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STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2015-16)

SIXTEENTH LOK SABHA

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

DEMANDS FOR GRANTS (2016-17)

TWENTY-FIFTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

May, 2016/ Vaisakha, 1938 (Saka)

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(2015-16)

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(DEPARTMENT OF ELECTRONICS AND INFORMATION TECHNOLOGY)

DEMANDS FOR GRANTS
(2016-17)

Presented to Lok Sabha on 03.05.2016
Laid in Rajya Sabha on 03.05.2016

LOK SABHA SECRETARIAT
NEW DELHI

May, 2016/ Vaisakha, 1938 (Saka)

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***Not appended to the cyclostyled copy of the Report.**

COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2015-16)

Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2. Shri L.K. Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
5. Shri Hemant Tukaram Godse
6. Dr. Anupam Hazra
7. Dr. J. Jayavardhan
8. Shri P. Karunakaran
9. Shri Virender Kashyap
10. Shri Harinder Singh Khalsa
11. Smt. Hema Malini
12. Shri Keshav Prasad Maurya
13. Ms. Mehbooba Mufti
14. Dr. K.C. Patel
15. Shri Raosaheb Danve Patil
16. Shri Paresh Rawal
17. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
18. Shri Abhishek Singh
19. Shri D.K. Suresh
20. Shri Ramdas C. Tadas
21. Smt. R. Vanaroja

Rajya Sabha

22. Shri Salim Ansari
23. Smt. Jaya Bachchan
24. Shri Vijay Jawaharlal Darda
25. Shri Meghraj Jain
26. Shri Santiuse Kujur
27. Shri Derek O'Brien
28. Dr. K.V.P. Ramachandra Rao
29. Shri Sachin Ramesh Tendulkar
30. Mahant Shambhuprasadji Tundiya

*31. **VACANT**

SECRETARIAT

Shri K. Vijayakrishnan	-	Additional Secretary
Shri J.M. Baisakh	-	Director
Dr. Sagarika Dash	-	Deputy Secretary
Ms. Rajani Jha	-	Executive Assistant

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* Shri Javed Akhtar, M.P. Rajya Sabha retired on 21.03.2016 from Rajya Sabha.

ABBREVIATIONS

AE	-	Actual Expenditure
BCC	-	Basic Computer Course
BE	-	Budget Estimate
BIRAC	-	Biotechnology Industry Research Assistance Council
BHQ	-	Block Head Quarter
BNCSCs	-	Bharat Nirman Common Service Centers
CAS	-	Conditional Access System
CAT	-	Cyber Appellate Tribunal
CAREL	-	Core Advisory Group for R&D in the Electronics Hardware Sector
CBI	-	Central Bureau of Investigation
CCA	-	Controller of Certifying Authority
C-DAC	-	Centre for Development of Advanced Computing
CGO	-	Central Government Offices
C-MET	-	Centre for Materials for Electronics Technology
CERT-In	-	Indian Computer Emergency Response Team
CRAC	-	Cyber Regulation Advisory Committee
CSC	-	Common Service Centres
CSIR	-	Council of Scientific and Industrial Research
CVD	-	Countervailing Duty
DCO	-	Data Centre Operator
DAE	-	Department of Atomic Energy
DARE	-	Department of Agricultural Research & Education
DBT	-	Department of Biotechnology
DeitY	-	Department of Electronics and Information Technology
DGCI&S	-	Directorate General of Commercial Intelligence and Statistics
DGS&D	-	Directorate General of Supplies and Disposals
DHQ	-	District Head Quarter
DMEP	-	Domestically Manufactured Electronic Products
DOEACC	-	Department of Electronics Accreditation of Computer Courses
DoS	-	Department of Space
DPR	-	Detailed Project Report
DTH	-	Direct-To-Home
DST	-	Department of Science and Technology
DRDO	-	Defence Research and Development Organization
EDF	-	Electronic Development Fund
EFC	-	Empowered Finance Committee
EFC	-	Expenditure Finance Committee
EHTP	-	Electronics Hardware Technology parks

EMDC	-	Electronic Materials Developments Council
EoI	-	Expression of Interest
ESDM	-	Electronics Systems Design and Manufacturing
ERNET	-	Education and Research Network
EMC	-	Electronics Manufacturing Clusters
FAB	-	Semiconductor Wafer Fabrication
GePNIC	-	Government e-Procurement System of NIC
GGE	-	Group of Governmental Experts
G2B	-	Government to Business
G2C	-	Government to Citizen
G2G	-	Government to Government
GITA	-	Global Innovation and Technology Alliance
HQ	-	Head Quarter
IEBR	-	Internal and Extra Budgetary Resource
ICT	-	Information and Communication Technology
ICTE	-	Information, Communication Technology and Electronics
ICT4D	-	ICT for Development
ITA	-	Information Technology Agreement
ITeS	-	Information Technology enabled Services
MHRD	-	Ministry of Human Resource Development
MEMS	-	Micro Electro Mechanical Systems
MLA	-	Media Lab Asia
MoES	-	Ministry of Earth Sciences
MoU	-	Memorandum of Understanding
MMPs	-	Mission Mode Projects
M-SIPS	-	Modified Special Incentive Package Scheme
MSME	-	Micro Small and Medium Enterprise
NASSCOM	-	National Association of Software and Services Companies
NCRB	-	National Crime Records Bureau
NCCC	-	National Cyber Co-ordination Centre
NCETIS	-	National Centre of Excellence in Technology for Internal Security
NIELIT	-	National Institute of Electronic and Information Technology
NeGD	-	National e-Governance Division
NeGP	-	National e-Governance Plan
NeGAP	-	National e-Governance Action Plan
NEBPS	-	North East BPO Promotion Scheme
NER	-	North Eastern Region
NIC	-	National Informatics Centre
NICSI	-	National Informatics Centre Services Inc
NIXI	-	National Internet Exchange of India

NKN	-	National Knowledge Network
NO	-	Network Operator
NCPUL	-	National Council for Promotion of Urdu Language
NLP	-	Natural Language Processing
NSM	-	National Supercomputing Mission
NTP	-	National Time Protocol
OLED	-	Organic LED
PCs	-	Personal Computers
PoPs	-	Point of Presence
PoC	-	Proof of Concept
R/C	-	Rate Contract
R&D	-	Research and Development
RE	-	Revised Estimate
SAMEER	-	Society for Applied Microwave Electronics Engineering and Research
SCA	-	Service Centre Agency
SDAs	-	State Designated Agencies
SDC	-	State Data Centre
SHQ	-	State Head Quarter
SICLDR	-	Semiconductor Integrated Circuits Layout-Design Registry
SIPS	-	Special Inventive Package Scheme
SMEs	-	Small and Medium Enterprise
SPV	-	Special Purpose Vehicle
STB	-	Set Top Box
STePs	-	Specialized Training for e-Governance Programmes
STQC	-	Standardisation, Testing and Quality Certification
STPI	-	Software Technology Park of India
SWAN	-	State Wide Area Network
TDIL	-	Technology Development for Indian Languages
TDC	-	Technology Development Council
ToT	-	Transfer of Technology
UCs	-	Utilisation Certificates
USD	-	United States Dollar
UT	-	Union Territory
VGF	-	Viability Gap Funding
VSAT	-	Very Small Aperture Terminal
VLE	-	Village Level Entrepreneur
WTO	-	World Trade Organization

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2015-16, having been authorized by the Committee to submit the Report on their behalf, present this Twenty-fifth Report on Demands for Grants (2016-17) of the Ministry of Communications and Information Technology (Department of Electronics and Information Technology).

2. The Standing Committee on Information Technology (2015-16) was constituted on 1st September, 2015. 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 the Demands for Grants of the Ministry/Department concerned 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 Electronics and Information Technology) for the year 2016-17 which were laid on the Table of the House on 16th March, 2016. The Committee took evidence of the representatives of the Department of Electronics and Information Technology on 8th April, 2016*.

4. The Report was considered and adopted by the Committee at their sitting held on 2nd May, 2016.

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

6. The Committee would also like to place on record their appreciation of the assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

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

New Delhi;
02 May, 2016
12 Vaisakha, 1938 (Saka)

ANURAG SINGH THAKUR,
Chairperson,
Standing Committee on
Information Technology.

*** Minutes not appended to the cyclostyled copy of the Report.**

PART – I
REPORT

I. Introductory

The Department of Electronics and Information Technology (DeitY), under the Ministry of Communications and Information Technology, are responsible for the formulation, implementation and review of national policies in the field of Information Technology, Electronics and Internet (all matters other than licensing of the Internet Service Provider). The Vision of the Department is e-Development of India as the engine for transition into a developed nation and an empowered society. The Mission is to promote e-Governance for empowering citizens, promoting inclusive and sustainable growth of the Electronics, IT & ITeS industries, enhancing India's role in Internet Governance, adopting a multipronged approach that includes development of human resources, promoting R&D and innovation, enhancing efficiency through digital services and ensuring a secure cyber space.

2. In order to operationalise the objectives of the Department, schemes are formulated and implemented by the Department. The schemes are implemented directly by the Department and through the organizations/institutions under their jurisdiction. To make the technology robust and state-of-the-art, collaboration of the academia and the private/public sector is also obtained.

3. During the year 2015-16, all the ongoing schemes/programmes/projects, being implemented by DeitY, have been amalgamated under the 'Digital India Programme' – a programme implemented by the entire Government and being coordinated by the Department of Electronics & Information Technology. However, each individual element under the Digital India Programme stands on its own and it is also part of the entire Government. In addition to these schemes, other Autonomous Societies/Bodies, viz. Society for Applied Microwave Electronics Engineering and Research (SAMEER), Education and Research Network (ERNET), National Institute of Electronic and Information Technology (NIELIT), Electronic Materials Development Council (EMDC), Centre for Materials for Electronics Technology (C-MET) and Media Lab Asia (MLA) have

been included under the head Centre for Development of Advanced Computing, C-DAC, and other Autonomous Societies/Bodies during the year 2015-16. The Department also have two Attached Offices, viz. the National Informatics Centre (NIC) and the Standardisation, Testing and Quality Certification (STQC) to carry out the business allocated to them.

II. Implementation status of the recommendations contained in the Sixth Report of the Committee on Demands for Grants (2015-16) of DeitY

4. The Sixth Report of the Standing Committee on Information Technology on the 'Demands for Grants' of DeitY for the year 2015-16 was presented to Lok Sabha/laid in Rajya Sabha on 24th April, 2015. Under Rule 34(1) of 'Rules of Procedure of Departmentally Related Standing Committees (DRSCs)', the Ministry/Department concerned is required to furnish a statement showing the action taken by them on the Observations/Recommendations contained in the Report of the Committee within three months from the date of the presentation of the Report. The Twenty-second Report on action taken by the Government on the Recommendations/Observations contained in their Sixth Report on 'Demands for Grants (2015-16)' was presented to the Lok Sabha/laid in Rajya Sabha on 21st December, 2015. Out of the 20 recommendations made by the Committee, 17 were accepted. Replies to two recommendations were found to be of interim nature, to which the Department were asked to furnish the Final Action Taken Reply in the Twenty-second Report. Reply to one recommendation was not accepted by the Committee and was reiterated in their Twenty-second Report. Final Action Taken reply to the Twenty- second Report is awaited.

III. Budget Analysis

i. Demands for Grants No.15 of (DeitY) for the year 2016-17

5. The Budget Estimate allocation for DeitY under Plan and Non-Plan for the year 2016-17 is as under:-

(Rs. in crore)

	BE 2016-17		
	Plan	**Non-Plan**	**Total**
Revenue	2960.89	128.82	3089.71
Capital	239.11	--	239.11
Total	**3200.00**	**128.82**	**3328.82**

6. Detailed Annual Plan proposal and the approved Gross Budgetary Support (GBS) for the year 2016-17 are as under:-

(Rs. in crore)

S. No.	Scheme/Programme	Annual Plan (2016-17)			
		Proposed		Approved	
		Outlay	Gross BS	Outlay	Gross BS
1	**National Informatic Centre (NIC)**	**1182.00**	**1182.00**	**800.00**	**800.00**
2.	**Unique Identification Authority of India (UIDAI)***	**1468.23**	**1468.23**	**800.00**	**800.00**
3	**Regulatory Authorities**	**485.50**	**485.50**	**183.00**	**183.00**
3.1	STQC Programme	140.00	140.00	105.00	105.00
3.2	Cyber Security	338.50	338.50	70.00	70.00
3.3	Controller of Certifying Authority (CCA)	7.00	7.00	8.00	8.00
4	**Digital India Programme**	**5778.07**	**5778.07**	**1282.00**	**1282.00**
4.1	Manpower Development	792.71	792.71	365.00	365.00
4.2	Electronic Governance	1650.00	1650.00	420.00	420.00
4.3	Externally Aided Project (e-Governance)	50.00	50.00	50.00	50.00
4.4	National Knowledge Network	1000.00	1000.00	250.00	250.00
4.5	Promotion of Electronics & IT Hardware mfg.	854.64	854.64	70.00	70.00
4.6	Promotion of IT & ITeS Industries	543.00	543.00	5.00	5.00
4.7	R&D in IT/Electronics/CCBT**	887.72	887.72	122.00	122.00
5	**Assistance to Autonomous and Other Bodies**	**1227.79**	**617.10**		**135.00**
5.1	Centre for Dev. of Advanced Computing (C-DAC)	779.00	495.00	367.00	83.00
5.2	Society for Applied Microwave Electronics Engg & Research (SAMEER)	142.20	94.20	83.00	35.00
5.3	Centre for Materials for Electronics Technology (C-MET)	43.40	24.80	30.60	12.00
5.4	National Institute of Electronics and Information Technology (NIELIT)	263.09	3.00	260.09	0.00
5.5	Media Lab Asia (MLA)	0.10	0.10	5.00	5.00
	Grand Total	**10141.59**	**9530.90**	**3810.69**	**3200.00**

Note: All the Plan Schemes of DeitY have been rationalized into five umbrella Schemes as categorized in the table w.e.f. FY 2016-17.

*Transferred to DeitY as an Attached Office.

**This sub-scheme is the amalgamation of many erstwhile schemes of DeitY, viz. Technology Development Council Projects; Micro-electronics and Nano-technology programme; Convergence, Communication and Strategic Electronics; Technology Development of Indian Languages; R&D in Medical Electronics and Health Informatics; National Supercomputing Mission (NSM) and Electronics Materials Development Council.

ii. Plan allocation and utilization in the Twelfth Five Year Plan

7. The Budget Estimate for the Twelfth Five Year Plan (2012-17) is Rs.36,078.00 crore. The Plan allocation and utilization for the period 2012-13 to 2016-17 are as under:-

(Rs. in crore)

Financial Year	Proposed	BE	RE	Actual Utilization	%age Utilization w.r.t. RE	%age Utilization w.r.t. BE
2012-13	10491.33	3000	2000	1859.88	92.99%	61.99%
2013-14	6927.84	3000	2140	2117.89	98.96%	70.60%
2014-15	12133.49	3815	3600	3471.71	96.00%	91.00%
2015-16	10947.93	2568	2700	2030.61*	75.20%	79.07%
2016-17	9530.90	3200	-	-	-	-

*Expenditure as on 07.03.2016.

The provision (2016-17) includes Rs.2400 crore for ongoing Programmes/Schemes of DeitY and Rs.800 crore for UIDAI.

8. When the Committee desired to know the reasons for less utilization in the year 2015-16, the Department stated that the expenditure Rs.2030.61 was upto 07.03.2016. During the Financial Year (FY) 2015-16, the Ministry of Finance (MoF) provided an additional grant of Rs.132.00 crore in RE which was received through the 3rd and final batch of Supplementary Demands for Grants 2015-16 on March 26, 2016 and approvals for reappropriation of funds based on the RE ceilings was received on March 29, 2016. Hence, many releases, which were kept pending due to want of funds, are being ensured to be released before closure of the Financial Year 2015-16. The actual expenditure during FY 2015-16 is, therefore, expected to be about 95% of RE allocation by the end of the financial year. In the presentation made before the Committee on

8th April, 2016, the Department mentioned that the actual Expenditure was of the order of Rs.2521.75 crore.

iii. Budgetary Provision for the North-Eastern Region (NER) and Sikkim

Budgetary allocation for NER and Sikkim for the year 2016-17 is as under:-

(Rs. in crore)

S.No.	Programme/Scheme	Plan	Purpose
i)	**National Informatics Centre (NIC)**	**90.00**	**As per Government instructions, 10% of the Central Plan Allocation is being earmarked and spent for the schemes for the benefit of the North Eastern Region and Sikkim.**
ii)	**Unique Identification Authority of India (UIDAI)**	**6.00**	
iii)	**Regulatory Authorities**	**17.00**	
iv)	**Digital India Programme**	**191.00**	
v)	**Assistance to Autonomous & Other Bodies**	**16.00**	
Total		**320.00**	

9. The Department have since taken some corrective measures to address impediments faced in NER, *viz.* providing connectivity to remote locations through technologies like VSAT, initiatives to provide solar back-up to address the power shortage problem at CSCs, etc., and they were also planning to open a BPO in the region.

10. In this context, when asked to give an update on the above initiatives, the Department stated that under the North East BPO Promotion Scheme (NEBPS) which was launched in 2015-16 under the Digital India Programme, it has been notified by DeitY to incentivize 5000 seats of BPO/ITeS Operations in the North Eastern Region for creation of employment opportunities for about 15000 youths and growth of IT-ITeS industry with an outlay of Rs.50.00 crore for the remaining period of 12th Plan, *i.e.* up to 31.03.2017. Software Technology Parks of India (STPI) have been designated as the nodal agency for implementation of NEBPS. After three rounds of bidding, 300 seats

have been allotted to M/s IKF Technology West Bengal at Guwahati, Shillong and Itanagar (100 at each location). The Guwahati Unit was inaugurated on 28.12.2015.

11. NEBPS has also been revised and various changes like inclusion of special incentives, *viz.* incentive for promoting local entrepreneurs, training incentive, incentive for employing women and physically disabled persons and incentive for providing employment beyond target, participation of Societies (registered under the Societies Registration Act, 1860) as consortium with eligible Indian Company, have been incorporated in NEBPS. The Request for Proposal (RFP) for the next round of bidding has been floated by STPI.

iv. <u>Position of Outstanding UCs and unspent Balances with States' implementing agencies</u>

12. The Department have provided the status of outstanding UCs as on 31st March 2016 as follows:-

Sanction Period	No. of UCs	Amount (Rs. in crore)
01.04.2001 to 31.03.2014	133	276.64*
01.04.2001 to 31.03.2016	876	2435.81**

* Outstanding UCs **Unspent Balance (incl.outstanding)

13. On being asked as to why such a large number of Utilization Certificates (UCs) are still pending the Department, in their written submission, stated as under:-

> "The total number of pending UCs as on 31.03.2016 is 133, which amounts to Rs.276.64 crore. Out of these 133 UCs, 94 UCs amounting to Rs.266.82 crore (96% of the total pending amount) pertain to Electronic Governance Scheme. It is stated that as per the National e-Governance Plan (NeGP), the programme activities are being undertaken by DeitY in coordination with the State Governments. e-Governance activities have a relatively longer gestation period due to stringent requirements, including civil and electrical

construction, hardware, software development, business process reengineering, training and data digitization etc. e-Governance in the States / UTs is an emerging sector and the availability of trained personnel is also limited. While attempts are made to provide the maximum possible support to address the above issues, the implementation of NeGP projects has been impacted due to these reasons. This has led to the current situation where unspent funds are seen to be available with States/UTs for a substantial period."

14. The Committee desired to know about the steps that have been taken to recover the outstanding amount from the implementing agencies. To this, the Department stated as under:-

"The measures taken by the Department for reducing the number of UCs and holding implementing agencies more accountable during the year 2016-17 include the following:

(i) Apart from the recommendation of Project Review and Steering Group (PRSG) for release of next installment of Grant-in-aid, which is linked to the physical progress of the project, before releasing the subsequent installments of GIA, the submission of utilization of previous grants in the project is invariably insisted upon.

(ii) Unspent Balance and interest, if any, available/accrued with the implementing agency is accounted for, while releasing every subsequent installment.

(iii) All concerned Group Coordinators are holding one to one meetings with grantee institutions to take note of the project implementation and liquidation of pending UCs

(iv) Secretary (DeitY) has been reviewing the pending UC status from time to time.

(v) DeitY has been following up with all States/UTs for submission of UCs regarding funds released under various programs. UCs are submitted on the basis of GFR instructions and full care is taken to ensure that accrued interest is accounted for in the UCs submitted for rendition.

(vi) The Department has been making earnest efforts to expedite implementation of the various schemes and programs. Regular quarterly review meetings of State IT Secretaries have been organized where program implementation and financial progress have been specifically reviewed.

(vii) The details of outstanding UCs have also been shared with the Chief Secretaries of the States / UTs to seek their intervention in speedy execution of programmes and settlement of balance funds."

v. Internal and Extra Budgetary Resources (IEBR)

15. The status of IEBR in respect of societies under the jurisdiction of DeitY for the years 2014-15 and 2015-16 is as under:-

(Rs.in crore)

Societies under DeitY	***2014-15***			**2015-16**			**IEBR Target for 2016-17**
	BE	***RE***	***Actuals***	***BE***	***RE***	***Actuals****	
NIELIT	178.58	202.01	210.16	224.24	245.74	208.47	260.09
ERNET	75.00	60.00	60.12	70.00	70.00	46.29	80.00
STPI	226.20	188.38	150.50	268.19	689.43	147.78	824.25
C-DAC	254.00	254.00	358.12	270.00	260.00	246.92	284.00
SAMEER	45.00	48.00	75.44	48.00	48.00	23.80	48.00
C-MET	17.00	17.00	25.14	17.50	18.60	18.41	18.60
GRAND TOTAL	**795.78**	**769.39**	**879.48**	**897.93**	**1331.77**	**691.67**	**1514.94**

***As on 29.02.2016**

16. The Committee were given to understand that the actual IEBR generation during the year 2014-15 was more than the target. It is expected that the IEBR targets projected in RE 2015-16 would be achieved by 31st March 2016. When the Committee desired to know as to how the Department planned to generate the target of roughly 50% in just one month, the Department, in a post-evidence note, stated that the Department was optimistic of achieving the target based on the IEBR achievement trend set by the Autonomous Societies. However, keeping in view of the tentative IEBR achievements of STPI (Rs.201.10 crore), the Department may not fulfill the target.

The Department further submitted that STPI had given IEBR target of Rs.689.43 crore in RE 2015-16 which constituted IR (Internal Resource) of Rs.186.58 crore and EBR (Extra Budgetary Resources) of Rs.502.85 crore. While STPI has achieved the IR target, the EBR target could not be achieved in view of non-receipt of funds from DeitY for the schemes proposed by STPI as the same are still under consideration. The total IEBR generation by STPI during the FY 2015-16 is Rs.201.10 crore.

17. As per data given in the above table, the projected IEBR generation in the case of STPI was increased in RE (2015-16) as compared to BE (2015-16) from Rs.268.19 crore to Rs.689.43 crore. However, STPI has been able to generate only Rs.147.78 crore till 29.02.2016. Further, the IEBR target for the year 2016-17 has been increased to Rs.824.25 crore. In this context, the Committee desired to know the rationale behind the extremely high IEBR target for STPI in 2016-17 despite having achievement of only 21.43% for the year 2015-16. The Department, in a written note, submitted that the IEBR target for STPI in 2016-17 is almost six times the revenue generated at RE stage in 2015-16 because STPI anticipates receipt of funds to this tune in FY 2016-17 in view of the schemes/proposals submitted by them and presently under consideration in DeitY.

IV. Schemes/Projects of Deity

A. NATIONAL INFORMATICS CENTRE (NIC)

18. The National Informatics Programme is for providing national IT infrastructure to facilitate ushering in "e-Governance" applications at all levels of Government. NIC is the techno giant which provides ICT support to the Government Ministries/Departments. NICNET, has nationwide network of more than 70,000 users. More than 2 million users access NIC portals every day; NIC also hosts more than 7000 websites of the Government and has the largest e-Mail service of the country. The NIC National Cloud is presently hosting a number of critical applications on over 2500 virtual servers. NIC has the largest e Mail service of the country with more than 220 million e Mails per month. All these data are testimony to the fact that NIC is indispensible to the ICT support, especially in the wake of the 'Digital India Programme'.

19. Apart from this, NIC provides ICT support to Rural Development, Food and Civil Supplies, Agriculture, Industry and Commerce, Labour and Employment, Judiciary, etc. NIC has been responsible for country-wide implementation of various e-Governance projects, including many Mission Mode Projects of the Department. Mobile Fertilizer

Monitoring System (mFMS), ePanchayat, Cooperative Core Banking Solution (CCBS), National Portal on eTransaction Analysis and Aggregation Layer (eTaal), National Animal Disease Reporting System (NADRS), e-Courts, ePrisons, Immigration Visa Foreigners Registration & Tracking (IVFRT), Central Plan Schemes Monitoring System (CPSMS), e-Scholarship, etc. are some of the major ICT initiatives taken up by NIC.

20. As against the proposed allocation of Rs.1182.00 crore, the BE provided for the year 2016-17 for this Scheme is Rs.800 crore. The details of BE, RE and actual expenditure during the year 2015-16 are as under:-

(Rs.in crore)

Financial Year	**BE**	**RE**	**AE**
2014-15	800	800	779.56
2015-16	700	800	699.82*
2016-17	800		

*** (Tentative as on 07.03.2016)**

21. On being asked as to what are the reasons for decrease in the BE 2015-16 when the Department could utilize around Rs.779.56 crore which is around 97% of the Revised Estimate (RE) for the year 2014-15, the Department stated as under:-

> "NIC has to carry out the various activities on a reduced scale due to reduction in budget during 2013-14 & 2014-15. The major items of expenditure of NIC are ICT infrastructure such as network backbone, data centres, cyber security, etc. Due to intensification of e-Governance efforts by Government of India and State Governments, many systems are being positioned and need to be supported at district and sub-district level. The estimates are prepared on the basis of possible growth of e-governance applications. Thus, due to decrease in budget allocation during the year 2015-16 various activities are to be carried out on reduced basis and services could not be provided up to the mark."

22. On being asked as to whether the Department have been able to fulfill the target projected for the year 2015-16 and what constraints are being faced in this regard, the Department stated that NIC's main focus is in providing the latest state-of-the-art ICT

infrastructure. The manpower and shortage of building /sitting capacity for manpower has been a big constraint. As per the IT requirement of the State/District and services, it has become difficult to sustain the number of projects with the same manpower and reduced budget. In view of the reduced budget, NIC has to accommodate its activities in a reduced manner.

23. The Committee desired to know the status of the manpower/technologies/engineers required at NIC. The Department have submitted that in order to identify the manpower requirements of NIC across a range of functions and geographies, a professional study was conducted to estimate manpower numbers. Manpower which is required at different levels is as given below:

i) 285 positions for augmenting the capacity of Electronics Services Division in the central line Ministries / Departments by setting up of approximate ICT – HR structures and mechanisms for e-Governance and fast track the successful implementation of various MMPs, contributing to the realization of good governance in the country.

ii) 240 positions for augmenting the capacity of State NIC Centres across 36 States / UTs to augment support to State Mission Mode projects and other ICT requirements at State/UT level.

iii) 671 positions for all districts to augment the current deployment in District NIC centres to support implementation of majority of e-Governance projects at grass root level.

iv) 101 positions for providing critical e-Governance infrastructure services at the Headquarters of NIC, including setting up and managing of Meghraj (cloud), Security enhancements, e-mail and Messaging Services, GIS, Certifying Authority, etc.

v) 110 additional resources for administrative functions to support administrative, financial, procurement, budgeting and other related functions.

The break-up of positions of 1407 posts across different levels is as under:

No.of posts	Designation
30	Senior level experts to support MMPs in the DeitY and Central line Ministries
44	Scientist ‘E’ and ‘F’
62	Scientist ‘D’
120	Scientist ‘C’
178	Scientist ‘B’
309	Scientific Officer/Engineer ‘SB’
554	Scientific/Technical Assistants
110	Administrative Staff at different levels

24. The Department further submitted that a proposal has been mooted for creation of 1407 posts across different levels of Scientific and Administrative Officers to meet the e-Governance requirements of NIC and the proposal for creating 1407 posts is under consideration for inter-ministerial approval.

25. The Committee desired to know since when the above proposal has been pending for inter-ministerial approval. The Committee further enquired as to what steps have been taken by the Department to speed up the process and what is the status as on date. To this, the Department stated as under:-

> “Consequent upon submission of a proposal by NIC for inter-ministerial approval in July 2015, a number of queries were raised and NIC was requested to submit the replies. The replies of NIC have been received and under consideration in the Department for necessary approval.”

B. UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)

26. The Unique Identification Authority of India (UIDAI) was established in 2009 as an attached office under the aegis of the erstwhile Planning Commission to operate a Central Plan Scheme aimed at providing a Unique Identification number to every resident of the country. UIDAI is a transformational initiative that involves establishing

identity infrastructure for providing unique digital identity in the form of Aadhaar number (a twelve digit random number) to the residents. The Aadhaar number establishes uniqueness by the process of biometric de-duplication and enables online authentication anytime and from anywhere for verification of identity. From September 2015 onwards, UIDAI has been shifted under the Ministry of Communications and Information Technology, Department of Electronics and Information Technology (DeitY).

27. The details of allocations to the UIDAI during the last 5 years and their Actual Utilization are as under:-

Year	**RE Allocation (Rs.in Crore)**	**Actual Utilisation (Rs. in Crore)**
2010-11	273.80	268.41
2011-12	1200.00	1187.50
2012-13	1350.00	1338.72
2013-14	1550.00	1544.44
2014-15	1617.73	1615.34
2015-16	1916.43	1606.63 (as on 28.3.2016)

28. During the year 2016-17, Rs.800 crore has been allocated for UIDAI. On being asked whether the allocated sum of Rs.800 crore is sufficient for accomplishing the target set for the financial year 2016-17, the Department stated as under:-

> "UIDAI has been allocated Rs.800 crore against the BE 2016-17 projection of Rs.1468.23 crore. In BE 2016-17 proposal of UIDAI, it was estimated that an amount of Rs.731.00 crore would be required to meet enrolment, printing and dispatch cost for approximately 20 crore enrolments [1.5 to 2 crore Aadhaar will be issued every month] in the next FY 2016-17. Similarly an amount of Rs.127 crore and Rs.176.00 crore had been earmarked in the BE proposal to meet the cost of technology operations as well as procurement of Machinery & Equipment which are committed and contractual expenditure. Besides these, construction of UIDAI Hqrs building is under way and an amount of Rs.70 crore had been provided in the BE 2016-17 proposal. Moreover, provision of Rs.100 crore was also kept for establishment related expenditure. In view of the above the

current allocation of Rs.800.00 crore will not be sufficient to meet the above commitments."

29. On being asked as to how many people are yet to be enrolled under UIDAI and by what time the Department aim to cover all the eligible persons, the Department, in a written note, stated that Aadhaar enrollment is undertaken on voluntary basis and is an ongoing process. While a target of universal enrolment is being pursued, a total of 99.20 crore Aadhaar have been generated as on 15th March 2016 out of a total population of 121.01 crore (Census 2011). The State-wise details of balance population yet to undertake enrolment vis-à-vis Aadhaar saturation is Annexed (Annexure-I).

30. On the issue of Aadhaar enrolment, the Secretary of the Department deposed in evidence as under:

> "Why we need another Rs.600 crore in this financial year itself for UIDAI is because our target is to complete it by 2017, at least, the first enrolment.....xxx....xxx.....xxxx... we are targeting one round of completion, if we get even Rs.600 crore this year, we will complete it by 17th March. However, we will have to keep the updation system continuously. The new children born and moving above the age of five will have their finger prints finalised at the age of 15, so that mechanism will have to be continued, it is a continuous process."

31. Regarding the preparedness for completion of Aadhaar enrolment, the representative of UIDAI further submitted as under:

> "As far as our preparedness is concerned, we have 3.32 lakh certified operators in entire country and even today enrolment at 30 thousand centres in the country is being done at any point and 6 lakh persons are enrolled at daily basis on these centres. There will be no shortage of machines required for registering Aadhaar and we may adopt this method for this work."

32. On being asked the impact this will have on the privacy of the citizens and how the Department plan to tackle such challenges, it was stated that 'The Aadhaar

(Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016' has provisions ensuring the security and confidentiality of identity information of individuals. As a matter of fact, Section 3 (2) of the Act provides that resident shall be informed at the time of enrolment of the manner in which the information collected at the time of enrolment shall be used and the nature of recipients with whom the information is intended to be shared during authentication.

33. The Committee have also been informed about Section 8, 29 and 33 of the Aadhaar Act. Any contravention of any provisions of the Act would attract penalties as specifically provided for in Chapter VII of the Act. The Department have informed that the architecture of Aadhaar ecosystem has been designed to ensure Data Security, Privacy, Non-Duplication, Data Integrity and other related management aspects of data in Aadhaar database in consonance with the Act and the legal status to UIDAI has strengthened the security assurance of Aadhaar ecosystem manifold with the recently notified Aadhaar Act. UIDAI has also been declared as ISO 27001:2013 which is certified by STQC with respect to Information Security, thus adding an additional layer of IT security. Additionally, in pursuance of sub-section (1) of Section 70 of the IT Act 2000, UIDAI data has also been declared as "Protected System" by the National Critical Information Infrastructure Protection Centre and hence is protected accordingly. Further strengthening of security and privacy of data is an on-going process, and all possible steps are being taken to make the Data safe and protected."

C. <u>CYBER SECURITY (INCLUDING CERT-IN AND IT ACT)</u>

34. Cyber space is a complex environment of people, software, hardware and services on the Internet. In the recent years, web and social media have emerged as one of the important public communication channels. Cyberspace has distinct and unique characteristics as compared to the physical space. The cyberspace is virtual, borderless and offers complete anonymity. As a result, attacks can be launched from anywhere in the world with limited possibility of trace back and positive attribution.

Budget Outlay

35. The BE, RE and AE for the years 2014-15 and 2015-16 along with the proposed and allocated funds for the year 2016-17 for cyber security (including CERT-In and IT Act) are as follows:-

(Rs. in crore)

Name of the Scheme/ Programme Digital India Programme	2014-15			2015-16			2016-17	
	BE	RE	AE	BE	RE	AE	Proposed	Allocated
Cyber Security (incl. CERT-In, IT Act)	116	58.00	54.59	100	80	62.11*	338.50	70

*** (Tentative as on 07.03.2016)**

36. When the Committee enquired about the reduced allocation (Rs.70 crore only) for Cyber Security in the year 2016-17, the Department, in a written note, have stated that the allocation for the Cyber Security programme has been in line with the Department's total allocation and hence there has been reduction in allocation for the Cyber Security programme as well.

37. The Department further submitted that the budget for Cyber Security programme concerns the requirement of the Indian Computer Emergency Response Team (CERT-In) (operational expenditure), Cyber Appellate Tribunal (CAT) (operational expenditure) and Cyber Security R&D (Grant-in-aid). Besides the operational activities as above, in keeping with the need of the rapidly changing cyber space, the Department have programs to focus on:

i. key infrastructure initiatives related to creation of mechanisms for security threat early warning and response. These key initiatives include establishment of the

National Cyber Co-ordination Centre (NCCC), which has been approved for implementation with an overall budget outlay of Rs.985 crore.

ii. Creation of a secure cyber eco system by way of promotion of indigenous research and development projects for development and deployment of security products and solutions. These actions focuses on institution building, enhancement of R&D capacity and development of strategic solutions.

38. The Department have informed that these actions require suitably equipped manpower resources (recruitment and training), continuous upgradation of technology, enhancement of capacity and skills of personnel (within the Government as well as Academic and Research institutions). The reduction of the allocation will have an impact on timely implementation of the key initiatives.

39. On being asked whether the Department plan to take up the issue of reduced allocations with the Ministry of Finance for supplementary grants, the Department stated as under:-

> Considering the broad range of Cyber Security related activities and recommendations of 12th Plan Working Group, DeitY had envisaged several initiatives and projected the budget requirement accordingly for the 12th period. Subsequently, in-line with the overall reduction for the Department allocation for 12th Plan, the budget allocation for Cyber Security related activities was also scaled down to Rs.500 crores for the 12th Plan period.
>
> Based on the allocation for Cyber Security programme, DeitY prioritized its initiatives and identified key initiatives such as "Setting up of National Cyber Coordination Centre (NCCC)" and "Setting up of Botnet Cleaning and Malware Analysis Centre" for early implementation.
> Regarding plans to implement the key initiatives in the scenario of reduced budget allocations, it is submitted that funds have been allocated for setting-up of Botnet Cleaning and Malware Analysis Centre and it is in advance stage of implementation. Regarding setting up of National Cyber Coordination Centre, it is submitted that (NCCC) test bed project has been taken-up for implementation with the available funds before its full scale implementation. The Department has written to Ministry of Finance for

allocation of requisite funds in supplementary grants in 2016-17 for full scale operationalisation of NCCC Project.

40. On being asked the objectives and mandates of National Cyber Coordination Centre (NCCC) and the time by which NCCC is likely to be set up, the Department stated that the objective of NCCC is to generate necessary situational awareness of existing and potential cyber security threats and enable timely information sharing among stakeholders for proactive, preventive and protective actions by individual entities. The mandate include:

- Generation of situational awareness of internet traffic at the country level in real-time environment by utilising metadata and providing crucial information to handle crises situations with respect to cyber security in the country
- Aggregation of threat alerts from multiple sources and generation of actionable information for proactive actions including preventive measures in advance, disablement of network segment or networks
- Detection, Classification and Trace back of Distributed Denial of Service (DDoS) Attack Traffic and mitigation of DDoS Attacks in coordination with the ISPs
- Detection and trace back of source of malware/virus outbreaks
- Detection and trace back of source of malicious activities

For establishment of NCCC, a limited version of NCCC which would serve as a test bed has been taken-up for implementation with the available funds in the Department, before its full scale implementation. The Department has written to Ministry of Finance for allocation of requisite funds for NCCC Project in the financial year 2016-17. The NCCC is envisaged to become operational in a period of 1 year with expected availability of requisite funds, manpower and suitable space to host the Centre.

Efforts towards Cyber Security Capacity Building

41. The Committee have been informed that formal and informal methods are used for capacity building of cyber security professionals. The formal mode of capacity building is proposed to be undertaken through the universities and educational institutions by way of offering degrees, whereas the informal method of capacity development is proposed to be through the public private partnership where the private

sector will play a lead role. The technical education in the field of cyber security and information security is being provided in more than 40 AICTE approved institutes.

a. Information Security Education and Awareness (ISEA) Project

42. The Information Security Education and Awareness (ISEA) Project aims at generation of manpower in the area of Information Security at various levels, train government officials and create mass awareness. The first phase of the project was completed on 31.3.2014 under which more than 42,000 students were trained in various formal and non-formal courses at various academic institutions, NIELIT and CDAC. More than 500 awareness workshops were conducted throughout the country under this project. Phase-II of the project has been initiated with an outlay of Rs.96.08 crore to be implemented over a period of 5 years w.e.f. 01.04.2014. Under the ISEA Phase-II, 1.14 lakh persons are proposed to be trained under formal and non-formal courses, faculty training, etc. The project also aims to provide training to more than 13,000 Government officials and creating mass information security awareness targeted towards Academic users, Government users and General users (approximately 3 crore Internet users in five years through direct and indirect mode).

43. When the Committee desired to know the budgetary allocations at BE and RE and Actual Expenditure along with the target set and achievement status for ISEA projects in the year 2014-15, 2015-16 and 2016-17, the Department have stated that ISEA Project Phase II is funded under the umbrella programme of 'Manpower Development' (erstwhile 'Digital India and Manpower Development'). The funds released/ proposed to be released under the project are as follows:

(Rs. in crore)

Project	**Budget Outlay / DeitY Contribution**	**Funds released/to be released**		
		2014-15	**2015-16**	**2016-17** *(proposed to be released)*
Information Security Education and Awareness Project Phase II	96.08	28.68	--	11.84

44. The Department have informed that Phase-II of the project has been initiated with an outlay of Rs.96.08 crore to be implemented over a period of 5 years w.e.f. 01.4.2014. Under the programme, cyber security manpower development is envisaged through training under formal and non-formal courses, faculty training etc. The targets and accomplishment are as follows:

(No. of students)

	2014-15	*2015-16*	*2016-17*
Targets	8846	25862	26442
Achievements (Academic)	Nil*	8112*	--

* The selection of 51 participating institutions and signing of MoUs for implementation of the project was completed in January 2016. Besides this, 1,523 Govt. Officials trained and 226 awareness workshops conducted covering 17,883 participants.

b. Cyber Forensic Training

45. Cyber Forensic training labs have been set up at all the State capitals of North East, Kerala and J&K as well as at CBI, National Police Academy (NPA) and other organisations to facilitate advance training in the area of cyber crime investigations for Law and Enforcement agencies. Cyber Forensic training centres have also been set up with the help of NASSCOM at Mumbai, Bangalore, Kolkata and Pune. Virtual training environment based training modules have been introduced for training the law enforcement personnel. More than 50 trainings in North Eastern States and more than 400 trainings in Mumbai, Pune, Bangalore and Kolkata have been conducted at respective Police headquarters exclusively for Police officers to train them in cyber crime detection, seizing and imaging digital evidence. In addition, about 200 training programmes have been organized in the area of cyber crime and cyber forensics for Judicial academies, Law Enforcement agencies and States Police Departments. In addition to the above, CERT-In conducts awareness and exposure programmes once in 15 days where technical professionals from all over the country are exposed to the labs,

cyber security threats and the ways and means to mitigate those cyber attacks. Around 7000 participants from over 200 organisations have attended these programmes. These activities are being conducted on a regular basis.

c. Cyber security skill enhancement

46. The Ministry of Human Resource Development have created skill registries involving the programme to establish certification courses in different areas of cyber security in line with the industry and the country.

d. Collaborative efforts through Public Private partnerships

47. The Committee have been informed that the Government have initiated a Public-Private Partnership (PPP) program with the active involvement of the private sector in the form of a Joint Working Group (JWG). The Working Group produced its Report and recommendations outlining the means of engagement with the private sector. The report of the Working Group has laid out a road map for capacity building to meet the demands of cyber security professionals in a mission mode through PPP arrangements. Besides the above, DeitY (My Gov and CERT-In), in partnership with Google, have made efforts to raise Internet Safety awareness among teachers and students during 2015. These efforts covered around 5000 schools benefitting over 5.6 lakh students in 12 States covering over 60 cities and districts. With these kinds of initiatives, the Government intends to expand its reach and increase the scale for meeting the demand for cyber security professional work force in the country.

48. When the Committee desired to know the targets set for 2014-15 and 2015-16 and the timeline by which it is proposed to cover the entire population under the scheme in all the States in the country, the Department, in a post-evidence note, stated that plans are made to reach out to 10,000 schools in 2016-17. These schools will be spread across the country. The Department further submitted as follows:-

> “Given the diversity of users accessing the internet, the internet safety outreach plan is envisaged to target young adults, small and medium

enterprises, consumer groups and government agencies. MyGov is preparing simplified guidelines on Internet Safety for children and Government officials in collaboration with Google, CBSE (Ministry of Human Resource Development) & Department of Personnel and Training. These guidelines will be released and be made available in the public domain shortly. Department has also taken initiatives to create awareness among students in school/college level in various states through DSCI and NIELIT.

Besides the above, the ISEA project also aims to create mass information security awareness targeted towards Academic users, Government users and General users through direct and indirect mode."

49. The Committee further desired to know the impact of such an initiative. The Department replied that the impact of the program is measured through surveys conducted at the end of each training outreach and other feedback mechanisms.

D. <u>Digital India Programme</u>

50. Digital India Programme is an umbrella programme which amalgamated all the ongoing schemes/programmes/projects being implemented by DeitY. It weaves together a large number of ideas and thoughts into a single, comprehensive vision so that each of them can be implemented as part of a larger goal. The various components of the programme are as under:

- Manpower Development
- Electronic Governance
- Externally Aided Project (e-Governance)
- National Knowledge Network
- Promotion of Electronics & IT Hardware mfg.
- Promotion of IT & ITeS Industries
- R&D in IT/Electronics/CCBT

As against the proposed sum of Rs.5778.07 crore, Rs.1282 crore has been approved for the Digital India Programme.

51. When the Committee desired to know whether any efforts have been made by the Department to impress upon the Ministry of Finance (MoF) to divert funds from Universal Access Levy (UAL) channeled through Universal Services Obligation Fund (USOF), the Department, in the post-evidence note, submitted as under:--

> "Consequent upon rationalization of various schemes during 2016-2017 at the instance of Ministry of Finance, Digital India Programme being an umbrella programme of DeitY, consists of ongoing schemes/programmes/projects viz. Manpower Development, e-Governance (including EAP), NKN, Promotion of Electronics/IT Hardware, Promotion of IT/ITeS industries and R&D in Electronics/IT/CC&BT. Keeping in view the requirement of these programmes during FY 2016-2017, MoF was requested to provide the fund to the tune of Rs.5778.07 crore against which Rs.1282.00 crore have been provided. However, MoF has already been requested to provide an additional allocation of Rs.1500.00 crore vide Secretary's DO letter dated February 17, 2016."

i. <u>Manpower Development</u>

52. This programme especially targets HRD activities to ensure availability of trained human resources for the manufacturing and service sectors of electronics and IT industry. Initiatives include identifying gaps emerging from the formal sector and planning programmes in non-formal and formal sectors for meeting these gaps. Further, this includes Skill Development in IT initiatives in pursuance of the National Skill Development Policy which has set a target of skilling 10 million persons by 2022 in the domain of Electronics & IT and related areas. Internet Governance component of this programme involves development and application by governments, the private sector and civil society in their respective roles of shared principles, norms, rules, decision-making procedure and programmes that shape the evolution and use of the Internet. The objective of IT for Masses component of the programme is empowerment of women and development of SC/ST using ICT.

53. The National Digital Literacy Mission (NDLM) under this programme is an effort to complement the objectives of the National Optic Fibre Network (NOFN) plan to transform one from each household as digitally literate. Under NDLM, the Department

pledge to work with multi-stakeholders to Digitally Literate at least one adult from each of the 147 million rural households of India. DLM will be an ecosystem of digital literacy awareness, education and training that will help India take a lead in the global digital economy and help us to maintain the competitiveness and also shape a technologically empowered society. Under NDLM, NIELIT is one of the empanelled agencies for assessment and certifications.

54. As against the proposed allocation of Rs.792.71 crore, the BE provided for the year 2016-17 for this Scheme is Rs.365 crore. The details of BE, RE and AE for the year is as under:-

(Rs. in crore)

Financial Year	**BE**	**RE**	**AE**
2014-15	660.00	660.00	656.13
2015-16	694.80	494.80	392.28*
2016-17	365.00		

*(Tentative as on 07.03.2016)

55. The Committee desired to know the reasons for underutilization of funds under the manpower development for the year 2015-16, to which the Department have stated that the tentative expenditure by 31.03.2016 is Rs.489.55 crore which is around 99% of the Revised Estimate (RE). Further, the Committee enquired about reasons for reduced allocation, *viz*. Rs.365 crore in the current financial year in spite of the high tentative expenditure in the previous year. To this, the Department, in their written replies, have stated that the reduced allocation for manpower development for the year 2016-17 is due to overall reduction in the budget allocation in BE 2016-17.

a. National Digital Literacy Mission (NDLM)

56. The Committee are given to understand that DeitY has approved the following two Schemes for providing Digital Literacy to the masses:

(i) **Scheme for IT Mass Literacy** - In line with the objective of the 'National Policy on Information Technology 2012' to make one person in every household in the country e-literate, a scheme for IT Mass Literacy (now renamed as National Digital Literacy Mission) was approved in March, 2014 with a total outlay of Rs.97.02 crore over a period of 18 months extended upto 30.6.2016. The Scheme aims to train 10 lakh persons. The Scheme has been launched on 21.8.2014 by the Hon'ble Prime Minister in Ranchi, Jharkhand.

(ii) **Scheme for 'Digital Saksharta Abhiyan' (DISHA) -** Digital Empowerment of citizens by providing Universal Digital Literacy is an integral component of the vision of 'Digital India' initiative. Keeping this in view, a scheme entitled 'Digital Saksharta Abhiyan' (DISHA) to make 42.5 lakh persons digitally literate in selected households throughout the country with a total budget outlay of Rs.380 crore over a period of 4 years has been approved on 09.12.2014 under Digital India.

57. Hon'ble Finance Minister, in his Budget Speech on 29.2.2016, has *inter-alia* indicated that *"...*We now plan to launch a new Digital Literacy Mission Scheme for rural India to cover around 6 crore additional households within the next 3 years." In pursuance of the above, a new Scheme 'Digital Literacy Mission Scheme' for rural India to cover 6 crore additional beneficiaries in the rural households in the country is under formulation. The Scheme is proposed to follow the existing implementation model being adopted under NDLM and DISHA Schemes.

58. The Committee desired to know how the National Digital Literacy Mission work and what are the timelines. The Department stated that in addition to National Digital Literacy Mission (NDLM), under Digital India, a new scheme entitled Digital Saksharta

Abhiyan (DISHA) was also approved in December 2014 with a target to train an additional 42.5 Lakh candidates in digital literacy in a period of four years. Both NDLM and DISHA schemes are being implemented concurrently It is expected that the envisaged cumulative target of 52.5 lakh candidates under both the Schemes (NDLM & DISHA) would be achieved by the end of this year i.e. December 2016 much ahead of the approved duration of December 2018. The broad implementation framework under the NDLM/DISHA Schemes is enumerated as under:-

> "CSC e-Governance Services India Limited (CSC-SPV), a special purpose vehicle set-up to deliver e-Governance services to the rural population of India, is implementing both the scheme. An online monitoring mechanism has been designed through which registration of participants, attendance of participants, no. of participants appearing for examination and no. of participants certified etc. is monitored. The following are the salient features of implementation framework:

- The physical delivery of IT literacy training is done in PPP model through various partner agencies to be identified by the respective State Governments/UTs. Training is provided through a network of Common Service Centres (CSCs) and empanelled Training partners duly accredited by the NDLM/DISHAProject Management Unit(PMU)
- Depending upon the population, the States/UTs have been categorized into three levels and training targets have been assigned to them accordingly
- Each partner agency is assigned with a specified area of operation and target by the respective State Government/UT Administration in consultation with CSC-SPV.
- The partner agencies have basic facilities to conduct the training as per the accreditation norms prescribed by the CSC-SPV.
- Appropriate on-line reporting mechanism is put in place by CSC-SPV for reporting/monitoring of the training programs by the partners / centres on daily basis in order to maintain transparency.
- The partner agencies encourage and mobilize the selected beneficiaries in the block(s) to their training centre and ensure successful completion of the training as per norms prescribed in this regard.
- After successful completion of the training, the partner agency reports periodically, the details of persons trained to the CSC-SPV.
- The trained candidates undergo an online examination (as soon as the training is completed) by a recognized certifying agency.

So far, out of cumulative target of 52.5 lakh persons under the NDLM/DISHA schemes, so far a total of 67.49 lakh candidates have been enrolled, out of which 46.94 lakh candidates have been trained and approximately 19.50 lakh candidates have been certified. A total of 1927 organizations are working as Training Partners under these schemes."

59. On being asked whether there has been any survey/report regarding the time line for attaining 100% Digital Literacy, the Department submitted that the Government have not conducted any survey regarding achievement of 100% digital literacy in the country. The launching of Digital Literacy Mission Scheme for rural India by Hon'ble Finance Minister has a target of covering around 6 crore additional households within the next 3 years." The Scheme is proposed to follow the existing implementation model being adopted under NDLM and DISHA Schemes where more than 46 lakh persons have been trained so far.

60. The Committee further inquired regarding how much fund has already been allocated to the National Digital Literacy Mission in the Financial Years 2014-15, 2015-16 and 2016-17 along with revised allocations and actual utilization. In this regard, the Department have stated that the NDLM/DISHA schemes are funded under the umbrella programme of 'Manpower Development' (erstwhile 'Digital India and Manpower Development'). The funds released/to be released under these two schemes are as follows:

(Rs.in crore)

Project	**Budget Outlay**	**DeitY Contribution**	**2014-15**	**2015-16**	**2016-17**
IT Mass Literacy (NDLM)	97.02	89.71	32.08	2.66	34.49*
Digital SakshartaAbhiyan (DISHA)	379.91	348.63	57.72	--	290.91*
TOTAL	**476.93**	**438.34**	**89.80**	**2.66**	**325.40**

* To be released"

61. The Committee desired to know the targets set under the National Digital Literacy Mission and how much have been accomplished in the Financial Years 2014-15, 2015-16 and 2016-17. The Department in a note stated that the NDLM Scheme envisioned a target of training 10 lakh persons with an aim to cover one person from every eligible family to be made digitally literate so as to enable them to use IT and related applications and participate effectively in the democratic process and enhance their livelihood. DISHA scheme envisioned a target of training 42.5 lakh persons.The year-wise status of the scheme is as follows:

Particulars	**Scheme**	**2014-15**	**2015-16**	**2016-17***
No. of candidates enrolled	NDLM	76,220	10, 61,806	1,07,561
	DISHA		50,73,529	4,30,248
No. of candidates trained	NDLM	4,651	10,19,597	69,808
	DISHA		33,20,943	2,79,232
No. of candidates successfully certified	NDLM	4,139	9,74,301	28,991
	DISHA		8,27,219	1,15,968

** As on 15/04/2016"*

ii. <u>Electronic Governance</u>

62. The National e-Governance Plan (NeGP) was approved by the Government on 18th May 2006 with a common vision, implementation methodology and management structure, comprising of 31 Mission Mode Projects (MMPs) having a singular mission to make all Government Services accessible to the common citizen in his/her locality, through efficient, transparent and reliable mechanisms. As against the proposed allocation of Rs.1650 crore, the BE provided for the year 2016-17 for this Scheme is Rs.420 crore.

63. The details of BE, RE and AE for the years 2014-15 and 2015-16 and BE for the year 2016-17 is as under:-

(Rs. in crore)

Financial Year	**BE**	**RE**	**AE**
2014-15	475.00	479.92	410.64
2015-16	450.00	527.00	349.72*
2016-17	420.00		

*** (Tentative as on 07.03.2016)**

64. When the Committee desired to know the reasons for underutilization of funds under NeGP during the year 2015-16, the Department, in a written note, stated that the augmented provision of Rs.77.00 crore in RE 2015-16 could be utilized only after receipt of necessary approval from M/o Finance on 28.03.2016, consequent upon passing of the 3rd and final batch of supplementary of the Demands for Grants by the Parliament on 26.03.2016. The Department have, however, utilized about 93% of the RE provision before the closing of the financial year.

65. The BE, RE and AE of the components under Electronic Governance and NeGP for 2014-15 and 2015-16 along with BE for 2016-17 are as follows:

(Rs. in Lakh)

Component	2014-15			2015-16			2016-17
	BE	RE	AE	BE	RE	AE	BE
Electronic Governance (incl. Prog on Good Governance & Best Practices and Prog on enabling all schools with virtual classrooms				34400	38500	37321	30000
Electronic Governance	8600	14492	12863				
Good Governance & Best Practices	8700	6000	6000				
Prog on enabling all	8700	6000	4950				

schools with virtual classrooms							
Ext. Aid	10000	10000	9226	0	2500	556	5000
SCSP	1500	1500	890	1500	1600	1513	1500
TSP	4000	4000	1561	4100	4600	4056	4000
NER	6000	6000	6000	5000	5500	5500	6500
Sub-total	47500	47992	41490	45000	52700	48946	47000
National e-Governance Action Plan (NeGAP)	58400	50240	50217	0	0	0	0
SCSP	2500	2000	2000	0	0	0	0
TSP	7000	6480	6480	0	0	0	0
NER	7600	6300	6300	0	0	0	0
Sub-total	75500	65020	64997	0	0	0	0
Total	123000	113012	106487	45000	52700	48946	47000

a. State Wide Area Network (SWAN)

66. The Government have approved the Scheme for establishing State Wide Area Networks (SWANs) across the country, in March, 2005 to connect all State/UT Headquarters up to the Block level via District/sub-Divisional Headquarters, in a vertical hierarchical structure with a minimum bandwith capacity of 2 Mbps per link. Each State/UT can enhance the bandwidth up to 34 Mbps between SHQ and DHQ and upto 8 Mbps between DHQ and BHQ depending upon the utilization. Presently, SWAN have been made operational in 34 States/UTs. Implementation of SWAN in the remaining State/UT, Andaman & Nicobar Islands and Jammu & Kashmir is in the process of finalization of bid process.

67. When the Committee desired to know the updated status regarding Broadband utilization along with the reasons for non-achievement of targets and less broadband utilization, the Department have stated that the States have been utilizing the core infrastructure of SWAN for connectivity and dedicated close user application access connectivity. More than 35,000 horizontal offices of State/UT Departments have been connected with SWAN. SWAN has been integrated with NKN in 29 States/UTs to provide

high bandwidth. The Third Party Auditors (TPAs) are monitoring the utilisation of the Bandwidth and number of Horizontal offices connected to the individual Network in all the States/UTs. As per the monitoring system, more than 30 States/UTs are utilising more than 60% of the bandwidth.

68. The Committee enquired about the details of the roadblocks/obstacles regarding the establishment of SWANs in the remaining State/UT to which the Department, in a written note, stated that SWAN is under implementation in Jammu & Kashmir and Andaman & Nicobar. In these State/UT, delay is due to the re-bid, higher bid value and the low participation of the system integrator. The progress of implementation of SWAN is primarily dependent on the pace of work at the State / UT level during various stages like pre-bid, post-bid (submission of RFP, publishing of RFP, evaluation of RFP) and award of contract. Any delay at any of these stages contributes in the overall delay in the completion of the project. The delay in preparation of the sites (Points of Presence (PoPs) at the State Hqr, District/Sub-District Hqrs and Block/Taluka Hqrs.) is another important factor in the overall delay of the project. Some of the remotely located PoP sites need civil construction. Further, non-availability of leased line connectivity and frequent power outage in the rural areas have compounded the delay. The Governments of J&K and A&N have been asked to expedite the implementation of the SWAN scheme.

b. <u>State Data Centres (SDC)</u>

69. State Data Centre (SDC) is one of the three core infrastructure components under the NeGP. Under the SDC Scheme, it is proposed to establish Data Centres in all the States/UTs to consolidate services, applications and infrastructure in order to provide efficient electronic delivery of Government to Government (G2G), Government to Citizen (G2C) and Government to Business (G2B) services. These services can be rendered by the States through common service delivery platforms seamlessly supported by core connectivity infrastructure such as SWAN and CSC as the front-end

delivery outlets at the village level. Some of the key functionalities that can be provided through SDC are central repository for the State; secure data storage, online delivery of services, citizen information/services portal, State Intranet Portal, disaster recovery, remote management and service integration, etc. SDCs also provide better operation & management control with minimized overall cost of data management, IT resource management, deployment and other costs for States/UTs.

70. The Committee have been informed that Detailed Project Reports (DPRs) for 31 States/UTs were approved by the Department. As of now, 24 SDCs have been declared operational. All of these Data Centers are connected. Jammu & Kashmir and Andaman & Nicobar have not implemented SWAN, but the SDCs are connected through internet and other networks of State/UT. In FY 2014-15, Mizoram SDC and in FY 2015-16, Bihar SDC have been implemented and operational. Implementation of 3 SDCs (Himachal Pradesh, Jharkhand, Dadar and Nagar Haveli (DNH) & Daman & Diu (DD) (DNH & DD have combined SDC), is in progress. In 2 States (Punjab and Goa) bid process is in advance stage and in 3 States (Assam, Arunachal Pradesh and Uttarakhand) RFP is floated and bid process management is undergoing for selection of a Data Center operator (DCO). Percentage of rack space utilization in Twenty three States is more than 50% of the SDC infrastructure. The Committee have been informed that in order to make SDCs Cloud enabled, DeitY has circulated a template Request for Proposal (RFP) to States for initiating a bid process for Cloud Enablement of SDCs. Seven States have completed Cloud enablement and 8 States are in various stages of Cloud enablement. SDCs are expected to host critical Government applications/services, including important citizen data, protection of the same is of prime importance. In this regard, the SDC has provisioned for a Disaster Recovery (DR) mechanism through storage based replication as part of the SDC enhancement. Till now 12 States are DR enabled and 8 States are in various stages of DR enablement.

71. The Committee desired to know the constraints in meeting the targets of the scheme and the steps being taken to address the same. To this, the Department stated that DeitY had estimated the time frame for implementation considering that the States would be taking all actions/ necessary steps on a timely basis. However, there are some persistent hindrances and delays in implementation of the SDCs by the States. The delay occurs in identifying or change in the project site, and handing over the same to the selected Bidder; in provisioning of raw power for the SDC; in awarding LoI and Contract to the selected Bidder; and in the completion of the Final Acceptance Test, etc. The Department have informed that in order to overcome the hindrances, DeitY are taking up the issues at various levels which include letter from the office of Hon. Minister to Chief Minister of States and letters from office of the Secretary (IT) to Chief Secretary of the States. To address the various challenges in setting up SDC, DeitY are continuously monitoring the implementation of the scheme through meetings of Project Implementation Committee (PIC), Video conferencing (VC), emails, etc.

72. Regarding external assistance for NeGP, the Department have informed that under World Bank Assisted-India: e-Delivery of Public Services DPL Project, a total of 47 projects with a total outlay of Rs.639.49 crore have been considered for funding assistance till date. 40 projects amounting to Rs.484.37 crore have been approved. Funds for 37 projects have been released to the implementing agencies in various Central Ministries/Departments and States/UTs. 7 projects amounting to Rs.153.58 crore are under various stages of approval. Till date, funds amounting to Rs.243.20 crore have been released for various projects funded under this scheme. Since these projects are at various stages of implementation, therefore Rs.50.00 crore has been envisaged to be released in FY 2016-17.

c. <u>Common Service Centres (CSCs)</u>

73. The CSC Scheme was approved by the Government of India in September 2006 under the National e-Governance Plan (NeGP), which aimed for the establishment of

one lakh ICT enabled front-end service delivery outlets, equitably spreading across rural India in the ratio of one CSC per six villages, thereby covering all six lakh villages. CSCs were envisaged as assisted front end ICT (Information and Communication Technology) enabled centres for delivery of various G2C (Government to Citizen) and other B2C (Business to Citizen) services to the citizens. In addition, CSCs are also used as the following:- (a) Permanent Enrolment Centres (PEC) for Aadhaar, (b) Insurance service centres, (c) Business Correspondences (BCs) under Financial Inclusion for Banking service, (d) Educational and Skill Development Centres, (e) EPIC enrolment centres, (f) Information Centre for various schemes etc. Based on the learning from the above mentioned existing CSC scheme and the feedback received from various stakeholders, including the State Governments, the Government of India has approved a Project “CSC 2.0-A Way Forward” in August 2015 under the Digital India Programme. CSC 2.0 aims for establishing self-sustaining network of 2.5 lakh CSC centres at Gram Panchayat (GP). This model is envisaged as transaction based and service delivery based model, delivering a large bouquet of e-services through a single delivery platform, which would increase the sustainability of the CSCs across the country.

74. The Committee have been informed that till March, 2016, there have been in total 1,99,325 operational CSCs pan India. Out of them 1,22,621 CSCs are in Gram Panchayats. CSCs which are considered commissioned or rolled out stand functional in the sense that these are made capable & operational to deliver eServices to the public from Universal CSC Online Portal -Apna CSC Portal, or, any other portals of State government or public organizations for G2C and B2C services, which are allowed to access by the Village Level Entrepreneurs (CSC VLEs) through necessary SLAs signed between Service Centre Agencies or CSC SPV and respective State/Central Government Departments or Public Organizations.

75. The Committee desired to know the bottlenecks for operationalisation/roll-out of all CSCs and the steps being taken to overcome the bottlenecks. To this, the

Department have informed that the roll-out of the earlier CSC scheme under NeGP was affected by the following factors:

- Lack of adequate connectivity
- Delay in SCA selection
- SCA termination
- Lack of adequate power connectivity
- Left Wing Extremism and Naxalite Extremism
- Lack of footfalls
- Lack of adequate G2C services at States/UTs level
- Lack of integration of various Service Portals at State Level

In view to make CSCs financially viable with more & more G2C services deliverable through CSC in the States/ UTs, the Scheme was extended by the Government up to March 2017, without any additional financial implications. For more foot-falls and sustainability of the CSC network, it was felt necessary to integrate all the existing Service Portals at State/UT level with the CSC portal. After constant drive with the States, all the States/UTs have taken initiatives to onboard the State/UT portals for integration with Apna CSC Portal.

76. The Department have informed that CSC 2.0 envisages the expansion of self-sustaining CSC network till the Gram Panchayat level by setting up at least one CSC in every Gram Panchayat with a target of more than 2.5 lakhs CSCs within four years, through CSC SPV being the implementing agency at the national level. This would include strengthening and integrating more than one lakh CSCs already operational under the existing CSC Scheme and making an additional 1.5 lakh CSCs operational up to the Gram Panchayat level.

77. In order to expedite the effective rollout of CSC 2.0, constant persuasion is being done up-to the district level, with involvement of empowered District e-Governance Societies (DeGS), thereby making the outreach of the project till the Gram Panchayat level. Review of the project is being carried out through meetings with the States / UTs on regular basis. In addition, periodic visits by project officials, video-conferences, workshops and seminars have also been used as forums for expediting the implementation of the project across all the States/UTs. The States/UTs are also fully

engaged in the implementation of the project and submit necessary information and updates to DeitY form time to time. Advisory has been issued by the Ministry of Panchayati Raj to all States and UTs, requesting to co-locate the CSCs in the Gram Panchayat (GP) premises or provide suitable space near the GP Bhawans. District and State level workshops have been organised in different States across the country to encourage/motivate villagers to engage themselves as CSC VLEs. A national level workshop for Women VLE was organized in New Delhi to encourage/motivate the women to become successful entrepreneurs through CSCs. State level workshops are being carried for training and capacity building of the Village Level Entrepreneurs (VLEs) across the country.

78. The Committee desired to know the steps taken by DeitY to ensure accountability of CSCs to which the Department stated as under :-

> "For proper accountability and security mechanism, CSC 2.0 project has envisioned for consolidated delivery of services through universal technological platform at all the CSCs in an integrated manner across the nation, thereby making the e-services, particularly G2C services accessible anywhere across the country, so as to make the service delivery by CSC outlets accountable, transparent, efficient and traceable with a technology driven relationship between all the stakeholders. This platform would be a secure cloud based platform. This comprises of some key performance indicators (KPIs) like: Financial Management, Human resource Management, MIS and reporting, service delivery, help desk, capacity building and integration of all other portals across all the States/UTs. This will also ensure standard list of services that would be available at all CSCs, irrespective of the location. This universal technological platform will be connected through an appropriate open API to the e-TAAL enabling transaction count at national level on real time basis. Thus setting up of additional CSCs through this universal platform would be covered under the monitoring and assessment framework of CSC 2.0. Compulsory online monitoring of the CSCs through monitoring and assessment module would result in a secured and accountable platform. One of the envisaged outcomes of the CSC 2.0 is to make direct interaction of Village Level Entrepreneurs (VLEs) with Government with empowered DeGS managing the CSC outlet network in the district with an aim to increase sustainability.

Further, to create accountability at CSC level, capacity building workshops for VLEs are regularly organized by CSC SPV at the District level with the guidance of local administrations. Workshops for the Champion VLEs are also regularly held at national level. In these workshops VLEs are trained on the following aspects –

- Roles and Responsibilities of VLEs towards Citizens, Consumers, Government, Local Bodies, Service Providers and other stakeholders
- Branding of CSCs
- Detailed product knowledge
- Entrepreneurship skills including soft skills

It is also to mention that the existing CSC Online Portal -Apna CSC Portal are being upgraded & switched over to a Universal Platform with all the above mentioned features to make it robust and secured monitoring & assessment tools for both VLEs and other stakeholders. It will be released by the implementing agency-CSC SPV shortly.There would be a Monitoring and Assessment system layer in the cloud based CSC Universal Platform."

79. The Committee enquired whether there are any successful models of self-sustainable CSCs which could be replicated in case of other CSCS. The Department submitted as follows:---

"CSC 2.0 is based on a completely transaction oriented service delivery model which are envisaged to be self-sustainable through their own capabilities to deliver bouquet of services on demand to the citizens. For increasing the sustainability of VLEs, CSC 2.0 recommends that revenue sharing between VLE and other stake-holders is in ratio of 80:20. To ensure transparent transfer of funds to VLE and other stake-holders the State/UT Administration would be required to devise a policy for revenue sharing between the stakeholders. Necessary directives/advisories have been issued to all States/UTs to put in place on priority necessary mechanism for assured delivery of all important e-Governance Services through CSCs and devise a business model for women, especially those from the marginalized/backward communities. Necessary advisory has also been issued to the States/ UTs for allowing the desirable integration of various service Portals with the on-line CSC Universal Portal. This would support in monitoring the performance of CSCs across the Country in standardized format."

iii. National Knowledge Network

80. In March 2010, the Cabinet Committee on Infrastructure (CCI) approved the establishment of the National Knowledge Network (NKN) to be implemented by NIC over a period of 10 years. The objective of the NKN is to inter-connect all knowledge institutions across the country through high speed data communication network to encourage sharing of resources and collaborative research. These would cover about 1500 Institutions comprising of all Universities, Institutions of Higher Learning, and Research. A high speed data communication network would be established, which would interconnect Institutions of higher learning, and research. NKN will facilitate creation, acquisition and sharing of Knowledge resources among the large participating Institutions; collaborative research; countrywide classrooms (CWCR), etc., and help the country to evolve as a Knowledge Society.

81. The BE, RE and Actual allocation for the year 2015-16 and BE for 2016-17 is as under:-

(Rs. in crore)

Financial Year	BE	RE	AE
2014-15	300	300	300
2015-16	150	214	150*
2016-17	250		

*** (Tentative as on 07.03.2016)**

82. The Committee enquired as to whether the allocation of Rs.250 crore made during the year 2016-17 is sufficient to meet the requirement. The Department have stated that under NKN Programme, the projection for FY 2016-17 was Rs.1000 crore against which allocation of Rs.250 crore has only been made. The allocated amount would not be sufficient even to meet yearly recurring expenses to sustain the NKN project. However, DeitY would like to seek additional grants at the supplementary stage. In previous years, adequate funds have not been provided for NKN as per the

proposed outlay. The shortfall in allocation would result in reduced outcome and delay the implementation of NKN.

83. Giving the updated status of NKN project as on March, 2016, *i.e.* the total number of links allocated, number of institutions being linked, and number of virtual classrooms set up, the Department informed that 1580 links to Institutions have been commissioned and made operational. This includes 378 links to institutions under NMEICT, which have been migrated to NKN. During the FY 2015-16, a total number of 176 institutions have been connected which include 13 institutions migrated from NMEICT. NKN connectivity has also been extended to 447 NIC district centers. 94 numbers of Core Links have been commissioned and operationalised. 66 Virtual Classrooms have been set up under NKN.

84. Regarding fund allocation to NKN, the Secretary stated in evidence as under:-

> "National Knowledge Network, of course, Rs. 300 crore deficit is there. This time our achievement is 93 per cent of expenditure. We were trying hard to get the reappropriation done at the last moment so that we could have done away with the NKN liability, but it could not happen. But the Ministry of Finance is now seriously thinking to delegate this reappropriation. Once that methodology is approved, we will not land up into this kind of problems as we move ahead."

iv. <u>Promotion of Electronics & IT Hardware manufacturing</u>

85. During the year 2015-16 an allocation of Rs.74 crore at BE stage had been made for promotion of IT & ITes Industries/Electronics & IT Hardware manufacturing which was increased to Rs.94 crore at RE stage. Out of this, the actual expenditure stood at Rs.45.57 crore. During the current FY, *i.e.* 2016-17, promotion of IT & ITes industries has been separated from the head. An allocation of Rs.70 crore has been made for promotion of Electronics and IT Hardware manufacturing as against the proposed Rs.854.64 crore.

86. On being asked as to what steps have been taken for the year 2016-17 in order to increase fund utilization, which was less than 50 % of the Revised Estimate (RE) of the year

2015-16, the Department have stated that the expenditure on electronics manufacturing is growing at a significant pace for the last few years. The details are as follows:

2009-10 (Rs. in crore)	2010-11 (Rs. in crore)	2011-12 (Rs. in crore)	2012-13 (Rs. in crore)	2013-14 (Rs. in crore)	2014-15 (Rs. in crore)	2015-16 (Rs. in crore)
0.49	1.56	0.61	4.89	7.89	67.86	52.07

Steps such as Modified Special Incentive Package (M-SIPs), Electronic Manufacturing Clusters Schemes (EMC), Electronics Development Fund (EDF), etc. have been taken by the Department to boost this sector.

Modified Special Incentive Package

In July 2015, the Government approved the extension and expansion of the Modified Special Incentive Package Scheme. The Government's decision has three major parts which will be a boon to the industry. First, the scope of the scheme has been expanded to cover 15 new product categories, which were not covered earlier. Second, the Government has also made it easier to receive benefits under the scheme. Some of the simplifications approved by the Cabinet include - allowing M-SIPS incentives from the date of submission of application, disbursement of incentives on a quarterly basis as against annual basis under the earlier scheme, and allowing MSIPS in any part of the country as against only in notified areas. Third, the scheme has been extended for a period of 5 years beyond July 26, 2015. The notification was issued on 03.08.2015. During the period April 1, 2015 to 23rd March, 2016, disbursement of incentives has been made to M/s Bosch Automotive Electronics, Bangalore to the tune of Rs.1.91 crore; M/s. SGS Techniks Manufacturing Pvt. Ltd. of Rs.2.48 crore and to M/s Desai Electronics Pvt. Ltd., Pune, of Rs.39.10 lakh. The other disbursement applications are under process. Under the M-SIPS, majority of the projects are being implemented by private companies and disbursement of incentives are on reimbursement basis after the actual investment. The DeitY has no direct control on the implementation timelines. At times, projects get delayed resulting in under-utilization of funds. In most of the cases of disbursement under MSIPS, documents submitted along with the claim applications are not complete with respect to the requirements as per the Disbursement guidelines.

87. The Committee desired to know the list of items that have invited maximum investment under M-SIPs. The Department stated that the largest project received under M-SIPS is for manufacturing of LCD Panel FAB with a proposed capacity of 240,000 glass substrates per month (30-40 Million 32" TV Panels) for LCD panels over the period of 10 years in 5 phases. Estimated investment for the project is US $10Bn. Sector-wise details of applications are as under:

Sector	**No. of applications**	**Value (Rs. in crore)**
Opto Electronics	1	33
Electronic Manufacturing Services	8	469
Medical Electronics	7	755
Industrial Electronics	12	774
Strategic Electronics/ Avionics	8	2700
Consumer Appliances	8	4069
Automotive Electronics	24	4875
Components and Accessories	42	5450
IT and Telecom Products	29	9160
Energy Conservation Electronics (LED/ Solar)	19	20457
Semiconductor (FAB / ATMP)	2	61479
Total	**160**	**110221**

88. The Committee further enquired as to how much financial assistance has been extended to the manufacturing units since the launch of ‘Make in India Programme’. The Department submitted that Actual Disbursement of Incentives (funds) under MSIPS after launch of Make in India Programme is Rs.12.05 Crore in Financial Year (FY) 2014-15 and Rs.4.79 Crore in FY 2015-16.

Electronic Manufacturing Clusters Schemes (EMC)

89. The Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. Final approval has been accorded to seven applications for setting up of Greenfield Electronics Manufacturing Cluster and one application for setting up of Common Facility Centre in Brownfield Cluster with a total project cost of Rs.445 crore in seven States (MP-2, Rajasthan-1, Jharkhand-1, Chhattisgarh-1, Andhra Pradesh-1, West Bengal-1 and Karnataka-1(CFC). These EMCs are poised to attract an investment of Rs.1,728 crore and generate over one lakh employment opportunities. The first instalment of Grant-in-aid of 20% of the Government of India Grant has been sanctioned to four Greenfield EMCs at Badwai Bhopal; Purva Jabalpur; Bhiwadi Rajasthan; and Naya Raipur Chhattisgarh. Under the EMC scheme, the grant of Rs.14,19,14,184/- was released to EMCs at Jabalpur, Bhiwadi, and Naya Raipur in FY 2015-16. Under the EMC Scheme, the projects are being implemented by State government agencies, private companies, etc. The disbursements of grants are on pari-pasu basis and dependent upon the compliances and actual progress. Projects get delayed due to various reasons like incorporation of SPV, arrangement of funds by implementing agencies, contribution by constituents units, etc., resulting in under-utilization of funds.

90. On being asked as to what steps are being taken to overcome the above mentioned challenges, the Department, in a post-evidence note, submitted that following initiatives are being taken to overcome the obstacles faced in the implantation of the EMC scheme:

- Regular status and implementation related review meetings are being held with the Chief promoters/ SPVs.
- A specific workshop with the implementing agencies is under consideration to understand and address the issues faced by these agencies in attracting investments in the EMCs.
- A nationwide print media campaign is planned to propagate about the availability of the developed land and common facilities for the Electronics Industry in various states.

- DeitY is attending and addressing workshops / seminars organized at levels by the Government or the industry to promote the scheme and to have enhanced involvement of the Electronics Industry in the availing the benefits provided under the scheme and to attract investment in the Electronics sector.
- Time lines related to the implementation of the approved projects is being reviewed in consultation with the chief promoters. SPVs to ensure timely completion of the projects.
- Handholding of the chief promoters/ SPVs is being provided through the consultants (Appraising agencies).

<u>Electronics Development Fund (EDF):</u>

91. The Electronic Development Fund (EDF) Policy approved by the Cabinet in December 2014 provides for participation in venture funds to support R&D, Innovation and IP Generation in Electronics, IT and Nano Electronics. Hon'ble Prime Minister Shri Narendra Modi launched the policy Document of EDF on the occasion of the Inauguration of Digital India Week on 01.07.2015. The Government have appointed CANBANK Venture Capital Funds Ltd. (CVCFL) as Fund Manager of the Electronics Development Fund. EDF was launched by Hon'ble Minister for Communications and Information Technology on 15.02.2016. Four Daughter Funds have been issued in-principle letter of commitments for contribution from EDF. The EDF is now receiving requests from Venture Funds, Angel Funds and Seed Funds in areas of electronics, IT and nano-electronics, which, in turn, will provide risk capital to the electronics industry.

92. The Department have further informed that EDF was allocated Rs.20 crore at RE stage for making investment in the Fund but it could not be released to M/s. Canbank Venture Capital Fund Ltd (CVCFL). M/s. CVCFL, vide its communication dated 21.03.2016 at the end of the financial year, informed that DeitY, M/s. CVCFL and M/s. Canara Bank need to execute a contribution agreement before draw down of the funds for EDF. The draft agreement has been submitted to DeitY on 21.03.2016, which is a legal document and needs to be examined and approved by the competent authority before execution. This includes obtaining legal comments on the agreement from Department of Legal

Affairs and financial concurrence for the financial commitments, etc. It is pertinent to mention that the exercise of making contribution in EDF is a maiden one and needs to be formalised after due diligence. The process has been initiated but is not likely to materialise in the FY 2015-16 resulting into savings or under-utilisation of funds. However, it is likely that investment contribution funds would be released in the FY 2016-17. As a result of the above new policy initiatives, there has been an increase in investment in this sector and expenditure since 2012-13. In the last three years, 181 investment proposals involving investment of Rs.1,20,418 crore have been received under M-SIPS. This includes proposals from Multinational Companies. The level of interest shown by the multinationals has increased significantly after the launch of the 'Make-in-India' campaign and the 'Digital India Programme and substantial investment proposals have been received thereafter. Several other companies have evinced interest and are contemplating investment in this sector. These investments are expected to fructify within next 1-2 years. As of 29th February 2016, 57 investment proposals amounting to Rs.14,893 crore have been approved.

93. The Committee desired to know what steps have been taken by the Department so that the funds do not remain unutilized as in the year 2015-16. To this, the Department informed that DeitY, M/s. CVCFL and M/s. Canara Bank is required to execute a contribution agreement before draw down of the funds for EDF. The draft agreement has been submitted to DeitY on 21.03.2016, which is a legal document and needs to be examined and approved by competent authority before execution. The exercise of executing contribution agreement is a onetime activity. The necessary process for approval of Agreement is under progress and shall not affect the release of the funds for EDF in current financial year. M/s. CVCFL will be meeting regularly to appraise the proposal for approval and disbursement of funds to daughter funds.

Scheme for setting up / up-gradation of Labs

94. To strengthen the conformity assessment infrastructure, DeitY notified the "Scheme for setting up/up-gradation of Electronic product testing/Quality Control

Laboratories” on 25th August 2013 with the objective to encourage setting up testing facilities by Central/State/Academic Institutions. In this regard, project proposals from CEC, IIT Madras, Chennai, CSIR-Central Institute of Mining and Research (CIMFR), Dhanbad, MPSEDC, Bhopal and NRTC-Parwanoo have been approved. The scheme for Grant-in-Aid is open for setting up / up-gradation of up-to 15 labs. However, in the FY 2015-16, no new proposal has been received. Also, the releases of the 2nd and 3rd instalments of Grant in aid for approved labs have not been possible due to non-receipt of utilization certificates from the applicants. It is proposed to conduct frequent reviews to expedite the implementation of projects and monitoring of progress. Further, awareness campaigns will be undertaken.

95. The Committee desired to know the corpus of Grant-in-Aid offered under this scheme to which the Department have stated that the scheme for Grant-in-Aid is open for setting up / up-gradation of 15 labs. The objective of the scheme is to encourage setting up testing facilities by Central / State / Academic Institutions which will be used for evaluating goods under the “Electronics and Information Technology Goods (Compulsory Registration Order, 2012). The total grant-in-aid available under the scheme is Rs.150 lakh per lab (150 lakh x 15 labs = Rs.22.5 crore) subject to the following:

- For laboratory equipment is Rs.120 Lakh (maximum).
- 25% cost of basic supporting testing infrastructure is Rs.20 Lakh (maximum).
- Professional Fee/ Expert fee for setting up / up-gradation of laboratories and cost of obtaining recognition/ accreditation / calibration charges thereof, cost for follow up action as well as interim assessments by DeitY is Rs.10 Lakhs (maximum).

96. The Committee enquired about the reasons for having received no new proposals for the year 2015-16. To this, the Department stated as under:

The Scheme for setting up / up-gradation of Electronic product testing / Quality Control Laboratories" was notified by DeitY on 25th August 2013. When Compulsory Registration Order (CRO) was notified for implementation, a strong need to ramp up the available conformity assessment infrastructure was felt for success of this first ever initiative for regulation in the electronics sector. Subsequently, some of the institutions took advantage of the Scheme in the early phase when number of labs available in the country was restricted. As on today there are 23 BIS Recognized Labs for testing to these standards are available in the country. Since the lab facilities for the notified products have already become very competitive in the country, there is a likelihood that proposals for new labs would only come-up when additional new products are notified in the Scheme.

Indian Conditional Access System

97. On the progress with respect to the Indian Conditional Access System, the Department have informed that after following the due tendering processes, M/s. ByDesign India Pvt. Ltd., Bangalore, was shortlisted for the development and implementation of the iCAS in association with the Centre for Development of Advanced Computing (C-DAC). M/s. ByDesign shall make available the developed Indian CAS to all domestic manufacturers of STB or to the operators at not more than USD 0.5/license (including Smart Card, if required) for a period of 3 years. Three meetings of the Group were held on 18.02.2015, 30.06.2015 & 27.11.2015 to oversee the development of the project. In the third review meeting held on 27.11.2015, it has been concluded that the Development Stage of iCAS has been successfully completed as on 14.11.2015 and it is ready for implementation w.e.f 15.11.2015. The implementation of iCAS in the cable networks has already started. More than 25,000 STBs with iCAS have already been deployed across the country during December 2015-January 2016. The release of the 2nd instalment of Rs.5.97 crore to M/s. ByDesign India Pvt. Ltd. for development and implementation of Indian CAS is under process.

98. On being asked about the industry and customer response to iCAS, the Department, in post-evidence note, stated that the development phase of Indian Conditional Access System (CAS) was completed on 14th November, 2015. During the

last five months, Indian CAS was presented in various national and regional level conferences/ forums. The product received encouraging response both from Cable and DTH operators. Indian CAS has been test deployed by 13 operators at the following locations:

1) Sandur , Karnataka
2) Challekere, Karnataka
3) Ranebennur, Karanataka
4) Chalisgaon, Maharashtra
5) Wai, Maharashtra
6) Yeraguntala, Andhra Pradesh
7) Tadapatri, Andhra Pradesh
8) Madurai, Tamil Nadu
9) Durgapur, West Bengal
10) Hamirpur, Himachal Pradesh
11) Neemuch, Madhya Pradesh
12) Bikaner, Rajasthan
13) Haldwani, Uttrakhand

99. The Department have further informed that these Operators have confirmed successful deployment of Indian CAS. Additionally, the installation of the System is in progress at 7 more operator locations given below:

1) Nevada, Bihar
2) Narayanpur, Chhattisgarh
3) Leilunga, Chhattisgarh
4) Ganjam, Orissa
5) Pachora, Maharashtra
6) Daund, Maharashtra
7) Bhingarpur, Orissa

100. The Department informed that the customers have expressed satisfaction on security aspects of Indian CAS technology, features and prices. The terms of service of Indian CAS were also well accepted.

101. Regarding the release of second batch of iCAS, the Department in Post evidence note stated that the second instalment of DeitY’s support amount i.e. Rs.5.93 crore has

been released to M/s. ByDesign India Pvt. Ltd., Bangalore for development and implementation of Indian Conditional Access System on 31.03.2016.

102. To a query as to by what time will the indigenously manufactured Set Top Boxes with Conditional Access System be able to replace the imported ones, the Department stated that Replacement of Set Top Boxes by indigenously manufactured Set Top Boxes with Indian Conditional Access System is a techno-commercial decision of the operators. Hence it is difficult to provide a time line for the same.

103. The Committee enquired as to which all companies have been identified in manufacturing Set Top Boxes. To this, the Department have stated that the following companies have been identified so far for manufacturing Indian CAS enabled Set Top Boxes and M/s. ByDesign India Pvt. Ltd., Bangalore has signed MoU with them:

“1) Smasher Communications Pvt. Ltd., Bangalore
2) Exza Info system, Pune
3) Melbon - Millenium Technologies, New Delhi
4) ABS Productions Pvt. Ltd., Mumbai
5) Solid - KMTS Engineering Pvt. Ltd., New Delhi
6) Videocon, Aurangabad
7) MyBox Technologies Pvt. Ltd, New Delhi
8) Velankani Electronics Pvt. Ltd., Bangalore
9) C-Net Communications India Pvt. Ltd., New Delhi”

v. <u>Promotion of IT & ITes Industries</u>

104. The Indian Information Technology (IT)- Information Technology Enabled Services (ITES) sector has registered tremendous growth over the past decade, achieving iconic status all over the world and a reputation for reliable and cost-effective delivery of IT services. The major developed markets are sourcing IT-ITES from India to gain bottom-line benefits, improving their competitive edge.India continued as the World’s No.1 sourcing destination with a share of 56% in 2015. India’s share in the global IT services outsouring and ITES/BPO has reached upto 67% and 38% respectively. Indian IT-ITES industry has emerged as one of the most dynamic sectors in India’s economy and is

responsible for the global recognition of India as a "soft" power. The consistent growth of the IT segment has created phenomenal wealth, employment, exports and a significantly large reservoir of highly competent technocrats and knowledge workers.

105. Two schemes have been lauched under Digital India Programme for creation of jobs in BPO/ITes Sector and secure balanced regional development: North East BPO Promotion Scheme(NEBPS) and India BPO Promotion Scheme (IBPS). The above schemes provide capital support in the form of Viability Gap Funding to eligible Companies. The Software Technology Parks of India (STPI), an autonomous society of DeitY has been designated as the Nodal Agency for implementation of the NEBPS.

106. Software Technology Parks of India was set up in 1991 as an Autonomous Society under the Department of Electronics & Information Technology (DeitY) with the following objectives:

- To promote the development and export of software and software services, including information technology (IT) enabled services/ Bio-IT.
- To provide statutory and other promotional services to the exporters by implementing Software Technology Parks (STP)/ Electronics and Hardware Technology Parks (EHTP) schemes and other such schemes which may be formulated and entrusted by the government from time to time.
- To provide Data Communication Services, including value added services to IT/IT Enabled Services (ITES) related industries.
- To promote micro, small and medium entrepreneurs by creating conducive environment for entrepreneurship in the field of IT/ITES.

STPI is responsible for implementation of the Software Technology Parks (STP) scheme and the EHTP scheme. The phenomenal success of the IT-ITES industry has been possible, *inter-alia*, due to the pivotal role played by the STP Scheme and fiscal benefits provided under Section 10A of the Income Tax Act. The fiscal benefit was available upto 31-03-2011. The STP Scheme is a unique scheme, designed to promote the software industry, including innovations and growth of Start-Ups and SMEs without any locational constraints. As on 31.12.2015, more than 2,500 units are exporting under the STP scheme.

107. During the year 2016-17, as against the proposed outlay of Rs.543 crore, an allocation of Rs.5 crore has been made at BE stage 2016-17 for this scheme. Asked as to whether this would hamper the achievement of targets under the scheme, the Department have stated that the BPO Promotion Schemes approved under the Digital India Programme are based on reimbursement of capex towards viability cap funding. However, the budgeting issue may impact the objectives (Employment Generation and growth of IT/ITES sector in non-metro locations) of the BPO Promotion Schemes under the Digital India Programme. The matter is proposed to be taken up with Ministry of Finance seeking additional funds for this purpose.

108. The Committee desired to know what have been impacts of withdrawal of tax benefit and whether the Department has conducted any study to analyse the effect of the withdrawal. To this, the Department replied as under:-

> "Non-availability of Income Tax benefits under Section 10A of IT Act beyond 01.04.2011 for STP units has adversely impacted competitive edge especially with respect to MSME units. In the absence of tax benefits, the registration of new STP units has decreased and number of STP units exiting/de-bonding from STP Scheme has increased year-on-year. As a result of the above, total number of exporting STP units has reduced to almost 50% from 5565 STP units in 2010-11."

As per STPI, a study was conducted by M/s. Deloitte during 2012 to access the impact of withdrawal of Income Tax benefit and suggest the way forward to mitigate the impact of withdrawal of tax benefit (Section 10A of IT Act) to STP units. The study recommended Performance Linked Incentive Scheme for STP Units to mitigate this impact.

109. The Committee further enquired about the steps that have been taken to mitigate the impact of withdrawal of tax benefit and whether there was any progress on Performance Linked Incentive Scheme for STP Units as mentioned by the above study. To this the Department submitted as under:-

> "The Planning Commission (erstwhile) commented on EFC Memo which inter-alia includes:
>
> (i) Notwithstanding what (if any) merit there is in this case for fiscal support, the appropriate route is is through the Income Tax exemptions, which if the Govt so wishes can be brought in during the Budgetary Exercise.
>
> (ii) The exchange rate provides enough incentives. No GBS should be provided for export incentives, it will lead to multiple demands.
>
> Accordingly , matter was taken up by DeitY with Ministry of Finance for consideration to restore the fiscal incentive to "new STP units" for a period of at least 5 years through Income Tax exemption under Section 10A of the Income Tax Act, in last 3 Union Budget repeatedly, but the proposal was not agreed to."

110. On being asked about the stark difference between proposed and allocated sum to STPI and the efforts that have been made to get sufficient allocation under STPI, the Department in a Post evidence note stated as under:

> The stark difference between the proposed and the allocated sum to STPI is not due to diversion of any fund towards UIDAI, but because of less allocation under the umbrella scheme "Digital India Programme". Ministry of Finance has already been informed about the insufficient allocations made in BE 2016-17 and requested for augmentation of funds at least by Rs.1500 crore to enable DeitY to achieve the targets and objectives laid down by the Government in respect of various IT schemes and programme.

PART-II
OBSERVATIONS/RECOMMENDATIONS

Budget Analysis

1. The Budget Estimate (BE) allocation of DeitY for the year 2016-17 is Rs.3328.82 crore which includes Rs.3200 crore under Plan and Rs.128.32 crore under Non-Plan segment. In the year 2015-16, against the enhanced RE allocation of Rs.2700 crore, the Department could achieve decent utilization of the order of Rs.2521.75 crore up to March, 2016. An analysis of trend of expenditure in this financial year indicates that major fund utilization was done in the month of March, i.e., in the closing month of Annual Plan period. The Committee do take note of some of the technical factors responsible for the same. However, as a matter of general principle and financial prudence, the 'March rush' of expenditure needs to be avoided. The Committee hope the Department would take due care in the Annual Plan year 2016-17 to address this concern of the Committee.

The Committee understand that all the Plan schemes of DeitY have been rationalized into five umbrella schemes, namely, National Informatics Centre (NIC), Unique Identification Authority of India (UIDAI), which stand transferred to DeitY as an Attached Office, Regulatory Authorities, Digital India Programme and Assistance to Autonomous and Other Bodies with effect from the Financial Year 2016-17. A scrutiny of allocation made under Plan schemes shows that the approved GBS has been grossly downsized, leaving a yawning gap between the proposed and the approved GBS. This, indeed, is a matter of grave concern to the Committee. For example, under the Digital India Programme, which is one of the flagship programmes of the Government of India, a sum of Rs.1282.00 crore only has been provisioned as against the demand of Rs.5778.07 crore. As would be seen in the subsequent pages of this Report, reduced allocation under this head has significant impact on execution of various components of this scheme. The Department have stated that on account of the overall reduction of DeitY Budget, allocation made under Plan schemes has been adversely affected.

The Committee have been informed that DeitY have asked for additional funds of Rs.1500 crore to meet the minimum requirement during the financial year 2016-17. The Committee endorse the demand of the Department for allocation of additional funds for the current fiscal. The Committee also desire that DeitY need to have adequate budget in the coming Plan years because this Department are implementing some of the schemes/programmes which are central to the building of a technologically empowered society to take a lead in the global digital economy.

<u>Position of Outstanding Utilization Certificates</u>

2. The Committee note that a large number of Utilization Certificates (UCs) are pending with the implementing agencies in respect of various schemes of the Department. While a total number of 133 UCs amounting to Rs.276.64 crore are pending for the sanction period 1.04.2001 to 31.03.2014, for the sanction period from 1.04.2001 to 31.03. 2016, the number of UCs stand at 876 amounting to a huge sum of Rs.2435.81 crore. The Department have informed that out of the 133 UCs, 94 UCs amounting to Rs.266.82 crore (96%) of the pending amount pertain to the e-Governance scheme alone. Regarding reasons for such a large number of pending UCs, the Department have informed that e-Governance activities have a relatively longer gestation period due to stringent requirement including civil and electrical construction, hardware software development, business process reengineering, etc. Programme activities are undertaken by the Department in co-ordination with the State Governments. However, e-Governance is an emerging sector and availability of trained personnel is limited. In spite of maximum possible support to address the issues, the implementation of the NeGP projects have been impacted. The Committee also note that in order to reduce the number of UCs and hold the implementing agencies accountable, the Department have taken several measures which *inter alia* include insisting on submission of UCs before release of subsequent installment, accounting the unspent balance and interest before release of next installment, meeting of group co-ordinators concerned with grantee institutions,

Secretary-level review of pending UCs from time to time, Quarterly review meetings of State IT Secretaries etc. The Department have also informed that UCs are submitted on the basis of GFR instructions and care is taken to ensure that accrued interest is accounted for. Though the Department have stated that they have been making earnest efforts to expedite implementation of various schemes and programmes, the non-release of money to several schemes due to non-submission of UCs points to the fact that UCs are acting as a hurdle in the effective implementation of the schemes. The Committee feel that the continuous pendency of UCs from the implementing agencies is an undesirable trend which needs to be avoided as it directly affects the performance of the schemes, especially e-Governance Schemes. The Department have been running several flagship schemes and programmes as per policy decision to achieve the targets within the stipulated time frame. However, as the UCs have a direct bearing on the release of funds, this affects the outcome of Government schemes and policies as a whole. The Department need to take the issue of pending UCs more seriously and workout a mechanism to procure the UCs from the implementing agencies. The Department's approach need to be more pragmatic and proactive rather than leaving it to the implementing agencies because the ultimate onus of the successful implementation of the schemes and thereby the policy decision of the Government lies with the Department.

Internal and Extra Budgetary Resources (IEBR)

3. The Committee note that a target of Rs.795.78 crore had been set by the Department for the year 2014-15 which was reduced to Rs.769.39 crore at the RE stage. Against this, the Societies under DeitY have achieved a target of Rs.879.48 crore which far exceeds the targets set at both at BE and RE stage. However, during the year 2015-16, an amount of Rs.691.67 crore has been generated by the Societies as on February, 2016 which is a mere 52% of the target set for the year. Explaining the reasons for shortfall under IEBR, the Department have stated that they were optimistic of achieving the target based on the IEBR achievement trend set by the

autonomous Societies. However, the targets could not be fulfilled. The Committee observe that STPI had a target of achieving Rs.268.19 crore at BE 2015-16. This target was increased to Rs.689.43 crore at the RE stage, *i.e.* IR (Internal Resource) of Rs.186.58 crore and EBR (Extra Budgetary Resources) of Rs.502.85 crore, with the expectation that STPI would be able to achieve it. However, the total IEBR generated by STPI for FY 2015-16 settled at Rs.201.10 crore. The Committee are given to understand that the EBR target of STPI could not be achieved in view of non-receipt of funds from DeitY for the Schemes proposed by them as these are still under consideration of the Department. Similarly, targets in respect of other Societies such as NIELIT and ERNET have not been achieved. The Committee observe that for the year 2016-17, an IEBR target of Rs.1514.94 crore has been set for the Societies which *inter alia* includes Rs.824.25 crore for STPI, Rs.260.09 crore for NIELIT, Rs.284.00 crore for C-DAC, Rs.48.00 crore for SAMEER, etc. The Committee, while expressing their concern that the IEBR targets set for 2015-16 could not be achieved, more particularly in respect of STPI due to non-release of funds, desire that the Department should extend all possible support-financial or otherwise so that these Societies are able to achieve the IEBR targets for the FY 2016-17.

National Informatics Centre (NIC)

4. The National Informatics Programme of the Department is for providing national IT infrastructure to facilitate ushering in "e-Governance" applications at all levels of Government. NIC provides ICT support to Government Ministries/Departments. Currently, NICNET has more than 70,000 end users; the data centres of NIC host more than 7000 websites of the Government and it has the largest e-mail service in the country. The NIC National cloud hosts a large number of critical applications and has target e-mail service of the country with more than 220 million e-mails per month. The Committee note that during the year 2014-15, NIC had been provided with Rs.800 crore at BE and RE stage, out of which the Actual Expenditure was Rs. 779.56 crore. During the year 2015-16, the allocation for NIC was reduced to

Rs.700 crore which was subsequently increased to Rs.800 crore and the Actual Expenditure has been 87.5% of RE. Regarding challenges faced by NIC, the Department have informed that NIC's main focus is on providing the latest state of-the-art ICT infrastructure and in this effort, shortage of manpower, shortage of building and sitting capacity are major constraints. Considering the massive IT requirement for States and District services, it is increasingly becoming difficult to sustain the number of projects with the same manpower and reduced budget. The Committee also note with concern that NIC has to accommodate their increasing activities in a reduced manner. Further, on the issue of manpower requirement, the Committee observe that NIC had got a study conducted to estimate manpower requirement and, as per this study, NIC has a requirement of 1407 posts at different levels. A proposal had been mooted for creation of 1407 posts across different levels to meet the e-Governance requirements of NIC. The Committee, in their Sixth Report on Demands for Grants (2015-16), had recommended to the Department to expedite the above proposal and get these posts created at an early date to meet their manpower requirement. The Committee are, however, concerned to note that even after a lapse of more than a year, the proposal has not materialized and is still under consideration for inter-Ministerial approval. The Committee feel that NIC being the backbone of the ICT infrastructure of the country, it is very much essential that their manpower and infrastructure needs are given due attention. This assumes added significance in the light of the fact that the Digital India Programme and National e-Governance are on the top of the agenda of the Government. The Committee, therefore, recommend that the proposal for creation of posts for NIC which is under inter-Ministerial consultation, be expedited and the manpower issue of NIC resolved.

Unique Identification Authority Of India (UIDAI)

5. UIDAI is a transformational initiative that includes establishing identity infrastructure for providing unique digital identity in the form of Aadhar number to its residents. The Committee note that UIDAI was earlier with NITI Aayog but from

September 2015 onwards, it has been shifted under the Ministry of Communications and Information Technology, Department of Electronics and Information Technology, as an Attached Office. Aadhar enrolment is undertaken on voluntary basis and is an ongoing activity. A target of universal enrolment is being pursued but till 15th March, 2016, a total of 99.20 crore Aadhar have been generated out of total population of 121.07 crore (Census 2011) which has already crossed hundred crore mark. Although it is an ongoing process, one round of completion of enrolment is targeted in March, 2017. A look at the financial performance of the scheme shows that the utilization of funds under the scheme has been consistently above 80% with respect to RE. During the year 2015-16, as against the budgetary allocation of Rs.1916.43 crore at the RE stage, the Actual Expenditure has been to the tune of Rs.1606.63 crore. The Committee have been informed that for the year 2016-17, an amount of Rs.800 crore has been allocated to the scheme. Regarding the adequacy of funds during the current FY, the Department have stated that the BE projection for UIDAI was Rs. 1468.23 crore as the Department had estimated an amount of Rs.731.00 crore to meet enrolment, printing and dispatch cost for approximately 20 crore enrolment (1.5 to 2 crore Aadhaar is proposed to be issued every month) in the next FY 2016-17 and an amount of Rs.127 crore and Rs.176.00 crore for the committed and contractual expenditure such as cost of technology operations and procurement of machinery & equipment, etc. A provision of Rs.70 crore had also been proposed for construction of UIDAI headquarters buildings which is already underway, along with provision of Rs.100 crore for establishment related expenditure. In view of this, the current budgetary allocation of Rs.800 crore will not be sufficient to meet the requirement. Further, the Committee note that UIDAI is fully prepared to undertake the task of the first round of enrolment by 2017. During the evidence, the representative of UIDAI also informed the Committee that they have 3.32 lakh certified operators throughout the country and enrolment is going on in 30,000 centres. As on date, 6 lakh enrolment is being made per day. As UIDAI targets to complete the enrolment, at least the first enrolment by 2017, another Rs.600 crore will be required to meet the expenses. Also,

UIDAI needs funds to meet the updation activity (such as the newly born children who will cross 5 years and reach 15 years of age whose fingerprints change over time), which will continue. Keeping in view the fact that the Actual Expenditure under the scheme has been consistent and UIDAI Plan to achieve the first phase of enrolment by 2017, the Committee desire that allocations to UIDAI may suitably be enhanced to meet the requirement so that the projected targets as per BE proposal 2016-17 are not affected. The Committee further note that with Aadhar enrolment assuming much importance in light of the Aadhar Act being passed, the privacy and security concerns need to be addressed. The Committee have been informed that the Act has in-built clauses to deal with security and privacy of individuals. The Committee desire that requisite steps be taken alongside the provisions of the Act to address security and privacy issues.

Cyber Security (Including CERT-In)

6. The Committee note that Cyber Security is an upcoming area which require increased allocation to meet the shortage of manpower in the form of Cyber Security experts, upgradation of technology and training to enhance capacity, etc. The Committee are, however, concerned to note that allocations under Cyber Security has been reducing continuously. During the year 2014, the allocation at the BE stage was Rs.116 crore which was reduced to Rs.58 crore at the RE stage and Actual Expenditure was Rs.54.59 crore. Similarly, during the year 2015-16, the allocation at BE stage was Rs.100 crore which was reduced to Rs.80 crore and Actual Expenditure was Rs.62.11 crore as on 07.03.2016. For the year 2016-17, against the proposed sum of Rs.338.50 crore, an allocation of only Rs.70 crore has been made to Cyber Security. The Department have informed that they had envisaged several initiatives and projected budget requirement for the 12th Plan period. However, in line with the overall reduction for allocation to Department, the Cyber Security related activities have been scaled down to Rs.500 crore. The Committee note that the budgetary requirement under the programme include operational activities relating to the Indian Computer

Emergency Response Team (Cert-in), Cyber Appellate Tribunal CAT and R & D, as well as expenditure for key infrastructure initiatives such as the establishment of National Cyber Co-ordination Centre (NCCC), continuous upgradation of technology, enhancement of capacity and skills, etc. The Department have informed that setting up of Botnet cleaning and Malware Analysis Centre is in advanced stage of implementation and the NCCC test bed project has been taken up. The Committee observe that NCCC aims at generating necessary situation awareness of existing and potential Cyber Security threats. The mandate of NCCC also include aggregation of threat alerts, detection classification and trace back of Distributed Denial of Service (DDoS) attack, detection and trace back of malware outbreaks and malicious activities. NCCC is envisaged to become operational in a period of 1 year, subject to availability of requisite fund. The Department have approached the Ministry of Finance for allocation of funds in supplementary grants stage for full scale operationalisation of the project. The Committee are of the view that in this age of ever expanding digital space and its usership, implementation of these two projects and other activities under Cyber Security should not suffer due to want of funds. The Committee desire that the concern of the Committee may be conveyed to the Ministry of Finance for allocation of adequate funds for Cyber Security at the supplementary grant stage. Efforts should be made to accomplish the above two projects and the Committee be apprised of the progress made in this regard.

Cyber Security -Capacity Building

7. The Committee note that the Department are resorting to both formal and informal methods for capacity building of Cyber Security professionals. The Information Security Education and Awareness (ISEA) project of the Department aims at creation of manpower in the area of information security. The first phase of this project was completed on 31.03.2014 under which 42,000 students were trained. More than 500 awareness workshops have been conducted throughout the country. The Committee observe that Phase II of the project has been initiated with an outlay

of Rs. 96.08 crore to be implemented over 5 years w.e.f. 1.04.2014. Out of this, Rs. 28.68 crore have been expended during the year 2014-15. However, during the year 2015-16, no funds have been released under the scheme. The Department have informed that the selection of 51 participating institutions and signing of MOUs for implementation of the project could only be completed in January 2016 due to which the target of training 25862 students could not be achieved during 2015-16. For the year 2016-17, the Department propose to release Rs.11.84 crore to achieve a target of 26442 students under the academic component. The Committee recommend that the funds earmarked for this project should be released on time and efforts should be made to achieve the targets.

The Committee also note that around 7000 participants from over 200 organisations have attended the awareness and exposure programmes conducted by Cert-In. Further, a joint working group constituted to suggest measures for Public Private Partnership (PPP) for active involvement of private sector efforts has already laid out a road map for capacity building to meet the demands of Cyber Security professionals through PPP mode. The Committee are given to understand that DeitY (My Gov and Cert-In), in partnership with Google, have made efforts to raise internet safety awareness among teachers and students during 2015 under which 5000 schools were covered benefiting over 5.6 lakh students in 12 States. However, considering the massive expansion of IT in various sectors and services, the above achievement seems limited. The Committee desire that more and more activities need to be carried out in collaboration with the private sector to expand the reach and scale of awareness campaigns. The Department should work out ways and means to involve more and more stakeholders in the private sector in this effort.

Digital India Programme

8. The Digital India Programme is an umbrella programme which amalgamated all the ongoing Schemes/Programmes/Projects being implemented by DeitY. It weaves together a large number of ideas and thoughts into a single, comprehensive vision so

that each of them can be implemented as part of a larger goal. The various components of the programme include manpower development, Electronic Governance, E-Governance, National Knowledge Network, Promotion of Electronics & IT Hardware Manufacturing, Promotion of IT&ITES Industries and R&D in IT/Electronics/CCBT. The Committee note that as against the proposed estimate of Rs.5778.07 crore, a sum of only Rs.1282.00 crore has been provided under this programme. The Department have, however, requested the Ministry of Finance to provide additional allocation of Rs.1500 crore to meet the bare minimum requirement during FY 2016-17. In the succeeding paragraphs, the Committee will evaluate the performance of some of the Schemes/Programmes/Projects being implemented under this umbrella programme.

Manpower Development

National Digital Literacy Mission

9. The manpower development programme especially targets Human Resource Development (HRD) activities to ensure availability of trained human resources for the manufacturing and services sectors of Electronics and IT industry. With the increased focus on "Skill India" initiatives, the importance of Manpower Development increases manifold. As against the proposed budgetary support of Rs.792.71 crore, a sum of Rs.365 crore has been allocated to this project for the year 2016-17. The reduction in budget is stated to be due to decrease in overall allocation to DeitY. The Committee note that in the year 2015-16, the Department achieved decent utilization to the tune of Rs.392.28 crore upto 7th March, 2016 as against Revised Estimate allocation of Rs.494.80 crore. The National Digital Literacy Mission (NDLM) under Manpower Development Programme pledges to digitally literate one adult from each of the 147 million rural households of India. Under NDLM, two schemes, viz. Scheme for IT Mass Literacy (renamed as National Digital Literacy Mission) and Scheme for Digital Saksharta Abhiyan (DISHA) were initially conceived for providing digital literacy to the

masses. The NDLM approved in March, 2014 with a total outlay of Rs.97.02 crore over a period of 18 months (extended upto 30 June, 2016) was launched on 21 August, 2014. The scheme aimed to train 10 lakh persons. DISHA with a total budget outlay of Rs.380 crore over a period of 4 years was approved in December, 2014 with the aim to make 42.5 lakh persons digitally literate. Both these schemes are being implemented concurrently. The Committee note that out of the total Budget Outlay of Rs.476.93 crore earmarked for both NDLM and DISHA, a sum of Rs.92.46 crore has been released upto 2015-16 and amount to the tune of Rs.325.40 crore is to be released in the year 2016-17. The Committee find that out of the cumulative target of 52.5 lakh persons under NDLM and DISHA Schemes, a total of 67.49 lakh candidates have been enrolled, out of which 46.94 lakh candidates have been trained and approximately 19.50 lakh candidates have been certified. A total of 1927 organizations are working as Training Partners under these schemes. The Department expect that the envisaged/cumulative target of 52.5 lakh candidates under both the schemes would be achieved by December, 2016, i.e. much ahead of the approved duration of December, 2018. The Committee note that in pursuance of the announcement made by the Finance Minister in his budget speech in February, 2016, a new scheme, namely, "Digital Literacy Mission Scheme for Rural India" to cover around 6 crore additional beneficiaries in the rural households within the next 3 years is under formulation. The Committee appreciate the achievement made so far through the implementation of NDLM/DISHA. Since Digital Literacy Mission will be an ecosystem of digital literacy awareness, education and training that will help India take a lead in the global digital economy, wider coverage in quick pace would be the real challenge. The pronouncement of a new scheme which envisages a bigger target within a specified time period is definitely a step in the right direction. Since this scheme is yet to be configured, the Committee would like to be informed of the progress made under this programme within a period of three months. It needs to be realized that in the long run, a substantial portion of population need to be digitally literate to achieve the goal of universal digital literacy. This is a continuing mission and the Government need to

make sustained efforts to move forward. In this direction, the Committee feel that in addition to the schemes being run by the Government, Massive Open Online Courses (MOOC) may also be conducted with the help of ICT infrastructure to exponentially increase the number of trained individuals.

National E-Governance Plan (NeGP)

10. The National e-Governance Plan (NeGP) was approved in 2006 with a vision of making all Government services accessible to the common man in his/her locality through common services delivery outlets and ensure efficiency, transparency and reliability of such services at affordable costs. DeitY has implemented a number of projects in the e-Governance domain which are the supporting infrastructure components for implementation of various e-Governance initiatives in Central Ministries/Departments and States/UTs. These include the core ICT infrastructure projects such as State Data Centres(SDCs), State Wide Area Networks (SWANs), Common Services Centres (CSCs), National/State Service Gateway (SSDGs), e-District, etc.

The Committee note that as against the proposed allocation of Rs.1650 crore, the BE provided for the year 2016-17 for this scheme is Rs.420 crore. The Committee observe that in spite of the Department being able to utilize 93% of the budget allocation for the year 2015-16, the budget provided for the year 2016-17 is even less than the BE provision of 2015-16. The Committee urge the Department to make efforts for additional allocation under this head for better execution of schemes being operated under NeGp. Some of the components of NeGP are discussed in the succeeding paragraphs.

State Wide Area Network (SWAN)

11. The Committee note that presently, SWAN has been made operational in 34 States/UTs. Implementation of SWAN in Andaman & Nicobar Islands and Jammu & Kashmir is stated to be in progress. The Committee have been informed that the

progress of implementation of SWAN is primarily dependent on the pace of work at the State / UT level during various stages like pre-bid, post-bid (submission of RFP, publishing of RFP, evaluation of RFP) and award of contract. Any delay at any of these stages contributes to the overall delay in the completion of the project. Apart from these, delay in preparation of sites, non-availability of leased line connectivity and frequent power outages in rural areas contribute towards the lag. While taking note of the difficulties enumerated above, the Committee would desire the Department to constantly engage with the States and other authorities for expeditious resolution of problems so that the networking infrastructure is put in place at the earliest. The Committee find that the States have been utilizing the core infrastructure of SWAN for connectivity and dedicated close user application access connectivity. SWAN has been integrated with NKN in 29 States/UTs at SHQ level and 440 at the district level to provide high bandwidth. The Committee are glad to note that the increasing digitization amongst States has led to higher utilization of bandwidth. Presently, 30 States/UTs are utilizing more than 60% of bandwidth of the existing link capacity. To monitor the performance of SWANs, the Department has mandated positioning of Third Party Auditors (TPAs) in the States/UTs. As on date, 29 States have empanelled the TPAs for monitoring the performance of the SWANs in the respective States/UTs. The remaining States/UTs are in the process of empanelment of TPA. The Committee recommend that sustained efforts need to be made to increase bandwidth utilization. Observing that successful implementation of the SWAN scheme is critical for establishing the basic digital infrastructure, which is an essential pre-requisite for the success of flagship schemes like 'Digital India' programme, the Committee recommend that concerted and innovative efforts be made to compliment the efforts of the State Governments in operationalisation of the SWAN scheme.

State Data Centre (SDC)

12. The Committee have been given to understand that till now 24 SDCs have been declared operational. In FY 2015-16, Bihar SDC got operational; implementation of 3

SDCs (Himachal Pradesh, Jharkhand, Dadra and Nagar Haveli (DNH) & Daman & Diu (DD) (DNH & DD have combined SDC), is in progress. In 2 States (Punjab and Goa) bid process is in an advanced stage and in 3 States (Assam, Arunachal Pradesh and Uttarakhand) RFP has been floated and bid process management is going on for selection of a Data Center Operator (DCO). Percentage of rack space utilization in twenty-three States is more than 50% of the SDC infrastructure. The Committee have been informed that in order to make SDCs Cloud-enabled, DeitY has circulated a template Request for Proposal (RFP) to States for initiating a bid process for Cloud enablement of SDCs. Seven States have completed Cloud enablement and 8 States are in various stages of Cloud enablement. SDCs are expected to host critical Government applications/services, including important citizen data, and protection of the same is of prime importance. In this regard, the SDC has provisioned for a Disaster Recovery (DR) mechanism through storage based replication as part of the SDC enhancement. Till now, 12 States are DR enabled and 8 States are in various stages of DR enablement. Considering that Data Centres are essential to consolidate services, applications and infrastructure, the Committee recommend that the establishment of SDCs in all States/UTs be expedited so as to secure data storage, provide better operation & management control with minimized overall cost of data management, IT resource management, deployment and other costs for States/UTs.

Common Service Centres (CSCs)

13. The Committee note that the total number of CSCs established as of March, 2016 is 1,99,325 out of which the number of CSCs set up at Gram Panchayat level is 122,621. The number of CSCs approved as Business Correspendents Agents (BCA) is 28,111. As of January, 2016, a total of 11,089 BCAs set up at CSCs have been active. So far, 9,532 Rural Authorized Persons (RAPs) have been registered at CSCs pan India for Insurance Services. The number of CSCs acting as Permanent Enrolment Centres (PECs) is 14,330. CSC SPV is now ranked 2nd in the country-wide UID Registrar Ranking. "CSC 2.0-A Way Forward" has been approved in August 2015 under the Digital India

Programme. CSC 2.0 aims for establishing self-sustaining network of 2.5 lakh CSC centres at Gram Panchayats (GP). The Committee note that there is still a long way to go before this target is achieved. The Committee, therefore, recommend that execution of this project need to be overseen by a robust monitoring mechanism coupled with structured planning and swift decision making at the Apex Level. Also, various obstacles in the form of adequate connectivity, Left Wing Extremism, adequate power connectivity need to be swiftly addressed. Common Service Centres are an 'Access to Digital Space' for a common man, responsible for delivery of various G2C and other B2C services to the citizen. Hence, the element of accountability on the part of CSCs is very important for this ecosystem to be reliable. The Committee recommend that apart from the existing mechanism to ensure accountability of CSCs, the Department may take recourse to innovative measures as well. The Committee may be informed about further progress made in setting up of CSCs in the country.

National Knowledge Network (NKN)

14. The Committee note that the National Knowledge Network was approved in the year 2010 with an objective to inter-connect all knowledge institutions across the country through high speed data communication network to encourage sharing of resources and collaborative research. This would cover about 1500 institutions comprising all universities, institutions of higher learning and research. During the year 2014-15, an allocation of Rs.300 crore had been made at the BE and RE stage which was utilized optimally. In the year 2015-16, an allocation of Rs.150 crore had been made at the BE stage which was increased to Rs.214 crore at the RE stage. Out of this, the Actual Expenditure has been to the order of Rs.150 crore as on 07.03.2016. The Committee observe that under the NKN Programme, the projection for FY 2016-17 was to the tune of Rs.1000 crore against which the approved allocation is only Rs.250 crore. The Department have informed that the allocated amount would not be sufficient even to meet the yearly recurring expenses to sustain the NKN project and they would like to seek additional grants at the supplementary stage. The

Committee note that ad-hocism in allocation of Plan funds and taking recourse to asking for funds at the supplementary grants stage has been a recurring phenomenon under the scheme of NKN. As far as the physical targets are concerned, the Committee note that 1580 links have been commissioned and made operational. This includes 378 links to institutions under NMEICT, which have been migrated to NKN. During the FY 2015-16, a total of 176 institutions have been connected which include 13 institutions migrated from NMEICT. NKN connectivity has also been extended to 447 NIC district centers. 94 numbers of Core Links have been commissioned and operationalised. 66 Virtual Classrooms have also been set up under NKN. For the successful implementation of NKN, adequate budgetary provision is indispensable, failing which the scheme will not be able to achieve its objective. This is also evident from the concerns expressed by the Secretary, DeitY, who had informed the Committee that under NKN the achievement has been 93% of expenditure and the Department were trying hard to get re-appropriation at the last moment which did not materialize. In the case of the National Knowledge Network, there is a deficit of Rs.300 crore and the Ministry of Finance are now seriously thinking to delegate re-appropriation for NKN liability. Pending the final decision of the Ministry of Finance regarding delegated re-appropriation, the Committee desire that the Ministry should ensure additional grants for the NKN programme for FY 2016-17 so that it is able to achieve its objective of collaborative research and transforming the country into a Knowledge Society.

Promotion of Electronics & IT Hardware Manufacturing

15. The Committee note that an allocation of Rs.70 crore has been made for promotion of Electronics and IT Hardware manufacturing as against the proposed estimate of Rs.854.64 crore. During the year 2015-16, an allocation of Rs.74 crore at the BE stage was made which was increased to Rs.94 crore at the RE stage; out of this, the actual expenditure stood at Rs.45.57 crore (till 7.03.2016) which is roughly less

than 50 per cent. The Department, however, have maintained that the expenditure on electronics manufacturing is growing at a significant pace for the last few years.

The Committee observe that initiatives such as the Modified Special Incentive package (M-SIPs), Electronic Manufacturing Clusters Schemes (EMC), Electronics Development Fund (EDF), etc. have been taken by the Government to boost this sector. As far as M-SIPs are concerned, the scheme has further been streamlined with inclusion of 15 new product categories, easier accrual of benefits and extension of the scheme for a period of 5 years beyond July 26, 2015. The items that have invited maximum investment under M-SIPs are Components and Accessories, IT and Telecom Products and Automotive Electronics. Under the Electronic Manufacturing Clusters Scheme (EMC), financial assistance for creating world-class infrastructure for electronics manufacturing units is provided.

The Committee have further been informed that the Electronic Development Fund (EDF) Policy approved by the Cabinet in December 2014 provides for participation in venture funds to support R&D, Innovation and IP Generation in Electronics, and IT and Nano Electronics. According to the Department, as a result of these policy initiatives, there has been an increase in investment in this sector and expenditure since 2012-13. In the last three years, 181 investment proposals involving investment of Rs.1,20,418 crore have been received under M-SIPS. This includes proposals from Multinational Companies. The level of interest shown by the multinationals has increased significantly after the launch of the 'Make-in-India' campaign and the 'Digital India Programme' and substantial investment proposals have been received thereafter. The Committee note with satisfaction that the Government have launched several initiatives/policy measures to incentivize and promote the hardware manufacturing sector. It is equally encouraging that the sector continues to witness substantial growth in investment, more importantly through multinational companies. The Department have also taken initiatives to fast pace projects under the EMC Scheme by addressing grey areas that contributed to the delay

such as incorporation of SPV, arrangement of funds by implementing agencies, contribution by constituent units, etc. What is needed is to carry forward the momentum and realize the objective of making India a manufacturing hub. Besides checking outflow of precious foreign exchange due to imports of electronic and IT products, the growth of indigenous production would also generate employment. The Committee, therefore, recommend that adequate allocation of funds is needed under different schemes of this project and it should be the constant endeavour of the Department to engage with the Ministry of Finance for requisite allocation. The Committee emphasize that the Government should continue to give incentives in different areas of this ambitious project so that it remains an attractive field for multinationals, encouraging them to have more and more investments. The Committee would like to be informed of further progress in the promotion of this sector, including the extent of employment generation.

<u>Promotion of IT & ITeS Industries</u>

16. The Committee note that the Indian Information Technology (IT) - Information Technology Enabled Services (ITES) sector has registered tremendous growth over the past decade, achieving iconic status all over the world, and a reputation for reliable and cost-effective delivery of IT services. India continued as the world's no. 1 sourcing destination with a share of 56% in 2015. India's share in the global IT services outsourcing and ITES/BPO has reached upto 67% and 38%, respectively. It is essential to maintain this momentum because of the huge potential of IT-ITES sector in terms of economy as well as employment generation. Under the broad framework of promotion of IT & ITeS industries initiative, the Software Technology Parks of India (STPI) had been set up in the year 1991 with the objective to promote the development and export of software and software services, including information technology enabled services/ Bio-IT, to provide statutory and other promotional services to exporters through Software Technology Parks and the Electronics and Hardware Technology Parks (EHTP) schemes. The phenomenal success of the IT-ITES

industry has been possible, inter-alia, due to the pivotal role played by the STP Scheme and fiscal benefits provided under Section 10A of the Income Tax Act. The fiscal benefits were available upto 31-03-2011. The Committee are given to understand that non-availability of Income Tax benefits under Section 10A of IT Act beyond 01.04.2011 for STP units has adversely affected the competitive edge of these units, especially with respect to the Micro Small and Medium Enterprise (MSME) units. In the absence of tax benefits, the registration of new STP units has decreased and the number of STP units exiting/de-bonding from the STP Scheme has increased year-on-year. As a result, the total number of exporting STP units has been reduced to almost 50% from 5565 STP units in 2010-11. The above fact has further been corroborated by the representatives of the Department and STPI, Bhubaneswar, when the Committee had undertaken a study visit to STPI, Buhubaneswar. The Committee are given to understand that a study had been conducted by M/s. Deloitte in 2012 to assess the impact of withdrawal of Income Tax benefit and suggest the way forward to mitigate the impact of withdrawal of tax benefit (Section 10A of IT Act) to STP units. The study had recommended Performance Linked Incentive Scheme for STP Units to mitigate this impact. As the matter regarding incentive to mitigate the impact of withdrawal of tax benefit for STPI was taken up through EFC, the Planning Commission (erstwhile) had taken the view that the appropriate route is through Income Tax exemptions which, if the Govt so wish, can be brought in during the Budgetary Exercise. However, no GBS should be provided for export incentives as it would lead to multiple demands since the exchange rate provides enough incentives. In line with the above suggestion, DeitY had taken up the matter regarding restoration of fiscal incentive to new STP units for a period of 5 years through Income Tax exemption under Section 10 A of the Income Tax Act in 3 Union Budgets repeatedly but the proposal has not been agreed to. The Committee observe that the withdrawal of fiscal benefits have adversely affected the small and medium businesses. During the year 2016-17, as against the proposed outlay of Rs.543 crore, an allocation of Rs.5 crore has been made at the BE stage 2016-17 for this scheme. Owing to reduction

of funds and its likely impact on the achievement of targets under the scheme, the Department have stated that the BPO Promotion Schemes approved under the Digital India Programme are based on reimbursement of capex towards viability gap funding. However, the budgeting issue may impact the objectives (Employment Generation and growth of IT/ITeS sector in non-metro locations) of the BPO Promotion Schemes under the Digital India Programme. The matter is proposed to be taken up with the Ministry of Finance seeking additional funds for this purpose. Considering that the STP Scheme is a unique scheme, designed to promote the software industry, including innovations and growth of Start-Ups and SMEs without any location constraints, the Committee feel that the Department should come out with some alternative to incentivize STP units to help them sustain in business and meet the challenges from SEZs.

New Delhi;	**ANURAG SINGH THAKUR,**
02 May, 2016	**Chairperson,**
12 Vaisakha, 1938 (Saka)	**Standing Committee on**
	Information Technology.

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Appendix-II

STANDING COMMITTEE ON INFORMATION TECHNOLOGY
(2015-16)

MINUTES OF THE NINTH SITTING OF THE COMMITTEE

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The Committee sat on Monday, the 2nd May, 2016 from 1500 hours to 1530 hours in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur– Chairperson

MEMBERS

Lok Sabha

2. Dr. Sunil Baliram Gaikwad
3. Shri Keshav Prasad Maurya
4. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
5. Shri D.K. Suresh
6. Shri Ramdas C. Tadas

Rajya Sabha

7. Shri Salim Ansari
8. Smt. Jaya Bachchan
9. Shri Meghraj Jain
10. Shri Santiuse Kujur
11. Shri Derek O'Brien
12. Dr. K.V.P. Ramachandra Rao

Secretariat

1. Shri K. Vijayakrishnan - Additional Secretary
2. Shri J.M. Baisakh - Director
3. Dr. Sagarika Dash - Deputy Secretary
4. Shri Shangrieso Zimik - Under Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt Draft Reports on 'Demands for Grants (2016-17)' relating to the Ministries/Departments under their jurisdiction. Thereafter, the Chairperson gave a broad overview of the important observations/Recommendations contained in the Reports.

3. The Committee, then, took up the following draft Reports for consideration and adoption.

(i) xxx…xxx…xxx…xxx;

(ii) xxx…xxx…xxx…xxx;

(iii) Twenty-fifth Report on Demands for Grants (2016-17) of the Ministry of Communications and Information Technology (Department of Electronics and Information Technology) and

(iv) xxx…xxx…xxx…xxx

4. The Committee, thereafter, adopted the above Reports without any modification.

5. The Committee, then, authorized the Chairperson to finalize the draft Reports arising out of factual verification, if any, and present the Reports to the House during the current session of Parliament.

The Committee, then, adjourned

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xxx Matters not related to the Report.