercially viable. In this context, the Committee notes that annual operating losses of the company is estimated to be over Rs. 6,500 crore on account of the fact that 22% of the company's network is in rural areas in addition to 3.9 lakh VPTs and around 80 lakh lines, out of the total of 266 lakh lines, do not generate any surplus. DoT should fulfil its commitment to give financial support to BSNL for commercially non-viable but socially important activities and should provide the Company to have access to Universal Service Obligation (USD) fund as otherwise BSNL will be constrained to scale down its physical targets. As a matter of fact reduction of physical target of DELs from 68.3 lakh to 62.3 lakh lines, of Rural DELs from 16 lakh to 13 lakh, Optical Fibre Cable from 12,6000 RKM to 10,0000 RKM and VPTs from 77038 to 45000 due to fund constraints is most unfortunate and is the direct consequence of carving out of BSNL from the DoT. It does not augur well for the development of the Sector. The Committee, therefore, recommends that it is essential to take appropriate and timely fiscal measures for ensuring the BSNL has enough surpluses to expand its activities and undertake the social obligations of the Government and also help the growth of the telecom services sector in which BSNL will be required to play the major role, in view of the unsatisfactory performance by the private sector, so far.

B. Licence for Basic Telephone Services

13. Regarding issuance of licences for basic telephone services, the Secretary, DoT apprised the Committee that the guidelines in this regard were issued on January 26, 2001 and applications were invited soon thereafter. In response to that, 147 applications were received from 18 companies for various circles, highest being for Maharashtra Circle and Delhi followed by Karnataka Circle. In the process of scrutinizing the applications, the Department found that in as many as 96 applications there were certain deficiencies in the sense that either the networth had not been corroborated by documented proof or the paid up capital had not been documented. So the Department had given them 30 days' time to the applicants to rectify those defects. After the defects are rectified, they will be issued Letters of Intent (LOI) to pay the entry fee which must be paid upfront alongwith the performance Bank Guarantee and the financial guarantee within three months. So far, the Department has been able to issue LOI to three companies which submitted forty applications.

14. Referring to a statement by the Secretary, DoT that selection was based on complete applications, the Committee asked if some applications were incomplete why the Department entertained them at all. The Secretary replied that it was not possible to scrutinize each and every application at the time of receipt.

15. The Committee asked whether any time limit was fixed for scrutinising the applications to find out which were entertainable or not. The Secretary replied that the guidelines were quite clear and those which complied with the guidelines were considered. Some of the applicants were given an opportunity to rectify the faults. He further clarified that it was an open-ended situation. The Department had not given any cut-off date, neither the last date nor the first date. As and when applications are received, they will be processed and orders issued. It was stated to be the implication of the policy of unrestricted entry.

16. The Committee enquired about the number of players that would be inducted under this policy of unrestricted entry. The Secretary, DoT in reply submitted that the policy envisaged that people themselves would stop once they come to know that there would be so many players in the field. In other words, the Department wanted the players themselves to assess whether they would be able to raise funds and stand competition. As soon as a player felt that there was enough scope for him to enter, he himself would decide when and where he should enter.

17. Referring to the three companies which have been issued letters of intent, the Committee pointed out that these three players were already providing basic telecom services and queried how the Department would ensure fair competition and provide a level playing field. The Secretary, DoT replied that competition would be evolved through the process of demand and supply provided by the Operators. The individual operator would have to decide for himself whether he would be able to survive the competition in the field. He further stated that level playing field was being maintained in the sense that entry conditions would remain the same for everybody.

18. The Committee asked how long it would take for the FSPs to start operation after obtaining licences. The Secretary, DoT responded that in the first two years the three licenses would establish a switch in 15% of the SDCAs of that State. In the next two years the total coverage would be at least 40%. They have also been given the option to franchise the local area in the sense that they could provide the last mile connection through franchise and come to an arrangement with the franchisee.

19. The Committee pointed out that in such a case the subscribers would have to depend on the franchisees for redressal of their grievances etc. The Secretary replied that the quality of service and transparency in giving connections and redressing grievances would be the responsibility of the licensees themselves.

20. The Committee further queried that with the induction of new players with best technology, equipment and people what would happen to BSNL and whether a study was made to meet the challenges. The Secretary, DoT responded that BSNL had access to the latest technology which they were also inducting into the network.

21. The Committee notes that consequent upon the issuance of guidelines on January 26, 2001, the Department received 147 applications from 18 companies for basic service licences in various circles. The Department, after scrutinizing these applications, gave 30 days' time in case of as many as 96 applications to rectify the mistakes/defects found while three companies in the meantime have been issued Letters of Intent (LoI) for 40 circles. Considering that selection was based upon complete applications as contended by the Secretary, DoT the Committee fails to understand why incomplete applications were entertained at all. Secretary DoT's contention that it was not possible to scrutinize each and every application at the time of receipt does not convince the Committee as some time-limit should have been fixed to scrutinize the applications in the interest of fair play. On what parameters the defective applications after amendments, are to be reconsidered, require an explanation.

22. Secondly, the plea of open-ended situation and unrestricted entry cannot justify lack of provision for a cut off date for receiving and scrutinizing applications which obviously have led to ambiguities and uncertainties. The Committee finds that there is no stipulation as to how many players will be inducted, and the whole process seems to lack transparency.

23. The Committee notes with concern that the three companies which were issued the letters of intent (LoI) have already been providing basic telecom services. Grant of licences only to 3 operators for as many as 40 circles prior to considering the other applications for 96 circles has resulted in vitiating the licensing process. The Secretary, DoT's statement that true competition will be evolved through demand and supply provided by the operators does not impress the Committee as only a few players will be able to corner the lucrative circles, and other applicant hardly will have equal opportunities and it will lead to unfair competition.

24. The Committee fails to understand on what basis a calculation has been made that the FSPs after being awarded licences, will be able to establish switches (points of presence) in 15 per cent of the SDCAs in the first two years of operation and 40 per cent in the next two years. The assessment is clearly over-optimistic in view of the unsatisfactory performance of private service providers in providing VPTs despite promises/assurances and obligations.

25. The Committee is apprehensive about the future of BSNL in the wake of entry of private service providers equipped with the latest technology and trained personnel. Although BSNL has access to the latest technology as stated by the Secretary, DoT, the Committee feels that without adequate funds for acquiring the latest technology and proper expansion of the Network, it will be extremely difficult for BSNL to meet the challenges effectively.

C. Licence for Fourth Cellular Operator

26. To a query of the Committee regarding the induction of the Fourth Cellular Operator, it was stated that the guidelines contemplated induction of the fourth operator through a multi-layer bidding process subject to certain basic entry conditions. The Secretary, DoT in evidence elaborated that since only one player was to be inducted, the Department decided that the entry fee would be decided through a multi-layer bidding process and that the same would have to be paid upfront.

27. The Committee asked who would be eligible to bid and whether there were some defaulters who had been allowed to bid for the fourth licence. The Secretary, DoT replied that those who satisfied certain net worth conditions were allowed to bid. He further stated that two companies *i.e.* M/s. Koshika and JT Mobiles had defaulted in payment of fees but the Department did not debar them from bidding for the fourth licence as the entire entry fee for the new licence would have to be paid upfront and the Department was taking action to recover the earlier dues in accordance with the licence agreement.

28. The Committee is surprised to note that Companies like Koshika and JT Mobiles, which have defaulted to pay their earlier dues by way of licence fees have not been disqualified but have been allowed to bid for the fourth Cellular licence in inexplicable circumstances. If a telecom operator has the resources to bid for a fourth licence, it is a fair presumption that it also has the ability to pay up all its outstanding dues to the Government. If it is unable to do so, then the question of allowing them for another bid does not arise. Therefore, the Committee feels that there is absolutely no acceptable reason to allow those companies which have failed to clear their outstanding dues to bid for new licence and the Department owes an explanation in this regard.

D. Impact of Customs Duty

29. As per the Budget 2001-2002, while while customs duty on finished IT products including telecom equipments, have been reduced, there has been no corresponding change in the duties leviable on the major inputs required for the manufacture of these products. Customs duty has been reduced from 25 per cent to 15 per cent in respect of switching and transmission equipment whereas such duty on major parts and components required for the manufacture of these equipments continue to remain at 25 per cent. Similarly in the case of Petroleum Jelly Filled Cables (PIJF), customs duty on finished products is reduced from 20 per cent to 15 per cent while the customs duty on inputs continues to attract 20 per cent to 35 per cent rate of duty. A large number of representations in this regard are stated to have been received by the Department from the Telecom Equipment Manufacturers Association (TEMA) and major manufacturing companies.

30. In this context, the Committee desired to know the approach and role of the Department towards the indigenous telecom equipment manufacturers. The Secretary, DoT responded in evidence that the matter had been taken up with the Department of Revenue as the local telecom equipment manufacturing companies are going to be affected. They are further subjected to 12 per cent sales tax and other levies whereas imports of finished goods attracted only 4 per cent SAD. The Secretary elucidated that the DoT had pointed out to the Department of Revenue that if it would not be possible to give across the board reduction in import duty on copper, they should give the end-use reduction of duty for copper used for manufacture of cable. The Department of Revenue has accepted the contention and the logic that where copper is a bulk input for the finished product, there is a case to make a special dispensation.

31. Secondly, in respect of other items, the DoT has pointed out that at least they should be brought at par if not lower than the finished product. The DoT has given a detailed list of such items which the Department of Revenue have agreed to consider.

32. The Secretary, DoT submitted that under the Information Technology Agreement I, the DoT has contended that if the duty is reduced to 15 per cent for some finished products, then the components, should also get equal treatment so that telecom services became more affordable and the Secretary (Revenue) has agreed to hold a meeting where the Ministry of Information Technology and the DoT would be represented to consider the interest of the component manufacturers also.

33. The Committee notes with concern that in the General Budget 2001-2002, while customs duty on finished IT products, including telecom equipments, have been reduced, no corresponding change has been provided in the duties leviable on the major inputs required to manufacture such products. For example, customs duty has been reduced from 25 per cent to 15 per cent in respect of switching and transmission equipment whereas such duty on the inputs *i.e.* major parts and components continues to remain at 25 per cent. Similarly customs duty on finished products of Petroleum Jelly Filled Cables (PIJF) has been reduced from 20 per cent to 15 per cent whereas on inputs it continues to attract 20 per cent to 35 per cent of duty. Needless to mention, such anomalies will hit the indigenous manufacturers very hard as they are further subjected to 12 per cent sales tax and other levies. The Committee notes that the Secretary, DoT has already taken up this matter with the Department of Revenue and that Department has reportedly agreed to consider the case. Keeping in mind the serious problem faced by the indigenous manufacturers, the Committee is of the view that DoT should earnestly pursue the matter with the Department of Revenue for arriving at a just solution. The Committee would also like to be informed of the decision taken in the matter.

E. Limited Mobility and use of Spectrum

34. As regards introduction of limited mobility through WLL the Committee was informed that in four locations *i.e.* one each in Himachal Pradesh and Eastern U.P. and two in Bihar, BSNL has already introduced the service. In Delhi and Mumbai the service is likely to be commenced from March 31, 2001 and July 31, 2001 respectively.

35. Asked to state the likely date of commencement of limited mobility service in other areas, the CMD, BSNL submitted that in this year's programme 1400 SDCAs, out of the total of existing 2600 SDCAs are being planned to be covered by limited mobility service. He further stated that there would be some minor changes in the planning as the company is simultaneously going in for Global System of Mobile (GSM) programme alongwith Code Division Multiple Access (CDMA) WLL programme. He pointed out that villages near highways would be provided the service through GSM and the rest of the areas would be covered through CDMA/WLL.

36. The Committee desired to know about the suppliers of limited mobile links. The CMD, BSNL responded that there were three suppliers *i.e.* ITI, Escorts and HFCL. Orders had been placed for six lakh lines which would be carried out in two phases—two lakhs first and four lakhs later. In the first phase order, ITI is to supply 51,000 lines Escorts one lakh and HFCL 49,000.

37. Responding to a specific query of the Committee as to whether GSM mobile rates would come down in view of the introduction of CDMA limited mobility service, the Secretary, DoT stated that the Cellular rates had already come down and with the subscribers base increasing and competition coming from WLL, there is every possibility of Cellular rates coming down further.

38. The Committee asked what would happen to those Cellular Operators who are not basic service providers and whether all the cellular operator had applied for fixed services. The Secretary replied that a large number of mobile operators had applied for fixed services but he pleaded ignorance whether all or them had applied for such services or not.

43. The Committee is happy to note that the Department has linked the release of spectrum for WLL with the roll out plan. In other words, if a service provider does not fulfil its obligations, he will be denied the facility of spectrum use, even if it is used optimally. Prima facie, it appears to be an appropriate step to deter non-serious players. The Committee therefore, is of the opinion that withdrawal of the spectrum use besides recovery of liquidated damages in the event of non-compliance of roll out obligations should be used as an effective weapon to serve public interest.

E. National Long Distance (NLD) Service

44. NTP-99 envisaged opening of National Long Distance Service beyond service area for competition from January 1, 2000. After seeking the recommendations of TRAI for deciding the terms and conditions for the same, the guidelines for opening of national long distance were announced on August 13, 2000. The main features of guidelines for NLD service include *inter-alia* unrestricted number of operators for the licence to be issued for operation within the territorial boundaries of India; licence to be issued for 20 years and extendable by another 10 years; one time entry fee of Rs. 100 crore with Bank Guarantee of Rs. 400 crore linked with roll out obligations which include coverage of uneconomic and remote areas in four different phases.

45. Further, applicant company for NLD service should have a networth of Rs. 2500 crore; paid up equity capital of Rs. 250 crore, experience in Telecom Sector and foreign equity cap of 49 percent.

46. Three categories of Infrastructure Providers were stated to have been recognised *i.e.* Infrastructure Provider Category-I (IP-I) which provides dark fibre, right of way towers, ducts, space etc. and Infrastructure Provider Category-II (IP-II) which provides end to end bandwidth. The third one is the national long distance operator which will provide both data, bandwidth and voice. For IP-I, there is no restriction on number of operators, no licence fee and no entry fee. For IP-II, although no entry fee has been prescribed, yet they have to pay a licence fee of 10 percent plus USO with a total cap of 15 percent and Bank Guarantee of Rs. 100 crore.

47. The Secretary, DoT apprised the Committee in evidence that 33 registration certificates were issued for IP-I, two licencees signed for IP-II and three applicants stood approved for signing of licence agreement for IP-II. So far, two applications have been received from national long distance operators.

G. Physical Target and Achievement (BSNL)

53. The Physical target and achievement of BSNL during the year 2000-2001 and the target set for the year 2001-2002 was stated to be as under:—

Parameter	Target (2000-2001)	Achievement (upto January 31,2001)	Target (2001-2002)
(i) Village Public Telephones (No.)	70,000	19,117	77,038
(ii) Optical Fibre Cables (RKMs.)	1,00,000	32,875	1,26,00
(iii) Direct Exchange Lines (lakh lines)	53.5	33.21	68.3
(iv) Tax Capacity (K line)	400	278	900
(v) Microwave (RKMs.)	10,000	12,255	—

54. Referring to the above, the Committee pointed out that excepting in Microwave category, the achievement of BSNL upto January 31, 2001 has been short of the target, the most glaring under performance being in VPTs and OFC. In this context, the Committee desired to know whether BSNL would be able to achieve the targets of all in the abovementioned schemes by March 31, 2001.

55. In reply it was stated that the target for 2000-2001 in regard to DELs and TAX capacity would be achieved and in the case of Microwave it would even exceed. But in VPTs the likely achievement would be about 32,000 and in OFC it would be around 50,000 RKMs.

H. VPTs

56. The Committee wanted to be apprised of the reasons for shortfall in VPTs during the year 2000-2001. It is stated that target of 70,000 VPTs was divided roughly as 36,000 on WLL and satellite terminals and about 34,000 on land lines. As the equipment for the former were not received in time, the *defacto* target became 34,000 out of which the achievement would be 32,000.

57. The Committee pointed out that over the past few years the failure to achieve the target in VPTs had always been attributed to non-selection of suitable technology, non-receipt of equipments in time etc. and desired to know about the measures taken to improve the position. In reply it was stated that BSNL has identified three technologies viz. WLL/GSM technology, TDMA/PMP and satellite technology in addition to land lines for providing VPTs in all the villages. It was further stated that advance action had been taken during this year for placement of orders and to ensure commissioning and covering all the villages by ordering 6 lakh lines of WLL equipments in two phases. Further invitation for bids for additional equipments would be issued on confirmation of financial support by the Government. In view of the same, BSNL expressed confidence that the total number of VPTs planned to be opened during 2000-2001 and also those which are originally planned to be covered between 2001-2002 would be commissioned.

58. In response to a specific query it has been stated that as on February 28, 2001 there were 3,97,437 villages covered with VPTs and 2,10,054 villages are yet to be covered. Asked to furnish the technological breakup of the existing VPTs, it has been stated that out of the total of 3,97,437 VPTs, 2,10,844 are functioning on MARR systems, 1,86,192 on O/H, 187 on WLL, 162 on INMARSAT and 52 on C-DoT/PMP.

59. In view of the unsatisfactory performance of the MARR systems, the Committee expressed its surprise over so many VPTs functioning on that system and desired to be apprised of the plan of the Department to replace the faulty MARR system VPTs. In response, it was stated that for the year 2001-2002 the target for VPTs would be 1,44,000 which include the carry over from the year 2000-2001. Out of these 1,44,000 VPTs, 33,825 would be on MARR systems 93,297 on WLL, 11,878 on satellite and 5,000 on C-DoT developed TDMA/PMP

technology. The State-wise technological break-up was stated to be as follows:—

State-wise Technology-wise breakup for the year 2001-2002

Sl. No.	Circle	Target for the year	MARR/ Land Line	WLL	Satellite	C-DoT TDMA/PMP
1.	A&N	0	0	0	0	0
2.	AP	0	0	0	0	0
3.	AS	7700	400	6700	0	600
4.	BH	—	—	—	—	—
5.	JHK	50000	10000	38500	0	1500
6.	GJ	0	0	0	0	0
7.	HY	0	0	0	0	0
8.	HP	3500	1370	1658	172	300
9.	JK	2800	279	1700	621	200
10.	KT	150	0	0	0	150
11.	KL	0	0	0	0	0
12.	MP	—	—	—	—	—
13.	CG	4600	166	2500	34	1900
14.	MH	0	0	0	0	0
15.	NE-I	—	—	—	—	—
16.	NE-II	9753	863	4000	4740	150
17.	OR	22000	11000	8000	3000	0
18.	PB	0	0	0	0	0
19.	RJ	0	0	0	0	0
20.	TN	0	0	0	0	0
21.	UPE	15000	4000	11000	0	0
22.	UPW	—	—	—	—	—
23.	UT	13000	3566	6000	3234	200
24.	WB	15450	2134	13239	77	0
25.	CA	47	47	0	0	0
Total:		144000*	33825	93297	11878	5000

* This includes carry over from 2000-2001.

60. The Committee then desired to be apprised of the VPTs remaining out of order at a given time and the measures taken to properly maintain the VPTs already installed. It was replied that in January, 2001 as many as 72,740 VPTs were faulty/out of order. As regards maintenance of VPTs, it has been stated that annual maintenance contracts (AMC) are given mostly to the companies who supply the equipment. Secondly, SDOs in charge of areas are required to monitor and send staff to rectify the fault. Alternatively, they have to inform the company to whom AMC is given to attend the fault. Moreover, 15 day meter readings are checked to keep track of faulty VPTs and thereafter follow up action is taken.

61. As regards private operators' participation in the provision of VPTs, the Committee has been apprised that as against a total commitment of 98,000 VPTs Private operators have done hardly 500 or 600 lines and they have been asked to complete the target by the end of 2002.

62. Not satisfied, the Committee pointed out that non-performance of the Private Service Providers has been one of the major reasons for the Department not performing upto the mark so far as VPTs are concerned and desired to know what precise action is contemplated to compel the private operators to fulfil their contractual obligations. The Secretary, DoT submitted in evidence that the Department has already imposed a sum of Rs. 53 crore as liquidated damages upon the private operators for their non-performance. Secondly, with the introduction of limited mobility, the Department expected that the private operators would do a faster roll out in the rural areas. The Private Service Providers have also been allowed to franchise in the local area and more over they could have an arrangement with BSNL which will be of mutual benefit.

63. The Committee asked whether any exercise was made to ascertain why the private operators were preferring to pay liquidated damages rather than to do the work and whether their licences could be terminated. The Secretary, DoT responded that by paying liquidated damages the private operators did not get themselves absolved from the contractual obligations. He agreed that their licences could be terminated for non-compliance of the licensing conditions but the Department was a little hesitant to do so as that might not produce the desired result.

64. The Committee queried about the extent of preparedness on the part of BSNL to provide the targetted VPTs on its own in the event of the failure of Private Service Providers as had happened more often than not. It was replied that so far BSNL had not been asked to provide those VPTs which were earmarked for the private service operators. It was simultaneously stated that depending upon the terms to be offered, BSNL would consider provision of such VPTs which could not be covered by private basic service operators.

I. Optical Fibre Cable

65. As mentioned earlier BSNL's likely achievement of OFC by March 31, 2001 would be around 50,000 RKMs out of a target of 1,00,000 RKMs and the target for the year 2001-2002 has been fixed at 1,26,000 RKMs. In this context, the Committee desired to know the reasons for shortfall in the achievement of OFC and the plan and projections to achieve the target next year. In reply, DoT in a note has stated that due to some court cases and commercial reasons order for OFC was delayed. Thereafter bids had to be called again since most of the original bidders did not accept the offered price due to increase in the cost of raw materials which were imported. Even in the fresh bids, the quantities quoted were much below the actual requirements. As a result the supply of OFC during the year was limited and target could not be achieved.

66. The Committee asked specifically whether the country had become self-sufficient in OF cables or the same was still imported. The Secretary, DoT submitted in evidence that so far as the installed capacity of the manufacture of Optical Fibre was concerned, country is more than self sufficient. But last year because of the increase in the cost of raw fibre which was used to make the cable fibre, there was an enhancement in the prices of OFC and there was a problem in getting the supplies. The problem, therefore, was not of inadequacy of the installed capacity, but that of the prices.

67. The Secretary further stated that this year the Department has gone for a global tender which is in the process of finalisation. Thus, with the advance planning, the Department would be able to get more supplies as planned for the next Annual Plan.

68. The Committee notes that the targets for VPTs, OFC, DEL, Tax capacity and Microwave were fixed at 70,000, 1,00,000 RKMs, 53.5 lakh lines, 400 K. line and 10,000 RKMs respectively whereas the corresponding achievement upto January 31, 2001 was 19,117, 32,875 RKMs, 33.21 lakh lines, 278 K. line and 12,255 RKMs. Although the Department expects to meet the targets of DELs and Tax capacity, it will fall short in case of VPTs by 38,000 and in OFC by half the margin. The Committee is perturbed to note that the same reason *i.e.* non-receipt of equipments, this time WLL, has been attributed for under achievement of target in VPTs. That BSNL is taking advance action this year for procurement of 6 lakh WLL equipments to provide VPTs in the uncovered villages is a matter of little comfort in view of the fact that for the last few years, the Department has been repeatedly assuring of taking such measures but every year it is falling short of the target. The Committee will like to be assured in more concrete terms of the seriousness of the Department or for that matter of BSNL in achieving the national objectives by the end of this financial year.

69. The Committee is surprised to note that as on date out of the total of 3,97,437 VPTs, 2,10,844 VPTs are functioning on the MARR systems, 1,86,192 on O/H 187 on WLL, 162 on INMARSAT and 52 on C-DoT PMP. The target for 2001-2002 has been fixed at 1,44,000 VPTs, which include carry over from the previous year, and it is planned to reduce the MARR systems based VPTs to 33,825 and increase the WLL system VPTs to 93,297, Satellite VPTs to 11,878 and TDMA/PMP VPTs to 5,000. The Committee feels that it is a step in right direction. The Committee will like to be apprised of the progress made in this regard within 3 months of the presentation of this report.

70. The Committee can not but refer to the 72,740 VPTs which remained out of order as on January, 2001 which imply that the actual achievement of VPTs is not 3,97,437 as projected because mere installation of VPTs serves no purpose unless proper attention is paid towards its upkeep and maintenance. The Committee, therefore, is of the view that the measures initiated for proper maintenance of VPTs need to be strengthened, with regular monitoring. The Committee also feels that the number of faulty VPTs will come down when these are based on better technologies like WLL, Satellite etc. and recommends BSNL and DoT to take measures accordingly on an urgent basis.

71. The Committee notes that significantly the Private Service Providers have hardly provided 500 or 600 lines out of a total commitment of 98,000 VPTs . That they have been told in clear terms to complete the target by the end of 2002 does not anyway impress the Committee for the simple reason that in the past also they have been repeatedly asked in clear terms to honour their commitment in this regard. Secondly, imposition of penalty of Rs. 53 crore as liquidated damages also could not force them to increase the number of VPTs. No doubt, imposition of penalties does not absolve these operators from their contractual obligations. Yet their non performance is costing the nation heavily. The Committee is at loss to understand why DoT has been reluctant to take extreme step of termination of their licences for non-compliance.

72. The Committee is surprised to note that so far BSNL has not been asked to provide those VPTs which the Private operators failed to provide. Moreover, BSNL if asked to do so, will do it only if the terms and conditions are found suitable. Under the circumstances, the future appears to be uncertain. The Committee is of the opinion that in the event of the failure of the Private Operators to meet the target, it becomes the moral obligation of the Department to fill up the gap. To be very precise, in such an event, the Department is left with two options *i.e.* either force the Private operators to perform or itself do the work.

73. The Committee is equally disturbed to note that in Optical Fibre Cable (OFC) the Department will achieve only 50,000 RKMs out of the target of 1,00,000 RKMs. The reason that due to some court cases and commercial reasons placement of orders for OFC was delayed and hence the shortfall, does not convince the Committee in view of the fact that such procedural hazards are bound to occur quite often and it should not be allowed to be the reason for slippage of important schemes. Moreover, the statement of the Secretary, DoT that the Country is self-sufficient in OFC and that the Department has gone in for a global tender is a matter of little consolation as the achievement is as less as 50 percent. Therefore, what is required is proper planning, advance action and effective monitoring so that important schemes like OFC do not suffer.

J. North-East Area and Tribal Sub-Plan

74. The target and achievement for the North-East Area during the year 2000-2001 was stated to be as under:

	Parameter	Target (2000-2001)	Achievement (upto February 28, 2001)
(i)	Village Public Telephones (Nos.)	8,016	484
(ii)	Optical Fibre Cables (RKMs.)	1,075	247
(iii)	Satellite Station (Nos.)	45	11
(iv)	Direct Exchange Lines (lakh lines)	1,05,000	92,600
(v)	Switching Capacity (Lakh lines)	1,31,000	1,07,530
(vi)	UHF/MW (LKM)	1,410	896

Similarly, under Tribal Sub-Plan (TSP) the following was the target and achievement during the year 2000-2001.

	Parameter	Target (2000-2001)	Achievement (upto January 31, 2001)
(i)	Village Public Telephones (Nos.)	10,000	1,440
(ii)	Satelite Stations (Nos.)	72	21
(iii)	Telephone Exchanges (Nos.)	214	197
(iv)	Switching Capacity (lakh lines)	3,66,200	2,80,000
(v)	DEls (lakh lines)	2,74,600	2,20,000

75. After a perusal of the above two statements, the Committee asked whether BSNL would be able to achieve the target of the financial year of the abovementioned schemes in both North-East Area and TSP and if not, which were the schemes in which shortfalls were anticipated, the reasons therefor and measures taken to optimally achieve the target in the next financial year. It has been replied that BSNL would be able to achieve overall target of DELs, switching capacity, UHF/MW and Telephone Exchanges in North-East Area as well as in the Tribal Sub-Plan. But there would be shortfalls in the provision of VPTs, OFC and Satellite stations in both the areas. The target for VPTs would remain unachieved as maximum VPTs were planned on WLL technology, supply of which has got delayed leaving a wide gap between the target and the achievement.

76. Similarly, there was short supply of OFC in the current year against the planned laying of one lakh RKMs. Purchase orders could be issued only for 46,341 RKMs and the supply has been received for only 33,000 RKMs. This has resulted in overall slippage of target of laying of OFC in the country in general and North-East area in particular where difficult terrain and local conditions also accounted for low achievement. Target for Satellite stations would not be achieved also due to non-supply of MCPC equipment by the vendors and due to non-availability of space segment due to the failure of INSAT 2B.

77. Referring to this Committee's earlier Report on Demands for Grants (2000-2001) where the then Secretary, DTS had assured the Committee that the Department was trying to put up a special programme for the North-East region and 400 Satellite Terminals were being deployed in Tribal Sub-plan, the Committee desired to know the fate of the special programme as well as of the satellite terminals. In response, it was stated that as per the special programme for the North-East region and TSP areas, efforts had been made to achieve target in switching capacity, DELs and Telephone Exchanges. As regards satellite terminals, it was replied that out of the 400 satellite terminals, 288 terminals were received out of which 204 had been installed. The remaining terminals are stated to be under deployment.

78. The Committee desired to hear the views of the Secretary, DoT on the persistent problem in North-East and TSP areas. He responded that the procurement of equipments was admittedly very poor and for that reason the Department has asked the Circle General Managers to give special attention to those areas. BSNL has also been told to prioritize the supply of OFC as well as WLL equipments to the North-East region so that the shortfall of the current year could be made up and target for the subsequent year may also be achieved.

79. The Committee asked whether it was only poor supply of equipments that resulted in non-achievement of target in North-East region or any other reasons could be attributed for the same. The CMD, BSNL responded that apart from non-receipt of equipment the other two reasons that contributed towards shortfall in achievement of target were reluctance to use powers for procurement of cables by the officials posted in North-East Region as well as acute shortage of manpower there.

80. In reply to a specific query of the Committee as to the technology-wise break up of the villages to be covered with telephones in both North-East I and North-East II circles, it was stated that in both the circles 9066 villages were to be provided with VPTs out of which 449 would be covered by land line, 150 by C-DoT PMP, 4,740 by Satellite and 3727 by WLL technologies.

81. The CMD, BSNL stated that a circle-wise micro level planning has been done and he was quite hopeful of achieving the target in VPTs and OFC by the end of 2002.

82. The Committee is concerned to note that in the North-East area, the targets set for VPTs, OFCs, Satellite stations, DELs, Switching capacity and UHF/MW for the year 2000-2001 were 8,016 VPTs, 1,075 RKM, 45 Stations, 1,05,000 lakh lines, 1,31,000 lakh lines and 1,410 LKM respectively whereas the achievement up to February 28, 2001 was 484, 247 RKM, 11,92,600 lakh lines, 1,07,530 lakh lines, 896 LKM respectively. Similarly, under Tribal Sub-Plan (TSP) the target for VPTs was 10000 whereas the achievement up to January 31, 2001 was a meager 1,440. For Satellite stations, target for the same year was 72 whereas achievement was only 21 up to the same date. Although BSNL has expressed confidence to achieve overall target in DELs, switching capacity, UHF/MW and telephone exchanges in North-East area as well as in the TSP by the end of this financial year, the Committee apprehends that there will be substantial shortfalls in the provision of VPTs, OFC and Satellite stations in both the areas. Secretary, DoT's statement that procurement of equipment in North-East and TSP area has been very poor is a matter of concern to the Committee as it has resulted in under achievement of targets in both the areas. Needless to mention, a special package/programme should be made for timely procurement of equipment in these areas.

83. Less use of delegated financial powers for procurement of equipments and materials by the officials posted in North-East and reluctance of officials for being posted in that area are two other reasons attributed for under-achievement of targets in those areas. The Committee desires that the DoT should ascertain why the officials posted in North-East Area have been reluctant to use the delegation of powers accorded to them.

84. The Committee notes that in the 9,066 villages to be covered in both North-East-I and North-East-II circles, there will be a provision of 4,740 VPTs by Satellite, 3,727 by WLL, 150 by C-DoT PMP and 449 by landlines. With a view to achieve these objectives in a given time frame, the Committee will like the DoT to work out an action plan for timely procurement of equipments.

K. Telephone on Demand, Tele-density and waiting list

85. As regards the waiting list and tele-density in various circles/Metro Districts as on January, 31, 2001 and February 28, 2001 respectively the following statement was furnished to the Committee.

Sl. No.	Circle/Metros Distt.	Urban	Rural	Waiting List as on January 31, 2000	Tele-density as on February 28, 2001
1	2	3	4	5	6
1.	A&Nicobar	421	1694	2115	7.27
2.	Andhra Pradesh	169066	172987	342053	3.49
3.	Assam	15496	10184	25680	1.27
4.	Bihar (Incl. Jharkhand)	70430	61824	132254	0.82
5.	Gujarat	208308	4165	212473	4.74
6.	Haryana	44330	63527	107857	3.85
7.	Himahal Pradesh	6676	37498	44174	4.98
8.	Jammu & Kashmir	31008	6482	37490	1.67
9.	Karntaka	106531	185358	291889	4.08
10.	Kerala	213640	620028	833668	6.30

1	2	3	4	5	6
11.	Madhya Pradesh (Incl. Chattisgarh)	23509	9061	32570	1.53
12.	Maharashtra	188466	224495	412961	3.56
13.	North-East	16364	10015	26379	1.81
14.	Orissa	13702	24782	38484	1.44
15.	Punjab	88623	139523	228146	6.14
16.	Rajasthan	37765	92271	130036	2.39
17.	Tamil Nadu	274688	82245	356933	4.06
18.	Uttar Pradesh (E)	94101	69070	163171	1.16
19.	Uttar Pradesh (W) (Incl. Uttaranchal)	77912	27974	105886	2.09
20.	West Bengal	80267	121582	201849	1.01
21.	MTNL Mumbai	35622	0	35622	15.64
22.	Calcutta	10256	0	10256	9.14
23.	MTNL Delhi	63171	0	63171	13.62
24.	Chennai	56075	0	56075	14.22
	All India	1926427	1964765	3891192	3.09

86. A perusal of the above statement reveals that as on January 31, 2001 there were 8,33,668 persons in waiting list in Kerala, 4,12,961 in Maharashtra, 3,56,933 in Tamil Nadu, 2,91,889 in Karnataka, 2,28,146 in Punjab, 2,01,849 in West Bengal. The other Circles which have substantial waiting list are Andhra Pradesh having more than 3.42 lakh waitlisted persons, Bihar 1.32 lakh, Gujarat 2.12 lakh, Haryana 1.08 lakh, Rajasthan 1.3 lakh, Uttar Pradesh (E) 1.63 lakh and Uttar Pradesh (W) 1.05 lakh. The All India waiting list on the same date was 38,91,192 out of which 19,26,427 was in urban areas and 19,64,765 in rural areas. In this context, the Committee desired to know the reasons for such a long waiting list especially in the circles mentioned above.

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91. The Committee desired to know about the steps initiated by BSNL in this regard. In reply, it has been stated that an additional 416 lakh new connections would be required during the next four years and 967 lakh during the five years after that in order to achieve a tele-density of 7 by the year 2005 and 15 by 2010. The CMD, BSNL further stated that the company's programme for the next four years envisaged an addition of around 300 lakh new connections subject to availability of adequate funds. Similarly, during the five years after 2005, the contribution of BSNL should be of the order of 500 lakh new connections. The anticipated gap of 116 lakhs by 2005 and 467 lakhs by 2010 is expected to be met by the efforts of MTNL, private basic service providers and cellular mobile service operators.

92. The Committee is deeply concerned to note that there was 8,33,668 waiting list in Kerala, 4,12,961 in Maharashtra, 2,91,889 in Karnataka, 3,56,933 in Tamil Nadu, 2,28,146 in Punjab, 2,01,849 in West Bengal and in many other circles it was also more than 1 lakh each as on January 31, 2001. The all-India waiting list was 38,91,192 and progressive demand of around 36 lakhs is expected by March 31, 2001. The reason advanced for such a staggering waiting list all over India and in the circles mentioned above are stated to be special drives taken up in some States as a result of which there has been an unusual growth of waiting list. The Committee does not agree with this view as it considers that in the past effective demand for telephones was suppressed due to non-availability. In the past also the Committee had recommended that exponential demand for telephones should always be kept in mind while projections are made to give connections in a particular year. The Committee finds hardly any basis for sharing the optimism of BSNL to procure sufficient quantity of urban and rural WLL equipments so as to provide telephone on demand in most of the circles. In this context, the Committee would again like BSNL and the Department to keep in mind the progressive demand that may surge up during a particular year while making programmes to meet the existing waiting list.

L. Fault rate

93. The following statement was furnished to the Committee showing a comparison of fault rate during II quarter (July, 2000 to September, 2000) and III quarter (October, 2000 to December, 2000)

Sl.No.	Circle Dist.	II Quarter		III Quarter	
		Fault per 100 Stations/month		Faults per 100 Stations/month	
		Target	Achievement	Target	Achievement
1.	A&N*	11	13.5	10.4	12.0
2.	Andhra Pradesh*	11	11.6	9.1	10.9
3.	Assam*	13	15.0	10.4	13.9
4.	Bihar*	10	12.6	11.0	11.6
5.	Gujarat*	13	20.5	12.0	13.1
6.	Haryana*	10.8	15.2	10.6	14.4
7.	Himachal Pradesh*	11	13.2	11.0	11.7
8.	Jammu & Kashmir*	11	21.6	11.2	18.5
9.	Karnataka*	11	22.0	10.0	12.1
10.	Kerala*	10	14.3	11.0	13.0
11.	Madhya Pradesh*	8.5	13.3	8.5	10.3
12.	Maharashtra*	10.6	13.1	9.6	10.7
13.	North East*	9	11.0	8.0	10.6
14.	Orissa*	10.3	11.6	8.0	10.3
15.	Punjab*	11	16.4	10.2	13.8
16.	Rajasthan*	13	18.5	13.0	15.5
17.	Tamil Nadu*	8	9.1	8.5	9.1
18.	U.P. East*	10.2	13.5	12.0	12.7
19.	U.P. West*	11.2	18.4	11.0	16.2
20.	West Bengal*	11	11.5	10.0	10.8
21.	CA*	11.2	14.9	10.0	11.1
22.	CN*	12.6	14.3	12.0	12.5
23.	All India	10.8	14.78	10.34	12.5

*Fault rate improved/maintained.

94. It will be seen from the above statement that All India fault rate during second quarter was 14.78 against a target of 10.8 and in third quarter it was 12.5 against a target of 10.34. However, in the Annual Report, the fault rate given is 15.5 per 100 stations per month, the break-up of BSNL and MTNL being 14.44 and 20.87 respectively. It is observed that in certain States like Gujarat, J&K, Karnataka, Rajasthan, U.P. (W) etc. the fault rate was on a much higher side. The Committee, therefore, desired to know the reasons for such a high fault rate and the measures taken to curb the menace.

95. In reply, the DoT in written note has submitted that higher fault rate was essentially due to the poor quality of external plant coupled with prolonged monsoon season and digging by various external agencies. Measures taken to improve the fault rate included rehabilitation of external plant and coordination with local bodies. Moreover, instructions were issued from TCHQ to field units for speedy clearance of faults.

96. The Committee asked about the procedure evolved to measure the percentage of fault rate in a given area/circle. In reply, it has been stated that to measure the percentage of fault rate in a given area/circle, raw data was maintained in the form of total number of faults during the month and number of stations on the last day of the month in that particular area/circle.

97. To another specific query it has been further clarified that fault clearance was monitored on the basis of faults cleared on the same day, next working day and within, seven days in the field as well as Head quarter level. Monitoring of long duration faults was stated to be done at higher levels.

98. The Committee pointed out about the unusually long time taken in rectifying a fault and at time rude behaviour of the staff and wrong billing due to computer error or for some other reasons. In reply, a representative of the DoT stated that monitoring mechanism has been evolved in the Organisation and Vigilance Cell to make surprise checks of PCOs. On the basis of its report, action is taken against erring PCOs. However, he agreed that consumer services are required to be improved further.

99. The Committee is concerned to note that during 1999-2000, All India Fault Rate was 15.5 per 100 stations per month, the break-up of BSNL and MTNL being 14.44 and 20.87 respectively. In some states like Gujarat, J&K, Karnataka, Rajasthan, UP (W) etc. the fault rate during the same year was much higher. Rehabilitation of external plant and coordination with local bodies are stated to be the measures taken to reduce fault rate. However in view of the high fault rates in some areas as mentioned above, the measure taken seems to be inadequate. Needless to mention, the procedure evolved to rectify faults alongwith the monitoring aspect need to be streamlined to improve customer services.

M. PCOs

100. The Committee was informed that 8,17,470 PCOs were working in the country as on January 31,2001. Out of these, 6,88,503 are set up by BSNL and 1,28,967 by MTNL. During the year 2000-2001 a total of 1,68,919 PCOs were set up against a target of 1,20,000.

101. The Committee pointed out that recently, DoT has liberalized norms for opening of PCOs and inquired whether it has any impact on their viability. In reply the CMD, BSNL stated that 33 percent of the BSNL's total revenue come from PCOs and to the best of his knowledge, no PCO has been closed for this reason.

102. It was further stated that an internal study was made to gauge the viability of PCOs and as per the data available, the average earning of a PCO franchise was approximately Rs. 5,241/- per month. Moreover, a decision has already been taken to enhance the commission rates of the PCOs franchisees to 20 percent from the existing 16.6 percent *w.e.f.* April 1, 2001 which would further improve the viability of the operating PCOs.

103. The Committee drew the attention of the representative of DoT to the complaints received against PCO franchise about overcharging due to faulty meters and other malpractices indulged in by them. In reply a representative of the DoT admitted that much is desired to be done in the area of customer services and that certain steps have been taken in this direction.

104. The Committee notes that 33 per cent of BSNL's revenue come from PCOs. As per an internal study average earning of a PCO is Rs. 5241 per month. Moreover, the Departments decision to increase the commission rate of PCO franchise to 20 percent from 16 percent will further improve their profitability. The Committee would like the Department/BSNL to carry out periodical studies to find out the viability of PCO business and the Committee be apprised accordingly. However, since a large number of complaints are being received about overcharging and other malpractices adopted by PCO franchisees, the Committee desires that monitoring of PCO services be further strengthened.

N. MTNL

105. The target and achievement of MTNL during the year 2000-2001 and target set for the year 2001-2002 are stated to be as under:

	Parameter	Target (2000-2001)	Achievement (2000-2001)	Target (2001-2002)
(i)	Switching Capacity	4.30	3.30	4.70
(ii)	Direct Exchange Lines (lakh lines)	3.25	3.92 (Gross) 2.38 (Net)	4.00
(iii)	Tax Capacity (lakh lines)	0.20	0.20	1.10

106. The Committee desired to know the reasons for shortfall in Switching capacity and DELs (Net). The DoT in a written note has stated that there is shortfall in switching capacity as the switching equipments for the year 2000-2001 have not been received as yet. The DEL target has been achieved on gross connection basis and as the net connections are dependent on surrenders, MTNL has no control over it.

107. The number of Internet connections as on date in Delhi and Mumbai was stated to be 19,322 and 27,065 respectively. Similarly, the number of ISDN connections was 4,728 in Delhi and 8,555 in Mumbai. Asked to state the measures taken by the Company to increase the Internet and ISDN customer base, it was replied that the Company was planning to introduce ISDN at video conference centres as well as to franchise the Internet sales.

108. Call centres, Data warehouses, Payment portals, Certification Agency and wide band to the customer premises using ADSL equipments were stated to be some of the new services that the company was contemplating. It has also been stated that the Company has a proposal to expand its area of operation beyond Delhi and Mumbai.

109. The Committee asked about the fault rate in MTNL area of operation. It was stated that fault rate in Mumbai was 9.4 and in Delhi it was 19.5 per 100 stations. Citing its last year's Report on Demands for Grants (2001-2002) the Committee pointed out that the then CMD, MTNL had assured the Committee that the Company was embarking upon a massive rehabilitation scheme in Delhi and Mumbai to curb the fault rate. In that context, the Committee desired to know whether the situation had improved after resorting to such schemes. It was replied that the network rehabilitation scheme involved closing the DPs mounted on the poles and removing drop wires which hang from the poles to a house. It was also stated that there had been distinct improvement in fault rate in those areas where rehabilitation scheme was adopted.

110. The Committee specifically desired to know the measures adopted in Delhi where the fault rate is one of the highest in India. It was replied that out of about 10 lakh lines required to be rehabilitated in Delhi, one lakh would be done this year and 3 lakh and 6 lakh lines are planned to be done during 2001-2002 and 2002-2003 respectively. Secondly, about 10 lakh instruments are to be replaced in Delhi i.e. 5 lakh each in the year 2001-2002 and 2002-2003 on account of a change in the policy to replace all instruments after 5 years instead of 10 years as was done earlier. Further, in Delhi about 46 LCKM of fault prone paper wire cables (PWT) are planned to be replaced in next three years i.e. 30 percent each in 2001-2002 and 2002-2003 and the remaining 40 percent in 2003-2004. For this replacement in Delhi, 1200 RKM of OFC is planned to be laid in 2001-2002 alongwith installation of 100 DLCs and 15 RLU's.

111. As regards the mechanism developed by MTNL to promptly attend to the complaints/grievances of the consumers, the Committee was informed that the Company had introduced IVRS system for fault complaints besides introducing a large number of customer care centres at the areas and the Divisional levels (18 in Delhi and 2 in Mumbai) to improve the services being offered to the customer. Further, to expedite the process of fault clearance, pagers have been provided to the field staff (4366 in Delhi and 1030 in Mumbai).

112. The Committee asked what action was contemplated to ensure proper attention and due care to the customers. In reply, it has been stated that MTNL proposes to introduce Electronic Customer Relation Management (CRM) through extensive usage of call centres with a view to modernising the customer care. Moreover, the staff is being imparted formal training for better customer interface.

113. In its Report on Demands for Grants 2000-2001 the Committee had taken a strong exception to the misuse of EPABX facilities by a company and had recommended stringent action. The Department in its Action Taken Note has stated that an enquiry was going on and based on the findings of the enquiry Report action would be taken. In this context, the Committee asked about the findings of the said enquiry and the resultant action initiated against the misusers.

114. It has been replied that the enquiry findings revealed that the Company was misusing the licence given to it on three accounts as stated below:—

- (i) Charging one call extra for every call.
- (ii) Going beyond the permissible limit of 500 meters.
- (iii) Introducing its own magna card which was not permissible within the licence.

115. A legal opinion was taken for initiating action for the misuse. As the licence is due to expire in June, 2001 and as a number of subscribers would have suffered for the closure of the service it was considered not proper to terminate the agreement. It had been suggested that after expiry of the licence, it might not be extended.

116. Meanwhile, it was discovered in a raid carried out by Delhi Police in association with DoT/MTNL vigilance that the Company had been indulging in illegal practices from their DID franchisee exchange. The licence has now been cancelled and the process for implementing the cancellation is in progress.

117. Asked to state the measures contemplated to prevent misuse of such facilities in future, MTNL has stated that a commercial intelligence cell which would keep track of various field operations would be set up.

118. The Committee notes that during the year 2000-2001 MTNL's target for switching capacity was 4.30 lakh lines whereas the achievement fell short by one lakh lines. In this case also non-receipt of equipment in time has been stated to be the reason for under achievement of target. The Committee is not convinced of this oft repeated excuse and takes a serious note of it. It is of the view that with a detailed action plan and timely corrective steps taken for procurement of equipments such pitfalls could have been avoided.

119. The Committee is deeply concerned to note the Fault Rate in Delhi is as high as 19.5 per month for 100 stations even though all the old exchanges have been replaced. In this context, the Committee notes that under the rehabilitation scheme embarked upon by MTNL, 10 lakh lines are required to be rehabilitated and as many telephone instruments are to be replaced. Since this matter has been engaging attention of the corporation and DoT for a number of years, the slow progress made is highly deplorable. The Committee would like the Company to expedite its rehabilitation and replacement measures.

120. Among various measures undertaken by the Company to ensure proper attention and due care for the customers, one is training of its staff for better customer interface. The Committee feels that this measure should be carried out vigorously in view of the fact that MTNL has always been accused of sub-optimal customer care. Side-by-side, the mechanism/procedure developed by MTNL to promptly attend to the complaints/grievances of the consumers need to be strengthened.

121. The Committee in its 10th Report (1999-2000) had pointed out gross misuse of EPABX facilities by some franchisees. Based on its recommendation, the Department/MTNL conducted an enquiry which substantiated that there has been such misuse. As a result, the licence of the misuser has been cancelled and as a measure to prevent misuse of such facilities in future MTNL is setting up a commercial intelligence cell which will keep track of various field operations. In this context, the Committee would like the MTNL to continuously monitor misuse of DID EPABX network so that the Government does not lose its legitimate revenue.

O. ITI Limited

122. From the materials furnished to the Committee, the highlight of ITI's performance for the year 1999-2000 was found to be as under:

- (i) profit of Rs. 46 crore as against a profit of Rs. 27 crore during the previous year.
- (ii) increase in the networth of the company from Rs. 105 crore to Rs. 138 crore.
- (iii) Highest ever production worth Rs. 2,182 crore (including Excise Duty).
- (iv) Adequate support from DoT and bankers.

123. In view of such turn around of the Company, the Committee asked about the support extended and intended to be provided by the Department to the Company. In response it has been stated that DoT has been extending substantial support to ITI from time to time in the form of:

- (a) reservation of orders (30%);
- (b) advance against reservation quota (75%);
- (c) exemption from earnest money deposit and performance bank guarantee to secure orders against tenders; and
- (d) Government guarantee to issue bonds to overcome the difficulties faced due to open competition with MNCs.

124. The Department's concerted efforts in this direction had considerably helped the company to improve its profits. The Department hoped that BSNL might continue to provide similar assistance.

125. The Secretary, DoT in evidence elaborated that the Department gives advances to ITI upto 75 percent of the procurement price which is interest free. Normally it is the supplier who gives credit, but in this case the purchaser is giving interest free credit upto 75 percent of the purchase price to enable the manufacturer that is ITI, to obtain raw materials and inputs to produce the finished product.

126. As regards the plans and projections of the Company to venture into new areas to utilise judiciously its surplus manpower as well as to continue the trend of making profits, it was stated that ITI had been performing well with the help of DoT by absorbing fast technological changes in the telecom field and resolutely implementing them for the last three years so as to retain its market shares and utilise its excess manpower. Besides, the Company has drawn up plans to venture into new areas of products such as WLL (local communication), GSM, Digital Loop Carrier, SDH, HDCL etc. and has also entered into various service areas—utilising its surplus manpower.

127. The Committee pointed out that ITI was burdened with fulfilling certain social obligations and also nourishing huge idle manpower. In spite of it, it is being made to face tough competition from MNCs. In this context, the Committee asked whether it amounted to level playing field. In reply, the DoT has stated that with the opening of telecom market to global competition, prices of equipments have come down substantially and in the present scenario the company needs to change its product line to a range of products for use in national and international markets and to make its assembly line more productive.

128. To face the increasing challenges of competition with MNCs, ITI has engaged a consultant, at a cost of about Rs. 80 crore, to suggest ways and means to re-organise the company including its Board of Directors. Report of the consultant is awaited and suitable action will be taken after examining its recommendations to revitalise ITI to face the competition effectively.

129. On a study visit to ITI, Bangalore in November, 2000, the Committee was apprised that for a tender of about 2.45 million new technology switching and telephone exchange equipments, the MNCs allegedly quoted dumping prices for which the indigenous companies including ITI suffered. The Committee desired to hear the views of the Secretary, DoT on this aspect. He responded that the lowest price the Department got was Rs. 1,978.84/per line. The L II (Siemens) quoted Rs. 2,238/-, L III (HTL) quoted Rs. 2,240/-, the price of L IV was Rs. 2,395/- Rs. ITI (LV) quoted Rs. 2,397/-. The sixth vendor quoted Rs. 2,636/-

130. As regards allegation of dumping prices, the Secretary submitted that there was an incremental difference in the prices quoted by all the six vendors. He further stated that to make a case of dumping, it was to be proved that the item was being sold at a price lower than the cost of manufacturing or it was being sold in the home country at a price higher than that when exported. Neither ITI nor any other company brought it to the notice of the Department that the same products were being sold at higher prices in the home country of any of these suppliers.

131. The Committee asked the CMD, ITI about the reasons for being accorded preferential treatment. In reply, the CMD stated that for utilising a huge work force of about 23,000 people, she expected some preferences from the Department on this account.

132. The Committee appreciates the support extended by the Department to ITI in the shape of reservation of 30 per cent of purchase orders, grant of advance to the extent of 75 per cent against reservation quota, exemption from earnest money deposit and performance bank guarantee to secure orders against tenders as well as Government guarantee to issue bonds to overcome the difficulties faced due to open competition with MNCs. However, the Committee does not consider it to be a favour to ITI as being a Government company, it has to be treated as a captive unit of DoT. Concerted efforts of the employees of the Company and the prolonged support of the Department to the company has helped ITI to turn around. The Committee hopes that with sustained efforts of the management of the company and ceaseless support of the Department keeping in mind the social obligations of the Company, ITI Ltd. will be able to play a meaningful role in attaining self-reliance in telecom sector.

133. The Committee appreciates that the company has drawn up plans to venture into new areas of products such as WLL (local communication), GSM, Digital Loop Carrier, SDH, HDCL etc. besides entering into various service areas utilising its surplus man power. However, in view of the stiff competition looming large from the affluent MNCs, the Committee would like the company to further diversify its product range for use in national and international markets and the DoT ought to provide a helping hand to the company in this regard.

134. In this context, the Committee notes that ITI has engaged a Consultant to suggest ways and means to reorganize the company and the Report of the consultant is awaited. The Committee would like to be apprised of the recommendations/suggestions of the consultant and the action initiated thereon by the DoT/Company.

135. The Committee also notes that in a recent tender floated by the Department, prices quoted by L-1 bidder was alleged to be dumping prices which apparently affected the interest of ITI and other indigenous companies. The Committee, therefore, desires the Department to see whether any mechanism can be evolved to establish whether the price quoted by a particular vendor is anyway dumping so that the interest of indigenous companies can be well protected.

P. C-DoT

136. The Committee desired to know about the support/extended given by DoT to C-DoT in accomplishing its mission. It was replied that DoT was giving adequate grant-in-aid to DoT for financing its activities. Right from the time of inception of the Research Organisation till date DoT has given Rs. 671.65 crore by way of grant-in-aid. In this year's budget estimates Rs. 52 crore has been provided as budgetary support in addition to Rs. 7 crore under non-plan.

137. To a specific query on the exodus of trained manpower from the premier research centre, it was replied that in the years 1998, 1999 and 2000 as many as 409 trained Engineers left the organisation. The trend still continues.

138. Asked to state the measures taken to check attrition, it was replied the C-DoT engaged the services of a management consultant to suggest suitable compensation packages to various levels of C-DoT employees to prevent further exodus. The C-DoT Board after considering the Report of the management consultant suggested a substantial increase of perquisites and benefits ranging from 11.27% to 65.35% to various levels of employees.

139. The Board's recommendations were considered by the Steering Committee on March 26, 2001 and the Steering Committee has appointed a Sub-Group to go into the details and make recommendations. The final recommendations will be submitted to the Governing Council for approval. If the recommendations of C-DoT Board are approved the wage bill of C-DoT will increase from the current Rs. 33 crore to Rs. 44 crore.

140. The Committee notes that C-DoT has been provided with a sum of Rs. 52 crore in addition to Rs. 7 crore as non-plan support. The Committee trusts that the Department will continue its undaunted support to the country's Premier Research Organisation in accomplishing its mission.

141. However, high rate of attrition of trained manpower from the organisation *i.e.* as many as 409 trained Engineers during the last three years is a matter of grave concern. Consequent upon the engagement of a consultant to suggest suitable compensation package for various level of employees, the Committee notes that if the recommendations are approved the wage bill of the organisation will increase by Rs. 11 crore. The Committee is of the view that this increase in wage bill is inconsequential if the long term losses due to the exodus of brilliant and trained manpower are taken into consideration. Therefore, the Committee hopes that Governing Council will consider the issues objectively and take judicious decision in this regard.

Q. Telecom Factories

142. From a statement furnished to the Committee, it was observed that the total production (in terms of value) of the Seven Telecom factories during the year 1999-2000 was Rs. 271.62 crore against a target of Rs. 278.50 crore. It was stated that while the telecom factories at Kolkata (Alipore and Gopalpur), Jabalpur (Wright Town) and Bhilai had exceeded their Annual Targets, Factories at Khargpur, Jabalpur (Richhai) and Mumbai fell short of the target.

143. Asked to furnish a detailed statement with reasons for shortfall the following information was furnished to the Committee:—

(Rs. in Crore)

Telecom Factory	Target 1999-2000	Ach. 1999-2000	Remarks
Kharagpur	5.00	4.09	Less production due to frequent power failure and machine breakdown.
(Richhai) Jabalpur	31.50	30.04	Full produced qty. could not be despatched within 31st March.
Mumbai	80.00	72.00	Rates of several items were reduced by all Telecom Factories due to cost cutting exercise during the year, whereas financial targets were fixed based on the previous year rates.

144. The Committee desired to know the steps taken by the Department to optimally utilize the production facilities of Telecom Factories. In reply, it was stated that Telecom factories were fully loaded as per their production capacity. Items like Main Distribution Frame (MDF), Line Jack Unit (LJU), MW towers etc., are reserved for these factories BSNL was resorting to procurement from other sources only when there was lower production capacity in Telecom Factories or the item is not under their product range.

145. Further, to enhance the production capacity of items like DP Box, MDF, CT Box etc., investment worth Rs. 4.5 crore towards procurement of new machines has been approved.

146. The Committee is concerned to note that the Telecom Factories at Kharagpur, Jabalpur (Richhai) and Mumbai would not be able to achieve the target in the year 1999-2000 for the reasons of less production due to frequent power failure and machine breakdown and inability to despatch the produced quantity. The Committee feels that while the power failure is beyond their control, other problems can be resolved by the management of Telecom factories with advance planning and foresight like proper maintenance of machines etc. It is imperative to make such arrangements so that there is optimum use of manpower and resources of the Telecom Factories.

NEW DELHI;
12 April, 2001
22 Chaitra, 1923 (Saka)

SOMNATH CHATTERJEE,
Chairman,
Standing Committee on
Information Technology.

APPENDIX-I

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2001)

The Committee sat on Wednesday, March 14, 2001 from 1500 hours to 1745 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Pawan Kumar Bansal
3. Shri Nikhil Kumar Chaudhary
4. Shri Bhartruhari Mahtab
5. Shri K.A. Sangtam
6. Rajkumari Ratna Singh
7. Shrimati D.M. Vijay Kumari

Rajya Sabha

8. Shri Balkavi Bairagi
9. Shri Narendra Mohan
10. Shri K. Rama Mohana Rao
11. Shrimati Kum Kum Rai

SECRETARIAT

1. Shri P.D.T. Achary — *Joint Secretary*
2. Shri S.K. Sharma — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*

Representatives of the Department of Telecommunications (DoT)

1. Shri Shyamal Ghosh — Chairman, Telecom Commission and Secretary, DoT
2. Shri R. Ramanathar. — Member (Finance)
3. Shri J. Ramanujam — Member (Services)
4. Dr. Vijay Kumar — Member (Technology)
5. Shri R.N. Goel — Member (Production)
6. Shri Dhanendra Kumar — Additional Secretary (T)
7. Shri S.P. Purwar — Advisor (Finance)
8. Shri Ramesh Chandra — Advisor (Production)
9. Shri C.V. Rajan — Advisor (Technology)
10. Shri S. Satagopan — Advisor (HRD)
11. Shri Dilip Sahay — Advisor (Operations)
12. Mrs. Annie Moraes — DDG (BLF)
13. Dr. D.P.S. Seth — CMD, BSNL
14. Shri N. Sharma — CMD, MTNL
15. Shri S.K. Gupta — CMD, VSNL
16. Mrs. G. Lakshmi Menon — CMD, ITI Ltd.
17. Shri S.S. Sekhawat — CMD, HTL Ltd.

Representatives of the Department of Posts (DoP)

1. Shri B.N. Som — Secretary (Posts)
2. Shri S.C. Dutta — Member (P)
3. Shri Gautam Gupta — Member (O)
4. Shri K.S. Menon — JS. & FA
5. Shri L.K. Puri — Sr. DDG (CPT)
6. Ms. Meera Dutta — DDG (Estates & PN)
7. Shri S.P. Singh — DDG (M&TS)
8. Shri Gurmail Singh — DDG(PAF)

2. At the outset, the Chairman welcomed the Secretary, Department of Telecommunications (DoT) and other officials accompanying him to the sitting of the Committee.

3. The Secretary, DoT made presentations highlighting the salient features of the Demands for Grants (2001-2002)

4. The Committee, then, sought certain clarifications on the issues relating to the Demands for Grants (2001-2002). The representatives of DoT replied to the queries raised by the Members. The witnesses of the Department of Telecom then withdrew and representatives of the Department of Posts appeared before the Committee.

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9. A verbatim record of the sitting has been kept separately.

The Committee, then, adjourned.

APPENDIX-II

MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2001)

The Committee sat on Friday, March 23, 2001 from 1500 hours to 1800 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee—*Chairman*

MEMBERS

Lok Sabha

2. Shri Mahendra Baitha
3. Shri Pawan Kumar Bansal
4. Shri Nikhil Kumar Chaudhary
5. Shri K.A. Sangtam
6. Smt. D.M. Vijaya Kumari

Rajya Sabha

7. Shri Balkavi Bairagi
8. Shri Shatrughan Sinha
9. Shri Kartar Singh Duggal
10. Shri K. Rama Mohana Rao
11. Shrimati Kum Kum Rai

SECRETARIAT

1. Shri P.D.T. Achary — *Joint Secretary*
2. Shri S.K. Sharma — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*

**Representatives of the Department of
Telecommunications (DoT)**

1. Shri Shyamal Ghosh — Chairman, Telecom Commission
and Secretary, DoT
2. Shri R. Ramanathan — Member (Finance)
3. Shri J. Ramanujam — Member (Services)
4. Dr. Vijay Kumar — Member (Technology)
5. Shri R.N. Goel — Member (Production)
6. Shri Dhanendra Kumar — Additional Secretary (T)
7. Shri S.P. Purwar — Advisor (Finance)
8. Shri Ramesh Chandra — Advisor (Production)
9. Shri C.V. Rajan — Advisor (Technology)
10. Shri S. Satagopan — Advisor (HRD)
11. Shri Dilip Sahay — Advisor (Operations)
12. Mrs. Annie Moraes — DDG (BLF)
13. Dr. D.P.S. Seth — CMD, BSNL
14. Shri N. Sharma — CMD, MTNL
15. Shri S.K. Gupta — CMD, VSNL
16. Mrs. G. Lakshmi Menon — CMD, ITI Ltd.
17. Shri S.S. Sekhawat — CMD, HTL Ltd.

Representatives of the Department of Posts (DoP)

1. Shri B.N. Som — Secretary (Posts)
2. Shri S.C. Dutta — Member (P)
3. Shri Gautam Gupta — Member (O)
4. Shri K.S. Menon — JS & FA
5. Shri L.K. Puri — Sr. DDG (CPT)
6. Ms. Meera Dutta — DDG (Estates & PN)
7. Shri S.P. Singh — DDG (M&TS)
8. Shri Gurmail Singh — DDG(PAF)

2. At the outset, the Chairman welcomed the Secretary, DoT and other officials accompanying him to the sitting of the Committee.

3. The Committee, then, sought further clarifications on the issues relating to Demands for Grants (2001-2002) of the DoT. The representatives replied to the queries of the Members. The witnesses, then, withdrew and representatives of the Department of Posts appeared before the Committee.

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- 6. *** *** *** ***
- 7. *** *** *** ***

8. A verbatim record of the sitting has been kept separately.

The Committee then adjourned.

APPENDIX-III

MINUTES OF THE TWENTIETH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2001)

The Committee sat on Wednesday, March 28, 2001 from 1500 hours to 1720 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee—*Chairman*

MEMBERS

Lok Sabha

2. Shri Mahendra Baitha
3. Shri Tara Chand Bhagora
4. Shri Nikhil Kumar Chaudhary
5. Shri Bhartruhari Mahtab
6. Shri Karia Munda
7. Shri K.A. Sangtam
8. Shri Saroj Tufani
9. Sardar Buta Singh
10. Shri Vinay Kumar Sorake
11. Shrimati D.M. Vijaya Kumari

Rajya Sabha

12. Shri Shatrughan Sinha
13. Shri Kartar Singh Duggal
14. Shri K. Rama Mohana Rao
15. Shrimati Kum Kum Rai
16. Shri Rajiv Shukla

SECRETARIAT

1. Shri P.D.T. Achary — *Joint Secretary*
2. Shri S.K. Sharma — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*

**Representatives of the Department of
Telecommunications (DoT)**

- | | | |
|---------------------------|---|--|
| 1. Shri Shyamal Ghosh | — | Chairman, Telecom Commission
and Secretary, DoT |
| 2. Shri R. Ramanathan | — | Member (Finance) |
| 3. Shri J. Ramanujam | — | Member (Services) |
| 4. Dr. Vijay Kumar | — | Member (Technology) |
| 5. Shri R.N. Goel | — | Member (Production) |
| 6. Shri Dhanendra Kumar | — | Additional Secretary (T) |
| 7. Shri S.P. Purwar | — | Advisor (Finance) |
| 8. Shri Ramesh Chandra | — | Advisor (Production) |
| 9. Shri C.V. Rajan | — | Advisor (Technology) |
| 10. Shri S. Satagopan | — | Advisor (HRD) |
| 11. Shri Dilip Sahay | — | Advisor (Operations) |
| 12. Mrs. Annie Moraes | — | DDG (BLF) |
| 13. Dr. D.P.S. Seth | — | CMD, BSNL |
| 14. Shri N. Sharma | — | CMD, MTNL |
| 15. Shri S.K. Gupta | — | CMD, VSNL |
| 16. Mrs. G. Lakshmi Menon | — | CMD, ITI Ltd. |
| 17. Shri S.S. Sekhawat | — | CMD, HTL Ltd. |

2. At the outset, the Chairman welcomed the Secretary, DoT and other officials accompanying him to the sitting of the Committee.

3. The Committee took up further examination of the Demands for Grants (2001-2002) pertaining to DoT and the representatives of the Department replied to the queries of the Members on the subject.

4. The Chairman thanked the representatives of the Department for placing before the Committee the information that it desired in connection with the examination of the subject.

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

The Committee then adjourned.

APPENDIX-I

MINUTES OF THE TWENTY-THIRD SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2001)

The Committee sat on Thursday, 12 April, 2001 from 1100 hours
to 1300 hours in Committee Room '53', Parliament House, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Mahendra Baitha
3. Shri Pawan Kumar Bansal
4. Shri Nikhil Kumar Chaudhary
5. Shri T. Govindan
6. Shri K.K. Kaliappan
7. Shri G. Ram Mohan
8. Shri K.A. Sangtam
9. Sardar Buta Singh
10. Rajkumari Ratna Singh

Rajya Sabha

11. Shri Shatrughan Sinha
12. Shri Narendra Mohan
13. Shri Balbir K. Purj
14. Dr. Y. Radhakrishna Murthy
15. Shri P.N. Siva
16. Shri Kartar Singh Duggal
17. Shri K. Rama Mohana Rao
18. Shrimati Kum Kum Rai
19. Shri Rajiv Shukla

SECRETARIAT

1. Shri P.D.T. Achary — *Joint Secretary*
2. Shri S.K. Sharma — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*

Representatives of Ministry of Information & Broadcasting

1. Shri Pawan Chopra — Secretary (I&B)
2. Shri Anil Baijal — Addl. Secretary, and CEO, Prasar Bharati
3. Smt. Aruna Makhan — Addl. Secretary & Financial Adviser (I&B)
4. Shri Rakesh Mohan — Joint Secretary (B), (I&B)
5. Shri R.C. Mishra — Executive Director, PB
6. Shri T.R. Malakar — DDG, PB
7. Shri Jaideep Bhatnagar — Controller of Sales, PB
8. Shri H.R. Goel — Consultant, PB
9. Shri Biswanath Das — Director, DDK, Calcutta
10. Ms. Mahua Pal — DS (BD & Vig)
11. Shri S. Kumaraswamy — DS (TVP)

2. *** *** *** ***
3. *** *** *** ***
4. *** *** *** ***
5. *** *** *** ***

6. The Committee then took up for consideration the following Draft Reports and adopted the same with some amendments/modifications as shown in Annexure A, B and C respectively.

- (i) *** *** *** ***
- (ii) *** *** *** ***

(iii) Draft Twenty-Second Report of the Standing Committee on Information Technology on Demands for Grants (2001-2002) relating to Department of Telecommunications.

7. The Committee then authorized the Chairman to finalise the draft reports in the light of the factual verification and present/lay the Reports in both the Houses of Parliament.

The Committee then adjourned.

ANNEXURE

**MODIFICATIONS/AMENDMENTS MADE BY THE COMMITTEE
IN THE DRAFT TWENTY-SECOND REPORT**

Page No.	Para No.	Line No.	For	Read
5	11	2 (from below)	"a service provider"	"a sole service provider in the coming years"
-do-	12	7	"permit"	"provide"
-do-	-do-	-do-	Delete "to have"	
23	9	1	After "notes" Add "with concern"	
-do-	-do-	4	"initiating"	"vitiating"
-do-	24	2	"switches"	"points of presence"
-do-	24	2 (from below)	After "the" Add "unsatisfactory"	
14	41	5	After "lines" Add "by the BSNL and MTNL"	
-do-	42	2 (from below)	"same"	"reduction in Cellular rates which is welcome"
-do-	42	5	After "spectrum" Add "besides recovery of liquidated damages"	