

36

**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2016-17)**

SIXTEENTH LOK SABHA

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

**DEMANDS FOR GRANTS
(2017-18)**

THIRTY SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2017/ Phalguna, 1938 (Saka)

THIRTY-SIXTH REPORT

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MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

**DEMANDS FOR GRANTS
(2017-18)**

**Presented to Lok Sabha on 17.03.2017
Laid in Rajya Sabha on 17.03.2017**



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2017/ Phalguna, 1938 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2016-17)
Shri Anurag Singh Thakur - Chairperson

Lok Sabha

2. Shri L. K. Advani
3. Shri Prasun Banerjee
- *4. Shri Harish Dwivedi
5. Dr. Sunil Gaikwad
6. Shri Hemant Tukaram Godse
7. Dr. Anupam Hazra
8. Dr. Jayakumar Jayavardhan
9. Shri P. Karunakaran
10. Shri Virendra Kashyap
11. Shri Harinder Singh Khalsa
12. Shrimati Hema Malini
13. Shri Keshav Prasad Maurya
14. Dr. K.C. Patel
15. Shri Raosaheb Danve Patil
16. Shri Paresb Rawal
17. Dr. (Shrimati) Bharati Shiyal
18. Shri Abhishek Singh
19. Shri D.K. Suresh
20. Shri Ramdas Tadas
21. Shrimati R. Vanaroja

Rajya Sabha

22. Shrimati Jaya Bachchan
23. Shri P. Bhattacharya
24. Shri Suresh Gopi
25. Shri Prabhat Jha
26. Shri Santiuse Kujur
27. Shri Derek O'Brien
28. Shrimati Kahkashan Perween
29. Dr. K.V.P. Ramachandra Rao
30. Dr. Vinay P. Sahasrabuddhe
31. Shri Sachin Ramesh Tendulkar

Secretariat

- | | | | |
|----|-----------------------|---|----------------------|
| 1. | Shri R.S. Kambo | - | Additional Secretary |
| 2. | Dr. Preeti Srivastava | - | Joint Secretary |
| 3. | Shri Y.M. Kandpal | - | Director |
| 4. | Dr. Sagarika Dash | - | Additional Director |
| 5. | Shri Abhishek Sharma | - | Executive Assistant |

* Nominated to the Committee w.e.f. 19.10.2016 vide Bulletin Part-II dated 19.10.2016.

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 |
| RAC | - | Rapid Assessment System |
| 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 (2016-17), having been authorized by the Committee to submit the Report on their behalf, present this Thirty-sixth Report on Demands for Grants (2017-18) of the Ministry of Electronics and Information Technology.

2. The Standing Committee on Information Technology (2016-17) was constituted on 1st September, 2016. 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 Electronics and Information Technology for the year 2017-18 which were laid on the Table of the House on 15th March, 2017. The Committee took evidence of the representatives of the Ministry of Electronics and Information Technology on 22nd February, 2017.

4. The Report was considered and adopted by the Committee at their sitting held on 15th March, 2017.

5. The Committee wish to express their thanks to the officers of the Ministry 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;
15 March, 2017
24 Phalguna, 1938 (Saka)

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

PART-I

REPORT

1. Introductory

Ministry of Electronics and Information Technology (MeitY) is responsible for formulation, implementation and review of national policies in the field of Information Technology, Electronics and Internet (all matters other than licensing of Internet Service Provider). The Vision of the Ministry is in line with the overarching vision of the Digital India programme aimed at making Digital infrastructure as a utility to every citizen, Governance and Services on Demand and Digital empowerment of citizens. The Mission is to promote e-Governance for empowering citizens, promoting the Inclusive and sustainable growth of the Electronics, IT & ITeS industries, enhancing India's role in Global Platforms of 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 fulfil the objectives of MeitY, schemes are formulated and implemented, either directly or through the Responsibility Centers (Organizations/ Institutions) under its jurisdiction. To make the technology robust and state-of-the-art, collaborations with the academia and the private / public sector is also sought.

3. MeitY has two Attached Offices (viz., NIC and STQC), six Autonomous Societies (viz., CDAC, CMET, NIELIT, SAMEER, STPI and ERNET), four Statutory Organizations (viz., UIDAI, ICERT, CCA and CAT) and three Section 8 companies (viz., NICS, NIXI and MLA), two Advisory Councils (viz., IMSC & ISTDC/WGS), one Company registered under Company Act, 1956 (viz. CSC) under its charge to carry out the business allocated to the Ministry.

2. Implementation status of the recommendations contained in the Twenty-fifth Report of the Committee on Demands for Grants (2016-17) of DeitY

4. The Twenty-fifth Report of the Standing Committee on Information Technology on the 'Demands for Grants' of DeitY for the year 2016-17 was presented to Lok Sabha/laid in Rajya Sabha on 3rd May, 2016. 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 Thirty-second Report on action taken by the Government on the Recommendations/Observations contained in Twenty-fifth Report on 'Demands for Grants (2016-17)' was presented to the Lok Sabha/laid in Rajya Sabha on 16th December, 2016. Out of the 16 recommendations made by the Committee, 13 were accepted. Reply to one recommendation was found to be of interim nature, to which the Department were asked to furnish the Final Action Taken Reply in the Thirty-second Report. Replies to two recommendations were not accepted by the Committee and were reiterated in their Thirty-second Report. Final Action Taken reply to the Thirty- second Report is awaited.

3. Budget Analysis

3.1 Demands for Grants No.26 of MeitY for the year 2017-18

5. The budgetary allocation of the Ministry for implementation of different Schemes for last two years and for 2017-18 is as under:-

| | Actuals (2015-16) | BE(2016-17) | RE(2016-17) | BE(2017-18) |
|--------------|----------------------|----------------|----------------|----------------|
| Revenue | 2479.87 | 3089.71 | 3247.32 | 3690.00 |
| Capital | 114.32 | 239.11 | 311.61 | 349.00 |
| Total | 2594.19 | 3328.82 | 3558.93 | 4039.00 |

(Rs. in crore)

6. The above table shows an increase of about Rs. 710 crore in allocation in BE 2017-18 over the BE allocation of FY 2016-17. The Ministry explained that out of this increased provision, Rs. 500 crore is meant for Promotion of Electronics and IT Hardware Manufacturing (MSIPS, EDF and Mfg. Clusters). Hence, for other schemes and non-schemes the increase is very marginal and that MeitY would be able to fully utilize the allocation.

7. The Annual Plan Proposal/Approval for the years 2014-15, 2015-16 and 2016-17 and Annual Budget Proposal/Approval for 2017-18 of Ministry of Electronics and Information Technology are as under:-

(Rs. In crore)

| | Proposed | | Approved | |
|----------------|----------|----------|----------|----------|
| | Outlay | Gross BS | Outlay | Gross BS |
| 2014-15 | 12934.27 | 12133.49 | 4610.78 | 3815.00 |
| 2015-16 | 10947.93 | 10050.00 | 3465.93 | 2568.00 |
| 2016-17 | 10141.59 | 9530.90 | 3810.69 | 3200.00 |
| 2017-18 | 5070.13 | 4034.00 | 5075.13 | 4039.00 |

8. Detailed Annual Plan proposal and the approved Gross Budgetary Support (GBS) for the year 2017-18 (Revenue and Capital) are as under:-

(Rs. in crore)

| S. No. | Scheme/Non-Schemes | 2017-18 | | | |
|----------|---|---------------|---------------|----------------|----------------|
| | | Proposed | | Approved | |
| | | Outlay | Gross BS | Outlay | Gross BS |
| | NON-SCHEMES | | | | |
| 1 | Secretariat (MeitY) | 115.00 | 115.00 | 105.00 | 105.00 |
| 2 | National Informatic Centre (NIC) | 990.00 | 990.00 | 1040.00 | 1040.00 |
| 3 | Regulatory Authorities | 177.45 | 177.45 | 167.48 | 167.48 |
| 3.1 | STQC Programme | 123.00 | 123.00 | 120.00 | 120.00 |

| | | | | | |
|----------|---|----------------|----------------|----------------|----------------|
| 3.2 | Cyber Security (CERT-In and CAT) | 46.45 | 46.45 | 46.45 | 40.48 |
| 3.3 | Controller of Certifying Authority (CCA) | 8.00 | 8.00 | 7.00 | 7.00 |
| 4 | Assistance to Autonomous and Other Bodies | 2289.13 | 1253.00 | 2089.89 | 1053.76 |
| 4.1 | Centre for Dev. of Advanced Computing (C-DAC) | 451.00 | 95.00 | 448.00 | 92.00 |
| 4.2 | Society for Applied Microwave Electronics Engg & Research (SAMEER) | 97.20 | 42.00 | 97.20 | 42.00 |
| 4.3 | Centre for Materials for Electronics Technology (C-MET) | 41.00 | 14.00 | 41.00 | 14.00 |
| 4.4 | National Institute of Electronics and Information Technology (NIELIT) | 312.93 | 6.00 | 306.93 | 0.00 |
| 4.5 | Software Technology Parks of India (STPI) & EHTP | 201.00 | 0.00 | 201.00 | 0.00 |
| 4.6 | ERNET | 90.00 | 0.00 | 90.00 | 0.00 |
| 4.7 | Media Lab Asia (MLA) | 6.00 | 6.00 | 5.76 | 5.76 |
| 4.8 | Unique Identification Authority of India (UIDAI)* | 1090.00 | 1090.00 | 900.00 | 900.00 |
| | SCHEMES | | | | |
| 4 | Digital India Programme | 1498.55 | 1498.55 | 1672.76 | 1672.76 |
| 4.1 | Manpower Development | 401.00 | 401.00 | 306.76 | 306.76 |
| 4.2 | Electronic Governance | 520.00 | 520.00 | 240.00 | 240.00 |
| 4.3 | Externally Aided Project (e-Governance) | 50.00 | 50.00 | 21.00 | 21.00 |
| 4.4 | National Knowledge Network | 275.00 | 275.00 | 150.00 | 150.00 |
| 4.5 | Promotion of Electronics & IT Hardware mfg. (MSIPS, EDF and Manufacturing Clusters) | 77.00 | 77.00 | 745.00 | 745.00 |
| 4.6 | Promotion of IT & ITeS Industries | 6.00 | 6.00 | 6.00 | 6.00 |
| 4.7 | R&D in IT/Electronics/CCBT | 136.00 | 136.00 | 101.00 | 101.00 |
| 4.8 | Cyber Security Projects (NCCC & Others) | 30.55 | 30.55 | 100.00 | 100.00 |
| 4.9 | Foreign Trade and Export | 3.00 | 3.00 | 3.00 | 3.00 |
| | Grand Total | 5070.13 | 4034.00 | 5075.13 | 4039.00 |

*Keeping in view of the functioning of UIDAI and as per the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, UIDAI has been grouped under Autonomous and Other Bodies.

Outlay = GBS + IEBR

9. The details of Budget allocation and expenditure incurred under Plan schemes during the years 2014-15, 2015-16, 2016-17 and 2017-18 are as under:-

(Rs. In crore)

| | Budget Estimates | Revised Estimates | Actual Expenditure |
|----------------|-----------------------------|------------------------------|-------------------------------|
| 2014-15 | 3815.00 | 3600.00 | 3470.53 |
| 2015-16 | 2568.00 | 2700.00 | 2538.09 |
| 2016-17 | 3200.00 | 3440.42 | 2931.97* |
| 2017-18 | 4039.00 | | |

*As on 31.01.2017

10. Budgetary overview of Schemes/Non-Schemes of MeitY during FY 2014-15, 2015-16, 2016-17 and 2017-18

| S.N o. | Schemes/N on- Schemes | 2014-15 | | | 2015-16 | | | 2016-17 | | | 2017- 18 |
|-----------|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---|---------------------|
| | | BE | RE | Actual Expn | BE | RE | Actual Expn | BE | RE | Actual Expn (As on 31.01.1 7) | BE |
| 1 | Secretariat- Economic Services | 88.10 | 86.87 | 73.29 | 97.04 | 95.04 | 75.69 | 104.9 6 | 94.96 | 72.97 | 105.0 0 |
| 2 | National Informatics Centre (NIC) | 800.0 0 | 800.0 0 | 779.5 6 | 700.0 0 | 800.0 0 | 782.1 4 | 800.0 0 | 960.0 0 | 794.44 | 1040. 00 |
| 3 | Regulatory Authorities | 255.0 0 | 196.0 0 | 151.1 1 | 219.0 0 | 199.0 0 | 160.0 5 | 190.0 0 | 174.6 1 | 120.49 | 167.4 8 |
| 4 | Assistance to Autonomou s and Other Bodies | 253.4 0 | 246.8 6 | 246.8 5 | 135.0 6 | 196.0 6 | 188.4 0 | 948.7 6 | 1134. 02 | 940.38 | 1053. 76 |
| 5 | Digital India Programme | 2532. 60 | 2416. 57 | 2332. 28 | 1478. 90 | 1469. 40 | 1387. 54 | 1285. 10 | 1195. 34 | 1097.2 9 | 1672. 76 |
| | TOTAL | 3929. 10 | 3746. 30 | 3583. 09 | 2630. 00 | 2759. 50 | 2593. 82 | 3328. 82 | 3558. 93 | 3025.5 7 | 4039. 00 |

3.2 Position of Outstanding UCs and unspent Balances with States' implementing agencies

11. The detailed position of outstanding UCs and unspent balances as on 31st December 2016, is as under:

| | Amount (Rs. in crore) | No. of UCs |
|--|----------------------------------|-----------------------|
| Utilisation Certificates due | 368.29 | 159 |
| Unspent Balances for which UCs are not due | 1667.41 | 515 |
| Total Unspent Balance with States/implementing Agencies | 2035.70 | 674 |

12. The Ministry have submitted the position of outstanding/pending UCs (in respect of grants sanctioned up to 31.03.2015) as under:

| As on | No. of pending UCs | Amount (Rs. in crore) |
|--------------|---------------------------|------------------------------|
| 01.04.2016 | 439 | 1133.53 |
| 01.10.2016 | 214 | 648.56 |
| 01.01.2017 | 159 | 368.29* |

*The Ministry submitted that with the constant effort of IFD/Programme Division there is reduction in the number of pending UCs (for the grants sanctioned upto 31.03.2013), i.e. pendency has been decreased to 159 UCs amounting to Rs.368.29 crore.

13. On being asked about the measures taken to procure UCs for total Unspent Balance of Rs.2035.70 crore, the Ministry, in a written note submitted as under :-

| Sanction Period | No. of UCs | Amount (Rupees in crore) | Whether UCs Due |
|--------------------------|-------------------|-------------------------------------|----------------------------|
| 01-04-2001 to 31-03-2015 | 159 | 368.29 | Due |
| 01-04-2015 to 31-03-2016 | 254 | 767.20 | Not Due |
| 01-04-2016 to 31-12-2016 | 261 | 900.21 | Not Due |
| Total | 674 | 2035.70 | |

The unspent balance of Rs. 2035.70 constitutes an amount of Rs.1667.41 crore (82% of total unspent balance) that has been released to various grantee institutions/bodies during the last financial year and in the FY 2016-17 itself. Further, the percentage share of the releases made during 2016-17 is about 44%. It is expected

that UCs in respect of most of the releases of FY 2015-16 would be received by the end of FY 2016-17 before these become due on 01.04.2017. It is also stated that MeitY ensures that the releases made are not being parked by the grantee bodies as the unspent balances available with the grantee bodies, even if UCs are not due, is considered first while concurring proposals for releasing funds to them.

14. When asked about the new measures envisaged by the Ministry for the year 2017-18 for reducing the number of UCs and holding implementing agencies more accountable, the Ministry submitted that the following measures have been envisaged for reducing the number of pending UCs and holding the implementation agencies accountable:-

- (i) The guidelines/terms and conditions for sanction of grant to various implementing agencies have been framed keeping in view the provisions of GFR, which bind the grantee institutions for spending the grant amount of the project within the specified time and also surrendering any portion of the grant which is not ultimately required for expenditure for the approved purposes.
- (ii) While considering each proposal (new/ongoing), the position of UCs & unspent balance with the implementing agency concerned would be taken into account.
- (iii) Instructions issued by M/o Finance relating to Utilization Certificates especially as contained in MOF's OM dated 14.11.2012 would continue to be scrupulously followed by the Department. No proposal for release of GIA under any scheme with any UC due for rendition under the Scheme in question is being entertained.
- (iv) 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 instalments of GIA, the submission of utilization of previous grants in the project is invariably insisted upon.
- (v) MeitY also released grant-in-aid(GIA) to Autonomous Bodies under the Administrative Control of DeitY/other Ministry/Department and to Government Organizations for various R&D projects for implementation of various schemes of the Department. The accounts of these organizations are audited periodically by the Statutory Auditors which also ensure accounting of availability of Unspent Balance of Grant and interest, if any accrued on the same.

As a result of the aforesaid efforts, the pending UCs with all societies/organizations (excluding ERNET and NICS) under administrative control of Meity have been liquidated.

15. On the exact number of UCs which have become due in March, 2017, the Ministry stated that as per the UC position as on date, 248 number of UCs amounting to Rs. 761.68 crore in respect of releases made in the FY 2015-16 will become due on 1st April, 2017.

3.3 Internal and Extra Budgetary Resources (IEBR)

16. The approved IEBR component, Gross Budgetary Support and Total Outlay for the year 2017-18 is as under:-

(Rs. In crore)

| | 2017-18 |
|---|----------------|
| IEBR | 1036.13 |
| GBS | 4039.00 |
| Total Outlay (IEBR+GBS) | 5075.13 |
| IEBR as percentage of total outlay | 20.42% |

17. The status of IEBR in respect of societies under the jurisdiction of MeitY for the years 2015-16 and 2016-17 is as under:-

(Rupees in crore)

| Institutions/ Bodies under MeitY | 2015-16 | | | 2016-17 | | | IEBR Target 2017-18 (Rupees in crore) |
|--|---------------|----------------|---------------|----------------|----------------|---------------------------------------|---|
| | BE | RE | Actuals | BE | RE | Actuals (As on 31.01.2017)* | |
| NIELIT | 224.24 | 245.74 | 251.21 | 260.09 | 302.69 | 241.50 | 306.93 |
| ERNET | 70.00 | 70.00 | 70.05 | 80.00 | 80.00 | 61.73 | 90.00 |
| STPI/EHTP | 268.19 | 689.43 | 201.10 | 824.25 | 273.67 | 128.91 | 201.00 |
| C-DAC | 270.00 | 260.00 | 359.12 | 284.00 | 284.00 | 238.61 | 356.00 |
| SAMEER | 48.00 | 48.00 | 25.73 | 48.00 | 48.00 | 22.29 | 55.20 |
| C-MET | 17.50 | 18.60 | 27.02 | 18.60 | 18.60 | 17.82 | 27.00 |
| GRAND TOTAL | 897.93 | 1331.77 | 934.23 | 1514.94 | 1006.96 | 710.86 | 1036.13 |

*Tentative

18. The Ministry also stated that the shortfall in IEBR during 2016-17 was mainly due to non-materialization of project proposals of STPI.

19. As per Annual Report (2016-17), NIELIT, a body under the administrative control of MeitY, is actively engaged in Capacity Building and Skill Development in the areas of Information Technology (IT); Electronics; Communication Technologies; Hardware; Cyber Law; Cyber Security; IPR; GIS; Cloud Computing; ESDM; e-Waste; IoT; e-Governance and related verticals. NIELIT has achieved high growth rate in the last 4-5 years, which can be measured from the fact that the income of NIELIT has increased from Rs. 120.47 Cr (2011-12) to Rs. 290.66 Cr (2015-16). The surplus of NIELIT has also increased from Rs. 11.77 Cr (2011-12) to Rs. 56.23 Cr. (2015-16).

20. When the Committee desired to know about the IEBR generation by the Ministry, the Secretary during evidence deposited as under:-

“...xxx...Yes, we have raised over Rs.700 crore from internal resources through its agencies. Whether it is Centre for Development of Advanced Computing or STPI, etc., they function almost entirely on their own budgetary resources...xxx....”

4. National Informatics Centre (NIC)

21. The National Informatics Centre (NIC) was established in 1976, and has emerged as a "prime builder" of e-Government / e-Governance applications up to the grassroots level as well as a promoter of digital opportunities for sustainable development. NIC has spearheaded "Informatics-Led-Development" by implementing ICT applications in social & public administration and facilitated electronic delivery of services to the Government (G2G), Business (G2B), Citizen (G2C) and Government Employee (G2E).

22. NIC, through its ICT Network, "NICNET", has institutional linkages with all Ministries /Departments of Central Government, 36 State Governments/Union Territories, and about 680+ District administrations of India. NIC has been instrumental in steering eGovernment/e-Governance applications in Government Ministries/Departments at the Centre, States, Districts and Blocks, facilitating improvement in Government services, wider transparency, promoting decentralized planning and management, resulting in better efficiency and accountability to the people of India.

23. NICNET, the nationwide Network has over 70,000 nodes in Delhi Govt buildings & over 1,00,000 nodes in State Secretariat Buildings. Access to NICNET through Wi-Fi in various Central Government Offices have 13,500 users and 1200 GB daily data usage. There are 3159 e-Services from various Ministries, states/UTs and all Mission Mode Projects (MMP) with over 2020 crores eTransactions till date. Citizens across India access NIC portals every day for information and services. The data centres of NIC host more than 8000+ websites of the Government in the secured environment.

24. The NIC National Cloud (Meghraj) is presently hosting a number of critical applications on over 7700 virtual servers in cloud environment supporting 480+ eGovernance projects under Digital India. A new state-of-the-art data centre at Bhubaneswar and Bhopal is being set up. NIC has the largest e Mail service in the country with more than 240 million e-Mails transacted per month. It has the largest Video Conferencing network in India facilitating around 28000 multisite conferences and over 4,60,000 site hours of VC sessions conducted.

25. On the National Knowledge Network (NKN), a total of 1600 links to various institutions have been commissioned and operational. NIC continues to provide vital support to PRAGATI (PRo Active Governance And Timely Implementation of various Government schemes) wherein Hon“ble Prime Minister monitors implementation of critical projects of various ministries / Departments across the country.

26. At the State level, NIC is providing ICT and eGovernance support to State Departments. Some of the important projects implemented are Mid Day Meal, eHRMS (Manav Sampada), ePareeksha, Real Craft, eVidhan, eDistrict, Land records and property registration, treasuries, eHospital and many more.

27. As against the proposed allocation of Rs. 990 crore, an amount of Rs.1040 crore has been provided for the year 2017-18 under this Scheme. The details of BE, RE and actual expenditure in respect of National Informatics Centre (NIC) is as under:-

(Rs. in crore)

| Financial Year | BE | RE | AE |
|-----------------------|-----------|-----------|-----------|
| 2015-16 | 700 | 800 | 782.14 |
| 2016-17 | 800 | 960 | 794.44* |
| 2017-18 | 1040 | | |

*** (Tentative as on 31.01.2017)**

28. When asked about the reasons for increase in actual allocations vis-à-vis the proposed allocations for the year 2017-18, the Ministry submitted that BE for 2017-18 is Rs.1040 crore which is only 8% more than the RE 2016-17 *i.e.* Rs. 960 crore which is not a significant increase.

29. On the reasons for a significant upward revision at RE stage during the year 2016-17 from Rs. 800 crore to Rs. 960 crore, the Ministry stated that out of Rs. 160 crore, an amount of Rs. 69 crore is meant for enhancement of Salary due to implementation of recommendations of 7th Pay Commission. The remaining Rs. 91 crore is required for setting up of state-of-the-art National Data Centre at Bhubaneswar and for the development of Central Public Procurement Portal etc. The entire allocation in RE 2016-17 is supposed to be utilized fully within the scheduled time-frame *i.e.* March, 2017.

30. On the constraints being faced by NIC in fulfilling its targets during 2016-17, the Ministry informed that NIC's main focus is in providing latest State-of-the-art ICT infrastructure. As per increasing IT requirement at State/District level, it has become difficult to sustain the number of projects with the existing manpower with NIC. The other major constraint is basic infrastructure across the country to match with its huge expansion of e-governance projects and activities.

31. When asked to provide an updated status of the manpower/technologists /Engineers required/currently working in the NIC, the Ministry, in a written note, submitted as under:-

“Presently there are 3456 Scientific and Technical strength in National Informatics Centre against sanctioned strength of 3803 to support the ICT requirement. Today NIC has an organizational presence across 680+ districts, 36 States/UTs, and amongst all Central Government Ministries/Departments.

NIC is the only Government body engaged in end to end ICT needs of all Government employees and providing eGovernance and citizen-centric services. Over the preceding five years there has been significant increase in the gamut of activities and operational requirements which have rendered existing manpower at NIC largely inadequate – both in terms of number of people and the skills. The factors which have influenced this demand for new manpower are putting incessant pressure of performance on the organisation across a variety of levels, technologies and functions. There is therefore a need for organic and inorganic expansion of the Organisation. The inorganic expansion can happen by acquiring new talent from the market at various levels with required technical expertise at industry on competitive rates. Similarly, the organic expansion can happen by bringing fresh talent in different areas of NIC functioning. An estimated additional strength of around 3000 person work with NIC across the country. These temporary staff provides level 1 (basic, junior level) support for ground level ICT requirements of network and software implementation, maintenance and monitoring. Keeping in view the number of outsourced staff already deployed, the same number of posts needs to be created to cater the present requirement of NIC to provide services upto the mark.”

32. When asked about the initiatives being taken by the Ministry to manage the problem of manpower in NIC, the Ministry submitted that to strengthen the technical manpower, a proposal has already been mooted for creation of 1407 posts at different levels of Scientific and Administrative officers to cater the need and fulfill the responsibility assigned to NIC to implement the eGovernance Project, Mission Mode projects and to provide ICT facility. Additionally, the proposal for creation of 355 posts in NIC for securing the Government Offices in Bhawans/Ministries, States and Data Centers for Cyber Security has also been submitted to Ministry of Electronics & Information Technology. NIC is continuously following up with the concerned authorities in r/o these files.

33. The Committee desired to know the current status of creation of 1407 posts in NIC to which the Ministry submitted that the file has been returned to NIC by JS (Pers.),

Department of Expenditure, Ministry of Finance for want of certain clarifications and NIC is continuously following up with the Ministry for expediting the proposals.

34. On the existing number of Government officials who are using the NIC mail, the Ministry informed that as of today, over 1.5 million (15 lakhs) Govt officials are using the NIC email service with a mandate as per the eMail policy to give id's to 5 million (50 lakhs) users.

35. When asked about the unique/differentiating features of NIC email vis-à-vis other popular e-mail services such as Gmail, Yahoo, Rediffmail etc., the Ministry apprised as under:-

“1. One of the key triggers for releasing the eMail policy of the Government of India was to protect and secure Govt data which as of today resides in servers like gmail/yahoo which are beyond the control of the Government. Hence security remains the primary motive for service upgradation. In accordance with the same, the eMail policy mandates all Government officials to use only the Government eMail service.

2. The second element of the NIC service upgradation is to offer features which are in line with what is being offered as part of popular service like gmail/yahoo. As part of any service which is offered with an expectation of it being accepted willingly by the user base, is to have a feature set that is comparable with the best while being secure and easy to access, hence in the new service which will be released shortly, the feature set would be comparable with the popular service offerings globally. The security elements that are being incorporated in the service are being done with the intent to make it secure while giving the user easy access.

3. The key differentiating factor of NIC email service is that it will have elements that will address the requirement and expectations of the Government of India both from feature and security perspective, which cannot be expected from gmail/yahoo. To ensure this expectation, the NIC service (Government service) is being deployed with an open source software maintained by NIC. As a result, the strategic control of the entire deployment will be under the control of the Government. The open -source deployment will give the Government the flexibility to introduce/modify features as per the

expectation of the Government officials and as per the security guidelines introduced from time-to-time. Other services like google/yahoo operate on their own timelines & roadmap and will not accept requests from the Indian Government.

4. The second differentiating factor would be configuring Disaster Recovery and Business continuity plan as per the requirement of Government of India with the RTO and RPO defined as per Govt. expectation. Since the entire framework would be governed and administered by NIC, the uptime can be ensured. In addition, since the data is under the control of NIC, data restore in case of accidental deletion by a user can be done , unlike a scenario where the dependence is on gmail/yahoo where their policies get invoked and a users request is accepted or rejected as per their policies and guidelines .

5. It may also be noted that since the entire email traffic would be under a single framework controlled by the Government , deploying uniform policies and filters as per the requirement would be possible , moreover the logging would be central , thereby monitoring and scanning logs from the perspective of tracking , as and when required , would be faster.”

36. The Committee desired to know the steps being taken to promote the usage of NIC email amongst the Government officials to which the Ministry stated that the user base when the eMail service was released was 4.5 lakhs. As of today, the user base is over 15 lakhs indicating that all requests received are being accepted. However, although the policy has been circulated across all Ministries and Departments, there has been no special focus to ask users to migrate as the service is in the process of being upgraded. Once the service is upgraded, Ministries and Departments would be mandated to start using the Government service. To make the transition easier, videos and FAQ's are being prepared.

37. When asked as to whether any study has been taken up/conducted by the Ministry to find the efficacy of existing technology, infrastructure, etc of NIC, the Ministry stated that Government approved formation of a High Level Review Committee, with the approval of Hon'ble Minister of Communications and Information

Technology (MCIT), for transformation of NIC to NIC 2.0 vide Office Order F. No. M-11011/1/2015-MS(O&M) dated 11.12.2015 of the Department of Electronics and IT. The High Level Committee has submitted their recommendations the details of which are as follows:-

- a) After a critical examination of the existing status of NIC and the diverse requirements of the Government to leverage the emerging technologies for fulfilment of their digital dreams, the Committee is convinced of the need to make a set of recommendations that are multi-dimensional, reasonably radical, practicable and acceptable. The recommendations, though inter-linked and interdependent to a large extent, are spread across seven sections that follow and need to be considered together as a package.
- b) Having surveyed the current situation and interacted with the experts both within and outside NIC and the Government, the Committee considers it expedient, at the outset, to redefine the Vision, Mission and Objectives of NIC, so as to pave the way for making further recommendations on the Structural and organizational aspects. **Vision, Mission and Objectives Redefined Vision:** "To be the Technology Think Tank and the Trusted Technology Partner of the Government to help India to be among the leaders in the world in the area of e-Governance." **Redefined Mission:** "To play a key role in Architecting, Designing and Developing the Core Information Assets of the nation." **Redefined Objectives:**
 1. To play a key role in defining the key principles for developing Architecture for e-Governance Plans of the country, forming part of the Digital India Program.
 2. To develop the key components of the Core Information Infrastructure of the nation.
 3. To be responsible for the development, publication and management of the generic IT Standards, reference architecture and metadata to ensure interoperability, scalability and security of the major e-Governance initiatives of the Central, State Governments and local Bodies (Panchayats & Municipalities).
 4. To identify, establish and maintain the core data assets and build data hubs that will be used by all Government agencies as the Single Source of Truth. Unique Identifiers to link data assets shall be drawn from Aadhaar, NPR, SECC, etc. databases.
 5. To keep abreast with the cutting edge technologies and knowledge of global best practices in e-Governance.

6. To create and maintain a highly motivated, professional work force to enable it to perform its redefined role effectively, through formulation of a set of HR Policies, which encompass the entire HR life-cycle like recruiting, sourcing, skilling, incentivizing, transferring, performance measurement and human capital management..
 7. To create policies and Standard Operating Procedures that permits the organization to be a partner with the private sector industry and the academia, and enable it to achieve a faster progression in achieving its goals.
 8. To establish Business Continuity processes that enable private participation in Government projects.
 9. To further strengthen ICT infrastructure set-up for the Government to address the ever evolving demands of e-Governance.
 10. To scale up the efforts on scientific research on e-Governance.
 11. To empower NIC technical officials with latest technologies and tools for efficient execution of their jobs.
 12. To extend NIC's presence to the Blocks in order to facilitate e- Governance initiatives at grass-root level including Panchayats.
- Recommendations of the High Level Committee are under implementation.

5. Regulatory Authorities

5.1 Cyber Security (including CERT-In & CAT)

38. The budget provisions under this programme are primarily meant for meeting the operational expenditure (salary & other establishment expenses) in respect of CERT-In and Cyber Appellate Tribunal (CAT). The Budget Estimate, Revised Estimate and Actual utilization during the years 2014-15, 2015-16 and 2016-17 and BE for the year 2017-18 is as under:-

(Rs. In crore)

| | Budget Estimate | Revised Estimate | Actual Expenditure |
|----------------|------------------------|-------------------------|---------------------------|
| 2014-15 | 120.00 | 62.00 | 58.59 |
| 2015-16 | 105.00 | 85.00 | 68.21 |
| 2016-17 | 70.00 | 53.61 | 31.84 |
| 2017-18 | 40.48 | | |

6 Digital India Programme

39. Digital India Programme is an umbrella programme which amalgamates all the ongoing schemes/programmes/projects being implemented by MeitY. 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. Each individual element stands on its own, but is also part of the entire Government.

40. The proposed and approved budgetary support for the Digital India programme during 2015-16, 2016-17 and 2017-18 is as under:-

| S.No. | Digital India Programme Schemes | 2015-16 | | 2016-17 | | 2017-18 | |
|--------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | | Proposed | Approved | Proposed | Approved | Proposed | Approved |
| 1 | Manpower Development | 907.00 | 694.80 | 792.71 | 365.00 | 401.00 | 306.76 |
| 2 | Electronic Governance | 994.00 | 450.00 | 1650.00 | 420.00 | 520.00 | 240.00 |
| 3 | Externally Aided Project (e-Gov) | | 0.00 | 50.00 | 50.00 | 50.00 | 21.00 |
| 4 | National Knowledge Network (NKN) | 855.00 | 150.00 | 1000.00 | 250.00 | 275.00 | 150.00 |
| 5 | Promotion of Electronics & IT Hardware Manufacturing | 478.00 | 74.00 | 854.64 | 70.00 | 77.00 | 745.00 |
| 6 | Promotion of IT & ITeS Industry | | | 543.00 | 5.00 | 6.00 | 6.00 |
| 7 | R&D in IT/Electronics/CCBT | 495.10 | 106.00 | 887.72 | 122.00 | 136.00 | 101.00 |
| 8 | Cyber Security Projects (NCCC & Others) | 297.00 | 105.00 | | | 30.55 | 100.00 |
| 9 | Foreign Trade and Export | 3.10 | 3.10 | | 3.10 | 3.00 | 3.00 |
| 10 | Other Schemes | 1.00 | 1.00 | | | | |
| Total | | 4030.20 | 1583.90 | 5778.07 | 1285.10 | 1498.55 | 1672.76 |

41. The vision of Digital India is centred on three key areas, viz., (i) Infrastructure as a Utility to Every Citizen (ii) Governance and Services on Demand and (iii) Digital Empowerment of Citizens. Digital India aims to provide the much needed thrust to the nine pillars of growth areas, viz., (i) Broadband Highways (ii) Universal Access to Mobile Connectivity (iii) Public Internet Access Programme (iv) e-Governance – Reforming Government through Technology (v) e-Kranti - Electronic Delivery of Services

(vi) Information for All (vii) Electronics Manufacturing (viii) IT for Jobs and (ix) Early Harvest Programmes. The details of BE, RE and actual expenditure components of this programme being implemented by MeitY are as under:-

| S.No. | Digital India Programme Schemes | 2014-15 | | | 2015-16 | | | 2016-17 | | | 2017-18 |
|-------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------------|----------------|
| | | BE | RE | Actual Expn | BE | RE | Actual Expn | BE | RE | Actual Expn (As on 31.01.17) | BE |
| 1 | Manpower Development | 660.00 | 660.00 | 656.13 | 694.80 | 494.80 | 489.55 | 365.00 | 365.00 | 310.76 | 306.76 |
| 2 | Electronic Governance | 375.00 | 379.92 | 318.37 | 450.00 | 502.00 | 483.90 | 420.00 | 385.55 | 359.92 | 240.00 |
| 3 | Externally Aided Project (e-Gov) | 100.00 | 100.00 | 92.26 | 0.00 | 25.00 | 5.56 | 50.00 | 15.00 | 15.00 | 21.00 |
| 4 | National Knowledge Network (NKN) | 300.00 | 300.00 | 300.00 | 150.00 | 214.00 | 214.00 | 250.00 | 250.00 | 250.00 | 150.00 |
| 5 | Promotion of Electronics & IT Hardware Manufacturing | 85.00 | 75.00 | 67.86 | 74.00 | 94.00 | 52.08 | 70.00 | 50.00 | 41.34 | 745.00 |
| 6 | Promotion of IT & ITeS Industry | 10.00 | 5.08 | 4.00 | | | | 5.00 | 5.00 | 3.43 | 6.00 |
| 7 | R&D in IT/Electronics/CCBT | 186.10 | 185.00 | 183.52 | 106.00 | 136.00 | 139.41 | 122.00 | 122.00 | 114.05 | 101.00 |
| 8 | Cyber Security Projects (NCCC & Others) | | | | | | | | | | 100.00 |
| 9 | Foreign Trade and Export | 60.20 | 60.20 | 59.60 | 3.10 | 3.10 | 2.60 | 3.10 | 2.79 | 2.79 | 3.00 |
| 10 | Other Schemes | 1.30 | 1.17 | 0.57 | 1.00 | 0.50 | 0.44 | | | | |
| | Total | 2532.60 | 2416.57 | 2332.28 | 1478.90 | 1469.40 | 1387.54 | 1285.10 | 1195.34 | 1097.29 | 1672.76 |

42. When asked about the impact of a drastic cut in allocation in schemes like Manpower Development, Electronic Governance and National Knowledge Network etc. of Digital India Programme, the Ministry informed that it is a fact that due to drastic cut in allocation of funds in respect of e-Governance, Manpower Development, NKN, etc, implementation of many projects will be affected. However, with prioritization of

important projects, the adverse effects would be minimized and Ministry of Finance will be requested to provide additional funds at the RE stage as per minimum requirements under various schemes/programmes.

6.1 Manpower Development

43. The objective of the programme is to ensure availability of trained human resources for the manufacturing & 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. The BE, RE and Actual Expenditure for the years 2015-16 and 2016-17 and BE for the year 2017-18 are as follows:-

(Rs. in crore)

| Financial Year | BE | RE | AE |
|-----------------------|---------------|---------------|----------------|
| 2015-16 | 694.80 | 494.80 | 489.55 |
| 2016-17 | 365.00 | 365.00 | 310.76* |
| 2017-18 | 306.76 | | |

***(Tentative as on 31.01.2017)**

44. On being asked about the reasons for under-utilization of funds under the head Manpower Development during the year 2016-17, the Ministry stated that as against the allocation of Rs. 365 crore for FY 2016-17, the funds released as on 14.02.2017, is Rs. 317.68 crore (87%). It is expected that the balance funds available would be released in the remaining part of the financial year.

45. When asked about the targets set under the scheme for the year 2016-17 and the achievement during 2016-17 under Skill Development in IT initiative, the Ministry informed that the Ministry of Skill Development and Entrepreneurship assigns a target

of skilling every year to MeitY which is primarily being achieved through National Institute of Electronics and Information Technology (NIELIT), an autonomous scientific society setup by MeitY. A small portion of the target is also assigned to C-DAC which is also engaged in education and training in upcoming/emerging and niche areas at higher end of spectrum (primarily targeted at B.Tech and above). For the FY 2016-17, a target of skilling 3.96 lakh candidates was assigned to MeitY. As on 14.02.2016, a total of around 3.44 lakh candidates have been trained by NIELIT, CDAC. The Ministry informed that in addition to the above, the following schemes/project are also being implemented by the MeitY:

| Sl. No. | Name of the project/Scheme | Achievement |
|----------------|---|---|
| 1. | “Visvesvaraya PhD Scheme for Electronics and IT” | <ul style="list-style-type: none"> • 970 Full-time enrolled • 190 part Time enrolled • 62 Young Faculty Research Fellows awarded |
| 2. | Scheme of Financial Assistance for setting up of Electronics and ICT Academies | <ul style="list-style-type: none"> • 3453 faculty members trained |
| 3. | Scheme for financial assistance to select States/UTs for Skill Development in ESDM sector | <ul style="list-style-type: none"> • 34,593 trained |
| 4. | Scheme for ‘Skill Development in ESDM for Digital India’ | <ul style="list-style-type: none"> • 1,52,644 trained |
| 5. | Information Security Education and Awareness (ISEA) Project Phase-II | <ul style="list-style-type: none"> • 14,285 trained/ undergoing in 52 funded institutions/universities • 2,915 Govt. Officials trained • 416 awareness workshops covering 47,326 participants • [In addition, 1,03,911 students undergoing studies in institutions affiliated with 5 Technical Universities participating in the project] |
| 6. | Capacity building in the areas of Electronic Product Design and Production | <ul style="list-style-type: none"> • 7006 trained /undergoing |

| | Technology | |
|-----|---|--|
| 7. | 'Skill Development in Electronics Hardware' being implemented by NCPUL/NIELIT Chandigarh | <ul style="list-style-type: none"> • 8869 trained |
| 8. | IT Mass Literacy (National Digital Literacy Mission) | <ul style="list-style-type: none"> • 10 lakh trained & certified |
| 9. | Scheme for 'Digital Saksharta Abhiyan' (DISHA) | <ul style="list-style-type: none"> • 42.5 lakh trained & certified |
| 10. | IT for Masses Programme | <ul style="list-style-type: none"> • 5526 Women trained • 291 SC trained • 516 ST trained |
| 11. | Development of North-Eastern Region by enhancing the Training/ Education capacity in the Information, Electronics & Communications Technology (IECT) Area | <ul style="list-style-type: none"> • 26,000 trained |

46. On the quantifiable deliverables envisaged through Manpower Development programme, the Ministry informed that for all the projects/Schemes taken up under Manpower Development programme, quantifiable targets in terms of number of beneficiaries to be covered are clearly defined at the time of approval. The Schemes/project taken up includes the following:-

A. Post Graduate and Doctorate Level:

Visvesvaraya PhD Scheme: The objective of the scheme is to generate 1500 (500 full time and 1000 part time) PhDs for each of ESDM and IT/ITES sectors over a period of 5 years (Total: 3000 Ph.Ds), in order to promote innovation and development of new products in IT/ITES and ESDM sectors.

B. Graduate level:

(i) Scheme for setting up of Electronics & ICT Academies: Under the Scheme, Seven (07) Electronics and ICT academies have been set up at NIT Warangal, IIITD&M Jabalpur, IIT Guwahati, NIT Patna, IIT Kanpur (all Category A with a target of 16000 faculty each); and IIT Roorkee, MNIT Jaipur (both Category B with a target of 6400 each). Objective of these Academies are faculty/mentor development and up-gradation to improve the employability

of the graduates, diploma holders in various streams, through collaboration of States/Union Territories.

(ii) Information Security Education and Awareness (ISEA) – Phase – II: The project aims at capacity building in the area of Information Security, training of Government personnel and creation of mass awareness on Information Security. The implementation of the academic activities under the project is carried out by 52 institutions across the country.

(iii) Capacity building in the areas of Electronic Product Design and Production Technology

The project has been initiated for development of human resource at various levels including Certificate, Diploma, Post Graduate and Research Professionals with adequate competence levels with a target of training 11,515 candidates in five years. The project is being implemented by NIELIT Centres at Aurangabad & Chennai and CDAC Hyderabad.

C. Vocational, Skill development level

(i) Two Schemes for Skill Development in ESDM Sector are currently under implementation viz. (i) *“Scheme for Financial Assistance to select States for Skill Development in Electronics System Design and Manufacturing (ESDM) sector”* is being implemented by the respective State Implementing Agencies (SIAs) of 8 States [Jammu & Kashmir / Karnataka / Punjab / Uttar Pradesh – Target of 15,000 each; Andhra Pradesh / Telangana – Target of 7,500 each; Kerala (Target - 11,250) and Uttarakhand (Target 3,750)] with a total target to skill 90,000 candidates upto March 2019.

(ii) The 2nd Scheme viz. *“Skill Development in ESDM for Digital India”* is being implemented in remaining States/UTs with a target to skill 3,28,000 candidates upto March 2019.

(iii) ‘Skill Development in Electronics Hardware’ being implemented by NCPUL/NIELIT Chandigarh: The project has been approved for a duration of 3 years for conducting One-year Diploma course jointly by National Council for Promotion of Urdu Language (NCPUL) and NIELIT, Chandigarh for training 10,000 candidates. The training is being conducted at 50 select NCPUL centres where requisite training facilities has been set up and trained faculty is being provided by NIELIT.

D. Create skill development facilities in deprived areas through strengthening of National Institute of Electronics and Information Technology (NIELIT)

(i) Development of North-Eastern Region by enhancing the Training/ Education capacity in the Information, Electronics & Communications Technology (IECT) Area: The project objective includes upgradation of the six existing NIELIT centres located at Imphal, Aizawl, Guwahati, Shillong, Gangtok, Itanagar, setting up ten new Extension centres (at Senapati and Churachandpur in Manipur; Dibrugarh, Silchar, Jorhat and Kokrajhar in Assam; Lunglei in Mizoram; Tura in Meghalaya; Tezu and Pasighat in Arunachal Pradesh) and upgradation the two existing extension centres (located at Chuchuyimlang in Nagaland and Tezpur in Assam) to increase the training capacity from 3,080 per year to 14,400 per year from the 5th year onwards. So far 16 NIELIT Centres/extension Centres (out of proposed 18) have been established/ made operational under the project. NIELIT is presently offering trainings courses from 18 locations in all eight (08) NE States covering two additional locations at Agartala and Kohima. Setting up of NIELIT Centres at Srikakulam, Ladakh Region of Leh, Patna, Ranchi, and Ropar is underway

E. Digital Literacy Schemes for masses:

(i) Two Schemes namely National Digital Literacy Mission (NDLM) and Digital Saksharta Abhiyan(DISHA) have been implemented by Government. The cumulative target of providing digital literacy to 52.5 lakh duly certified beneficiaries has been achieved, much ahead of the proposed timeline of December 2018.

(i) Further, in line with the FM's budget announcement for FY 2016-17, the Government has approved a new Scheme entitled "**Pradhan Mantri Gramin Digital Saksharta Abhiyan**" (PMGDISHA) to digitally literate 6 crore persons from rural India by 31.3.2019 at a total outlay of Rs. 2,351.38 crore. The implementing agency for the Scheme is CSC e-Governance Services India Ltd.

47. When the Committee desired to know what the Ministry propose to achieve under Disha, the Secretary during evidence deposited as under:-

"...xxx...DISHA is this large programme where we are planning to train six crore people over the next two years in basic digital literacy. One adult member from each rural family is to be trained on basic digital literacy....xxx...like use of mobile phones. Now the Government has also said that each person should be enabled to enroll into a digital payment system, they should be able to do five transactions, and they should be familiar with the main e-governance applications and the internet applications that are relevant to them."

48. On the proposal to channelize Corporate Social Responsibility (CSR) initiatives of willing participants towards manpower training and awareness programs, the Ministry informed that under the NDLM and DISHA schemes, Industry has trained 1.15 lakhs candidates under Corporate Social Responsibility (CSR). Under the newly approved PMGDISHA scheme, it is proposed that the Panchayats which are part of urban agglomerations would be covered under the Corporate Social Responsibility (CSR) activities of Industries / Organizations.

6.2 Electronic Governance (including EAP)

49. The objective of e-Governance, in broader terms, is to deliver all Government services electronically to the citizens in his/her locality through integrated and interoperable systems via multiple modes, while ensuring efficiency, transparency & reliability of such services at affordable costs.

50. As against the proposed allocation of Rs. 520 crore, the BE provided for the year 2017-18 for this Scheme is Rs. 240 crore. The details of BE, RE and AE for the years is as under:-

| Financial Year | (Rs. in crore) | | |
|----------------|----------------|--------|---------|
| | BE | RE | AE |
| 2015-16 | 450 | 472 | 489.47 |
| 2016-17 | 470 | 400.55 | 374.92* |
| 2017-18 | 240 | | |

*(Tentative as on 31.01.2017)

51. When asked as to whether the reduced allocation of Rs. 240 crore as against the proposed allocation of Rs. 520 crore for the year 2017-18 is likely to affect the e-Governance scheme, the Ministry informed that due to drastic cut in allocation of funds in e-Governance Division, implementation of several e-governance projects like Digital locker, Common Service Centres (CSCs) 2.0, National Centre of Geo Informatics (NCoG) may suffer. Further the support components of e-Kranti such as State Data Centre (SDC), e-District, State Wide Area Networks(SWAN), State Services Delivery Gateways(SSDG) and Capacity Building Scheme phase-II will also get severely affected. Further, newly announced scheme namely DigiGaon announced in the Budget 2017-18 will also get less funds. In the similar way, several initiatives under MyGov-a programme for collaborative governance will also be affected.

52. On being enquired as to whether any assessment of NeGP projects was done during last two years, the Ministry apprised that no formal assessment of NeGP project was done during last two years. However, during the course of implementation of SWAN in the States, it was always felt that this core infrastructure of CUG network is a prime necessity for further penetration of e-Governance efforts of the State Governments. Trend of utilization of SWAN in past 6-8 years has been highly encouraging which clearly suggests its ever increasing use and utility in line with increased e-readiness of States conforming to the objectives of the scheme. Number of horizontal offices connected on SWAN has gone up all over the country and resultantly there is increased demand for bandwidth and also actual utilization of bandwidth.

53. Further it may be supplemented that 30 States/UTs are utilizing more than 60% of their bandwidth capacity. Besides this, from time to time bandwidth has been increased in the States/UTs from 2 Mbps to 8 Mbps, from 8 Mbps to 34 Mbps for the States where demand has been continually on rise. Similarly the rack utilization in State Data Centre(SDC) is more than 50% in 24 SDC out of 26 Operational SDC.

6.2.1 State Wide Area Network (SWAN)

54. When asked about the status of establishment of SWANs and Broadband utilization, the Ministry stated that SWAN has been implemented in all the States/UTs except in J&K and UT of A&N Island. The States/UTs 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 at 440 district centers to provide high bandwidth. 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. It is strongly felt that with increasing digitization amongst centre and State in future with passage of time, there will be still higher bandwidth utilization.

55. On major impediments in establishment of SWANs in the remaining States/UTs, the Ministry informed that the major impediments in establishing of SWAN in J&K and UT of A&N Island are lack of participation of System Integrators (poor bid response) and higher bid value which has led to re-tendering 4 times in respect of J&K and 2 times in respect of A&N Island.

56. On the current status of implementation of SWAN in Jammu & Kashmir and Andaman & Nicobar Islands, the Ministry informed that the State of J&K is in the process of re-floating of RFP for selection of System Integrator (SI) in the State. The UT of A&N Island has also finalized the RFP/Technical requirement for selection of System Integrator (SI) in the UT.

6.2.2 Common Service Centres (CSCs)

57. CSC 2.0 aims for establishing self sustaining network of 2.5 lakh CSC centres at Gram Panchayat (GP) level under Digital India- Pillar 3-Public Internet Access Programme. 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.

58. On the number of CSCs established/rolled out/operationalized during the last three years viz. 2014-15, 2015-16 and 2016-17, the Ministry informed that the number of registered CSCs is 3,10,685 till January-2017; out of this, 1,77,812 CSCs are at Gram Panchayat (GP) level (against the target of around 2.5 lakhs of GPs), and remaining 1,32,873 CSCs are at other places including Urban areas. The details are as follows:-

| Quarter | No. of CSCs rolled out in Panchayats (cumulative) (X) | No. of CSCs rolled out at other places including Urban (cumulative) (Y) | Total No. of CSCs rolled out (overall) (cumulative) (X+Y) |
|---------|--|--|--|
| Mar-15 | 92,106 | 48,827 | 1,40,933 |
| Mar-16 | 1,22,621 | 76,704 | 1,99,325 |
| Jan-17 | 1,77,812 | 1,32,873 | 3,10,685 |

59. The Ministry furnished the State/UT wise details of the number of CSCs established till date as follows:-

| STATE/UT-WISE CSC ROLL OUT STATUS AS ON 31 JANUARY, 2017 | | | | |
|--|---|--|--|--|
| State | No. of CSCs Registered other than GP level (including Urban): Digital Seva Portal | | No. of CSCs Registered at GP level : Digital Seva Portal | No. of CSCs Registered incl GP : Digital Seva Portal |
| | | | | |

| | Jan'17 | Till Jan'17 | No. of GP | Jan'17 | Till Jan'17 | Jan'17 | Till Jan'17 |
|-------------------|--------|----------------|-----------|--------|----------------|--------|-------------|
| Andhra Pradesh | 0 | 3242 | 12833 | 0 | 5613 | 0 | 8855 |
| Arunachal Pradesh | 3 | 81 | 1779 | 1 | 136 | 4 | 217 |
| Assam | 434 | 3914 | 2196 | 0 | 1485 | 434 | 5399 |
| Bihar | 2109 | 9572 | 8463 | 304 | 8213 | 2413 | 17785 |
| Chhattisgarh | 757 | 3710 | 9734 | 0 | 9734 | 757 | 13444 |
| Goa | 0 | 13 | 189 | 0 | 0 | 0 | 13 |
| Gujarat | 1349 | 4699 | 13735 | 533 | 13885 | 1882 | 18584 |
| Haryana | 279 | 1131 | 6155 | 430 | 6105 | 709 | 7236 |
| Himachal Pradesh | 4 | 322 | 3243 | 15 | 3469 | 19 | 3791 |
| Jammu & Kashmir | 67 | 526 | 4128 | 0 | 1219 | 67 | 1745 |
| Jharkhand | 831 | 3190 | 4423 | 89 | 4393 | 920 | 7583 |
| Karnataka | 882 | 2738 | 5628 | 0 | 2599 | 882 | 5337 |
| Kerala | 37 | 2088 | 979 | 0 | 1095 | 37 | 3183 |
| Madhya Pradesh | 3361 | 8507 | 23012 | 0 | 12564 | 3361 | 21071 |
| Maharashtra | 150 | 16243 | 27920 | 241 | 15307 | 391 | 31550 |
| Manipur | 132 | 593 | 165 | 8 | 256 | 140 | 849 |
| Meghalaya | 0 | 111 | 1463 | 0 | 276 | 0 | 387 |
| Mizoram | 0 | 98 | 776 | 0 | 376 | 0 | 474 |
| Nagaland | 1 | 9 | 1123 | 0 | 230 | 1 | 239 |
| Orissa | 106 | 4089 | 6234 | 86 | 5999 | 192 | 10088 |
| Punjab | 2116 | 3882 | 12800 | 789 | 4818 | 2905 | 8700 |
| Rajasthan | 1000 | 24994 | 9946 | 5503 | 15038 | 6503 | 40032 |
| Sikkim | 0 | 50 | 165 | 2 | 68 | 2 | 118 |
| Tamil Nadu | 792 | 2029 | 12618 | 0 | 12333 | 792 | 14362 |
| Telangana | 30 | 2136 | 8787 | 209 | 2819 | 239 | 4955 |
| Tripura | 6 | 251 | 1038 | 32 | 442 | 38 | 693 |
| Uttarakhand | 40 | 1471 | 7555 | 66 | 4633 | 106 | 6104 |

| STATE/UT-WISE CSC ROLL OUT STATUS AS ON 31 JANUARY, 2017 | | | | | | | |
|--|---|---------------|---------------|--|---------------|--|---------------|
| State | No. of CSCs Registered other than GP level (including Urban): Digital Seva Portal | | No. of GP | No. of CSCs Registered at GP level : Digital Seva Portal | | No. of CSCs Registered incl GP : Digital Seva Portal | |
| | Jan'17 | Till Jan'17 | | Jan'17 | Till Jan'17 | Jan'17 | Till Jan'17 |
| Uttar Pradesh | 7331 | 24574 | 51914 | 865 | 38123 | 8196 | 62697 |
| West Bengal | 1130 | 6323 | 3351 | 0 | 6406 | 1130 | 12729 |
| State Total | 22947 | 130586 | 242352 | 9173 | 177634 | 32120 | 308220 |
| UT | | | | | | | |
| Andaman & Nicobar | 0 | 28 | 69 | 0 | 19 | 0 | 47 |
| Chandigarh | 19 | 72 | 17 | 20 | 21 | 39 | 93 |
| Dadra & Nagar Haveli | 2 | 11 | 11 | 0 | 11 | 2 | 22 |
| Daman and Diu | 8 | 16 | 14 | 0 | 10 | 8 | 26 |
| Delhi | 868 | 2064 | 0 | 0 | 0 | 868 | 2064 |
| Lakshadweep | 0 | 0 | 10 | 1 | 14 | 1 | 14 |
| Puducherry | 41 | 96 | 98 | 33 | 103 | 74 | 199 |
| UT Total | 938 | 2287 | 219 | 54 | 178 | 992 | 2465 |
| | | | | | | | |
| GRAND TOTAL | 23885 | 132873 | 242571 | 9227 | 177812 | 33112 | 310685 |

60. When the Committee desired to know the number of transactions done through CSCs the Ministry have furnished the State/UT-wise Status of Number of e-Gov Services provided through CSCs during January, 2016 - December, 2016 as under:-

| Sl No. | State/UT | No. of Txn : Jan'16 to Dec'16 |
|--------|--------------------|-------------------------------|
| 1 | Andhra Pradesh | 10097488 |
| 2 | Arunachal Pradesh | 4122 |
| 3 | Assam | 132727 |
| 4 | Bihar | 376404 |
| 5 | Chhattisgarh | 931970 |
| 6 | Goa | 3721 |
| 7 | Gujarat | 2892809 |
| 8 | Haryana | 248426 |
| 9 | Himachal Pradesh | 3899333 |
| 10 | Jammu & Kashmir | 47168 |
| 11 | Jharkhand | 4302901 |
| 12 | Karnataka | 23906055 |
| 13 | Kerala | 284446 |
| 14 | Madhya Pradesh | 4429157 |
| 15 | Maharashtra | 4442298 |
| 16 | Manipur | 20191 |
| 17 | Meghalaya | 129184 |
| 18 | Mizoram | 407 |
| 19 | Nagaland | 10550 |
| 20 | Odisha | 256996 |
| 21 | Punjab | 400222 |
| 22 | Rajasthan | 7347608 |
| 23 | Sikkim | 2569 |
| 24 | Tamil Nadu | 977879 |
| 25 | Telengana | 29746 |
| 26 | Tripura | 13783 |
| 27 | Uttarakhand | 211425 |
| 28 | Uttar Pradesh | 1251569 |
| 29 | West Bengal | 395995 |
| | State Total | 67047149 |

| | | |
|---|----------------------|-------|
| 1 | Andaman & Nicobar | 7588 |
| 2 | Chandigarh | |
| 3 | Dadra & Nagar Haveli | 26107 |
| 4 | Daman & Diu | 42062 |
| 5 | Delhi | 87045 |
| 6 | Lakshadweep | 517 |
| 7 | Puducherry | 21932 |

| | |
|--------------------|-----------------|
| UT Total | 177663 |
| GRAND TOTAL | 67224812 |

61. When asked as to whether any mechanism has been put in place to obtain feedback on functioning of CSCs from the citizens/service users and the existing grievance redressal mechanism in place for the CSC users, the Committee were apprised that the Ministry of Electronics and Information Technology (MeitY), Government of India has approved a project called Rapid Assessment System (RAS) in March 2015 under Digital India for developing a system for continuous measurement of the quality of e-Governance services and realign goals to achieve targeted benefits through online feedback from citizens after availing an eService, either through SMS or Web Browser or Mobile Application. The project is being implemented by National e-Governance Division (NeGD) under this Ministry. Once implemented in all services, it will enable better and improved Services. This system has already been integrated with CSC Portal. Presently, grievances of the citizens availing the CSC services are being received through online grievances portal – Centralized Public Grievance Redress and Monitoring System (CPGRAMS). On the other hand, grievances of CSC operators / Village Level Entrepreneurs (VLEs) are being redressed by CSC-Special Purpose Vehicle (CSC –SPV) through helpdesk supports as well as CPGRAMS.

62. On the major factors affecting rollout of CSCs and the ways in which major issues in setting up of CSCs in rural and remote areas can be resolved, the Ministry informed that the rollout of the erstwhile CSC Scheme under National e-Governance Plan (NeGP) has been affected by factors such as (i) Lack of adequate connectivity, (ii) Delay in Service Centre Agencies (SCAs)- Private third party selection at State/UT level, (iii) SCA termination, (iv) Lack of adequate power connectivity, (v) Left Wing Extremism and Naxalite Extremism, (vi) Lack of footfall, (vii) Lack of adequate G2C services at

States/UTs level, and (viii) Lack of integration of various Service Portals at State/UT Level. It has been realized that the major issues in setting up of CSCs in rural and remote areas could be resolved in case there is a strong mechanism in place to closely review & monitoring the progress of CSC ecosystem. Based on the assessment of erstwhile CSC scheme of NeGP, this Ministry has launched CSC 2.0 project at Gram Panchayat level across the country in August, 2015 under Digital India. The working principle of the ongoing CSC 2.0 project is completely based on the service/transaction oriented self-sustainable entrepreneurship model, wherein, there is no provision of providing connectivity to CSC-VLEs, as VLEs shall arrange for Capex and Opex for setting up and operation of CSCs. However, for reliable connectivity to those CSCs, this Ministry also recommended that the CSCs may be located/relocated within the Gram Panchayat Office premises or nearby NOFN/BharatNet Point of terminal (PoT). Necessary efforts are being made to increase the portfolio of e-Services by ensuring that various service applications developed by different State departments/organizations are integrated and made available at the National level portal of CSC (Digital Seva) for the ease of benefits to the citizens across the country.

63. When asked about the measures envisaged by the Ministry to tackle the hindrances outlined above, the Ministry informed that the roll out process under CSC 2.0 is becoming quite faster because of the following measures:

- Single implementing agency across the country- i.e. CSC-SPV under close coordination & monitoring by Ministry of Electronics & IT (MeitY).
- Already motivated VLEs are getting on-boarded as CSC 2.0 is completely based on the service/transaction oriented self-sustainable entrepreneurship model, wherein, VLEs shall arrange for Capex and Opex for setting up and operation of CSCs.
- Efforts are being made to increase the portfolio of e-Services by integrating more & more services with national level portal of CSC (Digital Seva).

- For reliable connectivity to those CSCs, CSCs are being located/relocated within the Gram Panchayat Office premises or nearby NOFN/BharatNet Point of terminal (PoT).
- CSC –SPV has already been implementing a pilot project for extension of last mile connectivity beyond BharatNet point of terminals through Wi-Fi solution.

6.2.3 State Data Centres (SDC)

64. State Data Centre (SDC) is one of the three core infrastructure components. Under the SDC Scheme, a Data Centres is provided 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 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.

65. Till now 26 SDCs are operational. These are Tamil Nadu, Puducherry, West Bengal, Andhra Pradesh, Meghalaya, Karnataka, Manipur, Odisha, Sikkim, Haryana, Kerala, Maharashtra, Gujarat, Tripura, Rajasthan, Nagaland, Uttar Pradesh, Andaman & Nicobar, Madhya Pradesh, Lakshadweep, Chhattisgarh, Jammu & Kashmir, Mizoram Bihar, Himachal Pradesh, Jharkhand. Year-wise progress in operational State Data Centre (SDC) for the last three years is as under:-

| Financial Year | Operational Date | State where SDC made Operational |
|-----------------------|-------------------------|---|
| 2014-15 | 6-Jun-14 | Mizoram |
| 2015-16 | 21-Apr-15 | Bihar |
| 2016-17 | 30-Jun-16 | Himachal Pradesh |
| | 1-Aug-16 | Jharkhand |

66. On the targets for setting up of SDCs during the year 2017-18, the Ministry informed that SDCs will be targeted to be operational in the following States/UTs in the FY2017-18:

| S. No. | State/UT | Operational Date | Remarks |
|--------|--------------------------------------|------------------|--------------------------------|
| 1 | Goa | 2017-18 | FAT acceptance test in process |
| 2 | Punjab | 2017-18 | Under implementation |
| 3 | Uttaranchal | 2017-18 | Bid in Process |
| 4 | Arunachal Pradesh | 2017-18 | RFP preparation in process |
| 5 | Dadar & Nagar Haveli and Daman & Diu | 2017-18 | RFP preparation in process |
| 6 | Assam | 2017-18 | RFP preparation in process |

67. On the major challenges in setting up/operationalization of SDCs and steps taken by the Ministry to fix the problems leading to the repetitive delay in operationalization of SDCs, the Ministry informed that site availability, finalization of site, delayed Site selection by the States and sometimes finalized site also changed resulting in further delay in implementation of SDC. Delayed Bid Process, Multiple times Bid process, States initiated rebidding of the SDC due to various reasons, delayed internal approvals and contract signing, etc. are some of the major challenges in setting up/operationalization of SDCs.

68. The Ministry further informed that it held several meetings with the stakeholders and provided necessary support to speed-up the process and fix any problems leading to delay in implementation and operationalization of SDCs. Some of the key activities initiated by Ministry in the past years to overcome problems and speed up implementation process with the laggard States are as below:

- 1st MeitY Program Officer team did the following key activities -

- Interacted with the States through regular emails, Video conferencing, conducted meetings in MeitY office and at States
- Visited States and conducted meetings to resolve the issues
 - Visited SDC sites and provided required Inputs
- 2nd Level meetings were done at Joint secretary(JS) Level -
 - JS MeitY communicated to concern IT officer of State related to pending issues.
- 3rd Level communication at Secretary, MeitY Level -
 - Secretary, MeitY sent letters emphasizing the importance of SDC and its early implementation to Chief Secretary/ Secretary IT of States.
- In some cases it was taken-up at Minister level
 - Hon'ble Minister, MeitY sent letters to Chief Minister / State IT Minister to look into the matters and help in fixing issues.”

MeitY are continuously following with laggard States and making all out efforts to make SDC in these States get operationalize in FY 2017-18.

6.3 Promotion of Electronics & IT Hardware Manufacturing

69. The Government has been taking several initiatives on continuous basis for promotion of electronics manufacturing in the country to provide an enabling environment for the industry to compete globally. Electronics manufacturing is one of the important pillars of Digital India Programme and target to achieve net zero imports is a striking demonstration of intent. The demand for electronics hardware is expected to rise rapidly and India has the potential to become an electronics hardware manufacturing hub and contribute significantly to the GDP, employment opportunities and exports. The BE, RE and Actual Expenditure for the year 2016-17 and BE for the year 2017-18 are as under:-

(Rs. in crore)

| Sl. No. | Name of the Scheme/ Programme | 2016-17 | | | 2017-18 | |
|---------|--|---------|----|---------------------------------------|----------|--------|
| | | BE | RE | AE (Tentative as on 31.01.2017) | Proposed | BE |
| 1. | Promotion of Electronics & IT Hardware Manufacturing | 70 | 50 | 41.34 | 77.00 | 745.00 |

70. When asked about the reasons for under-utilization of funds under Promotion of Electronics & IT Hardware Manufacturing during the year 2016-17 and an almost ten-fold increase in its allocation for the year 2017-18, the Ministry informed that the provision of Rs.70 crore was made in BE (Revenue Rs. 50 crore and Capital Rs. 20 Crore) for the current FY 2016-17 under the scheme 'Promotion of Electronics & IT Hardware Manufacturing'. However, the provision has been reduced to Rs.50 crore (Revenue) in RE. Out of the provision of Rs. 50 crore, an expenditure of Rs. 41.34 crore had already been made by 31.1.2017. It is likely that additional expenditure to the level of RE would be incurred in the balance period. The details are as follows:

(i) As per the Tripartite Agreement dated 18.11.2014 executed amongst MeitY, Centre for Development of Advanced Computing (C-DAC) and M/s. ByDesign India Pvt. Ltd., regarding the development and implementation of Indian Conditional Access System (iCAS), the expenditure of Rs.5.937 crore, as third instalment to M/s. ByDesign India Pvt. Ltd., is envisaged after completion of Year-1 of Implementation phase i.e. November' 2016. As per decision taken in the 4th meeting of the Project Review and Steering Group (PRSG) constituted to review the progress of the Development and Implementation of Indian Conditional Access System that was held in MeitY on 13.12.2016, M/s. ByDesign India Pvt. Ltd. is required to take certain actions and report the same in the next meeting of PRSG. Based on the progress made, a decision to release the next instalment of Rs.5.937 crore to M/s. ByDesign shall be taken. It is likely that the aforesaid instalment of Rs.5.937 crore could be released in the FY 2016-17 itself, based on reporting of

satisfactory progress by M/s. ByDesign and the recommendation of the PRSG, thereon.

(ii) The expenditure of Rs. 20 crore on capital side was not incurred. The provision of Rs. 20 crore at Capital side was towards Electronics Development Fund (EDF). The notification of Electronics Development Fund EDF Policy was published on 9th January 2015 with the approval of Union Cabinet for setting up of Electronics Development Fund (EDF). Electronics Development Fund is a “Fund of Funds” to participate in “Daughter Funds” to provide risk capital to companies developing new technologies in the area of Electronics, Nano-electronics and Information Technology (IT). MeitY through an open tender selected financial institution Viz. M/s. Canbank Venture Capital Fund Limited (M/s. CVCFL) to house the EDF fund. M/s. CVCFL is Investment Manager and M/s. Canara Bank is the Trustee for EDF. MeitY is the main contributor (Anchor Investor) in the Fund. To release funds to the EDF, a Contribution Agreement is required to be signed by MeitY, Canara Bank and CVCFL for subscription of Units of EDF. The same was submitted for vetting to Department of Legal Affairs and approval to Department of Expenditure and Department of Economic Affairs, Ministry of Finance. Ministry of Finance observed that through the cabinet note, MeitY had taken an approval for the broad policy of setting up EDF. There were no financial implications or operational details mentioned in the cabinet note. Since the amount being proposed to be invested by MeitY in EDF is significant (Rs 2200 crore), it would be appropriate that the proposal go through the EFC appraisal process. Based on the observations of MoF, MeitY convened EFC meeting for the appraisal of the EFC proposal on 25.1.2017. Hon’ble Finance Minister approved the EFC proposal on 1.2.2017 for allocation of funds amounting to Rs.726.5 crore over 7 years and release of Rs.190 crore for the first year drawdown towards the EDF. Now, MeitY is in a position to release the funds towards EDF as per the EFC approval.

(iii) There are approved cases for disbursement of incentives under M-SIPS and release of Grant in Aid to EMC applicant and Incubator projects. Since, funds under object head of GIA have been exhausted, the expenditure could not be made in current FY and expenditure would be made in next FY 2017-18.

71. The Ministry further informed that in order to build quality infrastructure, Ministry of Electronics and Information Technology are implementing Electronics Manufacturing Clusters (EMC) scheme. Under the scheme, till date 13 projects have been approved and 2 have been recommended for final approval for which the committed grant-in-aid is Rs. 820 crore. The details of approved projects with Committed GIA under EMC scheme (till 31st January 2017) is as follows:-

| # | State | Location of EMC | Area (Acres) | Chief Promoter/SPV | Financial out lay (Rs. in crore) | |
|---|-----------------|--|--------------|---|----------------------------------|--------------------------|
| | | | | | Project Cost | GIA (MeitY Contribution) |
| 1 | Andhra Pradesh | Chilamathur, Anantapur District | 47.32 | ELCINA RAAGA MAYURI Electronics Park Private Limited | 52.13 | 23.00 |
| 2 | Andhra Pradesh | Village-Cherivi, Satyavedu Mandal, Chittor District | 94 | Sri City Pvt. Ltd. | 56.75 | 27.34 |
| 3 | Chhattisgarh | Village-Tuta, Sector-22, Naya Raipur, Tehsil-Abhanpur, Raipur District | 69.98 | Chhattisgarh State Industrial Development Corp. Ltd. (CSIDC) | 89.23 | 43.08 |
| 4 | Gujarat | Village-Tunda, Taluka- Mundra, District-Kutch | 631.38 | Mundra Solar Techno Park Private Limited (MSTPL) | 745.14 | 315.69 |
| 5 | Jharkhand | Adityapur, Saraikela-Kharsawan District | 82.49 | Adityapur Industrial Area Development Authority (AIADA) | 97.88 | 41.48 |
| 6 | Karnataka (CFC) | Plot No. 360, KIADB Industrial Area, Hebbal, Hottagalli, Mysore | 1.11 | Mysore ESDM Cluster Private Limited | 29.53 | 21.31 |
| 7 | Kerala | Kakkanad Village, Kanayannur Taluk, Ernakulam District | 66.87 | Kerala Industrial Infrastructure Development Corporation (KINFRA) | 140.01 | 50 |

| | | | | | | |
|----|----------------|--|----------------|--|----------------|---------------|
| 8 | Madhya Pradesh | Badwai-Bhopal | 50 | Madhya Pradesh State Electronics Development Corp. Ltd.(MPSEDC) | 46.16 | 20.86 |
| 9 | Madhya Pradesh | Purva-Jabalpur | 40 | | 38.01 | 17.76 |
| 10 | Odisha | Infovalley, Bhubaneswar Industrial Area, Khurda District | 203.367 | Odisha Industrial development Corporation (IDCO) | 200.76 | 93.09 |
| 11 | Rajasthan | SPL-1, Salarpur, Khushkera, Bhiwadi | 50.3 | ELCINA Electronics Manufacturing Cluster Pvt. Ltd (EEMCPL) | 46.09 | 20.24 |
| 12 | West Bengal | Sector-IV & V, Falta Industrial Centre, P.S Ramnagar, District South 24 Parganas | 58.04 | West Bengal Electronics Industry Development Corporation Limited (WEBEL) | 58.86 | 26.52 |
| 13 | West Bengal | Naihati town, North 24 Parganas in district | 70 | | 58.31 | 25.70 |
| 14 | Goa | Village-Tuem , Taluka Pernem Goa | 147.55 | DoIT, Goa | 161.32 | 73.77 |
| 15 | Maharashtra | Shendra Industrial Area, Aurangabad | 1.98 | Deogiri Electronics Cluster Private Limited | 27.24 | 20.58 |
| | Total | | 1614.39 | | 1847.42 | 820.42 |

72. In FY 2017-18, more projects are expected to be accorded final approval. The status of EMCs and expenditure is mentioned below:

| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|-----------------------------------|---------|---------|---------------|------------------------------|
| Final approved | 2 | 6 | 5 | 7 (estimated to be approved) |
| | | | 2 recommended | |
| Expenditure (Rs. in crore) | 4.17 | 14.19 | 23.50 | 210 likely |

73. Approved projects are under implementation through various promoters/agencies. The requirement of funds in respect of approved projects is

estimated based on the achievement of milestones. Accordingly, in FY 2017-18, the Grant-in-aid amounting to Rs. 210 crore is required for projects for EMCs at Bhopal & Jabalpur (Madhya Pradesh), Bhiwadi (Rajasthan), Infovally, Bhubaneswar (Odisha), Kakkannad (Kerala), Mundra (Gujarat), Naihati & Falta (West Bengal), Tuem (Goa), Satyavedu Mandal (Andhra Pradesh), Naya Raipur (Chhattisgarh), Aurangabad (Maharashtra). Further, additional requirements will arise based upon the grants of approvals to new project, which are currently under appraisal.

74. The requirement of funds in FY 2017-18 is on account of expenditure to be made by release of grant in aid of Rs. 40.38 crore to the projects driving innovation in ESDM sector. This includes the GIA could not be released due to non-availability of funds in FY2016-17 and funds due for release in FY2017-18. The status of Innovation projects and expenditure requirements is as follows:-

| Project | Amount (Rs. in crore) 2016-17 | Amount (Rs. in crore) 2017-18 |
|--|--|--|
| Project for funding and support to Industry and collaborative research Academic Institutions implemented by GITA | - | 4.14 |
| Electropreneur Park for development of ESDM industry by STPI | - | 2.84 |
| Electronics Incubator by IIITMK and Startup village | 7.52 | 3.28 |
| Fabless Chip Design Incubator at IIT Hyderabad | 4.10 | 6.80 |
| Incubation Centre at IIT-Patna for medical electronics | - | 8.20 |
| Industry Innovation programme for medical electronics by BIRAC | - | 3.50 |
| Total | 11.62 | 28.76 |

75. In the FY 2017-18, disbursement of incentives under Modified Special Incentive Package Scheme (M-SIPS) is required to be made in respect of all applications pending for disbursement (19 applications) and new applications seeking disbursement. 19 disbursement applications envisage payment of incentives of Rs. 221.96 crore in FY 2017-18. As of now, 75 cases have already been approved and 23 cases have been recommended. The outgo of incentives would about 20-25% of capex. The incentives towards 75 cases is estimated to Rs. 1697 crore and Rs. 453.84 crore is likely payable subject to compliance by applicants. In respect of 23 recommended cases, the incentives payable are Rs. 251.62 crore and the likely outgo of incentives would be Rs. 132.50 subject to approvals and compliance by applicants. It is estimated that an amount of Rs. 808.32 crore will be required for disbursement of incentives, subject to compliance of norms/guidelines by the applicants upon verification of their claims and in FY2017-18, the funds are required to meet the disbursement of incentives in respect of existing disbursement applications and new disbursement applications out of recommended and approved cases. The status of Modified Special Package Scheme (M-SIPS) is as follows:-

| M-SIPS status as on 31st January 2017 | | |
|---|------------|--|
| Status | No. | Proposed Investment (Rs. crore) |
| Applications approved | 75 | 17997 |
| Applications closed/ rejected | 33 | 10980 |
| Applications recommended by AC | 23 | 2726 |
| Applications under appraisal (where Land & Financial Closure available) | 56 | 12971 |
| Applications under initial phase of appraisal (where either Land and/ or FC is unavailable) | 67 | 9325 |

| | | |
|--|------------|---------------|
| Mega Projects of over one Billion USD under initial phase of appraisal (where FC and Technological tie-ups yet to happen) | 2 | 74868 |
| Total | 256 | 128867 |

76. Towards Electronics Development Fund (EDF), the EFC proposal for allocation of Rs.726.5 crore for EDF including Rs.689 crore support to approved Daughter Funds and Rs.37.5 crore as Management Fee has been approved by Hon'ble Finance Minister on 1.2.2017 . Release of first drawdown of Rs.190 cr is also approved as per the EFC. Thus, it is evident that in order to promote the electronics manufacturing, incremental increase of funds is required in FY2017-18 to meet the requirement of M-SIPS for disbursement of incentives to industry; release of grant in aid to promoters of electronics manufacturing clusters and Incubation centres etc.

77. The Ministry further informed that MeitY, in keeping with the need of rapidly changing cyber space, has focused on initiatives related to creation of mechanisms for Security Threats Early Warning and Response. This includes establishment of National Cyber Coordination Centre (NCCC) which has been approved for implementation with an overall budget outlay of Rs.985 crore. These initiatives of the Ministry are in addition to the operational activities of the cyber security programme, wherein the budget concerns the requirement of Indian Computer Emergency Response Team (CERT-In) (operational expenditure), Cyber Appellate Tribunal (CAT) (operational expenditure) and Cyber Security R&D (Grant-in-aid). These actions require suitably equipped manpower resources (recruitment and training), enhancement of capacity and skills of personnel, continuous upgradation and procurement of technology. The increase in budget allocation is to establish a limited version of NCCC which would serve as a test bed, has been taken-up for implementation with the allocated funds in the Ministry, before its full scale implementation.

78. On the major impediments in growth of Electronics & IT Hardware manufacturing sector in India, the Ministry informed that the major impediments in growth of Electronics & IT Hardware manufacturing sector in India are as follows:-

- i. ITA and the WTO: Electronics was the first sector to be opened up and which accepted zero duty regime for large number of products. As a signatory to the Information Technology Agreement (ITA-1) of the World Trade Organization (WTO), India has implemented zero duty regime on 217 tariff lines. Under the Free Trade Agreements (FTAs) with several countries/trading blocks, the import of electronics hardware from these countries is allowed at a duty which is lower than the normal duty rate. Thus, there is little protection to electronics industry.
- ii. Disabilities faced by domestic Manufacturers: Further, the sector faces several disabilities which render indigenous electronics manufacturing uncompetitive due to a lack of level playing field vis-vis competing nations. Power supply though much improved in the last decade is still, in several parts, inadequate, unreliable and costly. High cost of finance; poor logistics and infrastructure; weak components manufacturing base and high transaction costs due to stringent rules and regulations and complex administrative processes add to the disability cost.
- iii. Besides, technology in high-tech sectors such as for Semiconductor Wafer Fabrication (FAB) is fast changing and state-of-the art/ cutting edge technology is closely held with a limited number of players globally. India is at a disadvantage viz-a-viz other existing locations which already have manpower, experience, supply-chain and support systems for running the FAB units. Further, there is a lack of targeted and proactive R&D in collaboration with the industry.

79. Electronics and IT Hardware is poised to become major import category of products in India. When the Committee desired to know the Government's plans to reverse this trend and promote domestic manufacturing and the role of Ministry of Electronics and Information Technology in this regard, the Ministry informed that the Government over the years is taking a number of steps for promotion of Electronics

hardware manufacturing on a continuing basis. With the demand for electronics hardware expected to rise rapidly, India has the potential to become an electronics hardware manufacturing hub and contribute significantly to the increase in our GDP, employment and exports. Electronics Manufacturing is an important part of “Make in India” effort of Government. The vision is to establish India as a leading global destination for Electronics System Design and Manufacturing (ESDM). The aim is to create a level playing field and an enabling environment for the industry to compete globally. As part of the “Digital India” agenda of the Government, it is envisaged to develop the ESDM sector to achieve net zero imports by 2020. Several initiatives have already been taken for the development of Electronics & IT Hardware manufacturing in the country which are as follows:-

1. Promotion of electronics hardware manufacturing is one of the pillars of Digital India campaign of the Government.
2. The National Policy on Electronics (NPE 2012) was notified in November 2012 with the vision to create a globally competitive electronics design and manufacturing industry to meet the country's needs and serve the international market.
3. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the Electronics Systems Design and Manufacturing (ESDM) sector. The scheme was notified in July 2012. The scheme provides subsidy for investments in capital expenditure - 20% for investments in SEZs and 25% in non-SEZs. The scheme is available for both new projects and expansion projects. For high technology and high capital investment units like Fabs, production subsidy @10% is also provided. The incentives are available for investments made in a project within a period of 10 years. The scheme is open to receive applications till 26.07.2020.
4. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs. 50 Crore for 100 acres of land. For larger areas, pro-

rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs. 50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.

5. Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
6. A meeting of State IT Ministers and State Government Officials was held on 26.08.2014 to encourage them to actively promote electronics manufacturing. Several States have shown keen interest.
7. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
8. Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
9. Tariff Structure has been rationalized to promote indigenous manufacturing of electronic goods.
10. Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 30 electronic products are under the ambit of this Order.
11. Two Schemes for skill development of 90,000 and 3,28,000 persons, respectively in the electronics sector has been approved to provide human resource for the industry.
12. The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme.
13. Electronic Development Fund (EDF) policy has been operationalized to support Daughter Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The fund is housed in Canbank Venture Capital Fund Ltd. and letters of commitment have already been given to four daughter funds. The supported Daughter Funds will promote innovation, R&D, product development and within the country.
14. Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Conditional Access System, entitled iCAS has been developed to promote indigenous manufacturing of Set Top

Boxes (STBs). The iCAS is available to domestic STB manufacturers at a price of USD 0.5 per license for a period of three years as against market price of USD 4-5 per license for other competing products. The implementation of iCAS in the cable networks has already started.

15. An Electropreneur park has been approved for providing incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.
16. National Centre of Excellence in Large Area Flexible Electronics (NCFLEX) is being set up in IIT-Kanpur with the objectives to promote R&D; Manufacturing; Ecosystems; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.
17. National Centre of Excellence for Technology on Internal Security (NCETIS) is being set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.
18. Centre for Excellence on Internet of Things (IoT) is being set up in Bengaluru jointly with NASSCOM.
19. An Incubation center with focus on medical electronics is being set up at Indian Institute of Technology - Patna.
20. The Ministry of Electronics and Information Technology (MeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Electronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.
21. An Incubation center at Kochi with focus on consumer electronics is being set up at IIITM.
22. MeitY has approved a project to be implemented by Global Innovation and Technology Alliance (GITA) to promote Innovation, IP, R&D and commercialization of products, etc. in the ESDM sector by providing funding support to an Industry, for doing collaborative research with an Academic Institute in the priority areas with a timeline of not more than two years.
23. MeitY has approved a project being implemented by Biotechnology Industry Research Assistance Council (BIRAC) to promote scientific and technological research in Medical Electronics sector in India to address the pressing

challenges associated with the development of innovative medical electronics and making it available, accessible and affordable to the people at the bottom of the pyramid.

24. An Incubation Center at IIT-Hyderabad is being set up to promote fabless chip design in country.

80. When the Committee desired information on annual demand of electronics and IT hardware percentage met through imports and percentage of demand met through domestic production, the Ministry informed that the total consumption of IT (as a proxy for demand) has been estimated/ derived by adding the production of electronics & IT hardware (as per the figures provided/given by Industry Associations) to the net imports of similar items. The relevant estimates based on the same, as per available information is as follows:-

| Year | Annual demand of Electronics and IT Hardware in India (in Rs. crore) | Percentage of demand(met through imports (%) | Percentage of demand met through Domestic production (%) |
|-------------|---|--|---|
| 2012-13 | 2,87,969 | 46.9 | 53.1 |
| 2013-14 | 3,30,057 | 45.3 | 54.7 |
| 2014-15 | 3,79,087 | 49.8 | 50.2 |
| 2015-16 | 4,68,046 | 48.0 | 52.0 |
| 2016-17** | NA | NA | NA |

*As official estimates of demands for electronics and IT hardware are not available, Consumption is taken as a proxy to demand derived by adding the production of electronics & IT hardware (as per the figures provided/given by Industry Associations) to the net imports of similar items.

** Complete figures of domestic production are yet to be made available from Industry Associations

81. On the plans to promote indigenous Electronics & IT Hardware manufacturing industry in India, the Committee were informed as under:-

“The promotion of electronics manufacturing is one of the pillars of the Digital India programme of the Government and Target Net Zero Imports is a striking demonstration of intent. Holistic, investor friendly and market driven initiatives have been taken towards creating conducive environment for attracting investment in the sector.

82. When asked about the details of revenue and employment generated from Electronics & IT Hardware Manufacturing sector during the years 2015-16 and 2016-17 along with the target for the year 2017-18, the Ministry informed as under:-

“(i) EMC projects are related to development of Infrastructure for electronics manufacturing which is a continuous process. The projects under EMC scheme are implemented through various state/private agencies. The EMCs (accorded final approval) are expected to attract an investment of over Rs. 33340 crore and generate 1.78 lakh employment opportunities in coming years.

(ii) 20 applications received for disbursement/seeking of incentives of Rs. 244.05 crore with project cost of Rs. 6436.44 crore with Capex of Rs. 1021.35 crore under M-SIPS scheme. These applications depict payment of excise duty of Rs. 735.73 crore and direct employment opportunities for 8,984 persons.

(iii) The Government had deepened the differential excise duty dispensation for promoting indigenous manufacturing of mobile handsets in the Budget of 2015-16. The aforesaid duty dispensation has resulted in spectacular interest in mobile handset manufacturing in the country. About 42 new mobile handset manufacturing units and 15 units for manufacturing components & accessories have come up in the last two years providing employment to about 1,50,000 persons.

The approval of more EMCs and M-SIPS applications along-with other initiatives would derive more revenue and employment opportunities.”

83. Regarding the major categories of Electronics and IT Hardware being imported into India, the Ministry stated as under:-

“The following are the major categories of Electronics and IT Hardware items having import of more than 1000 Million USD into India as per data provided by DGCIS:

| No. | HS Code | Description | 2015-16 (In Million USD) |
|-----|---------|---|-----------------------------|
| 1 | 8517 | Electrical apparatus for line telephony/telegraphy, including telephone sets with cordless handset carrier-current line system; videophone | 14999.36 |
| 2 | 8471 | Automatic Data Processing Machines And Units | 5112.43 |
| 3 | 8541 | Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices | 3144.58 |
| 4 | 8528 | Reception Apparatus/Not Incorporating Radiobroadcast Receivers/Sound/Video Recording/ Reproducing Apparatus, Video Monitors | 1710.79 |
| 5 | 8542 | Electronic integrated circuits and micro-assemblies | 1572.93 |
| 6 | 8504 | Electrical transformers, static converters (for example, rectifiers) and inductors | 1387.70 |
| 7 | 8473 | Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of headings 8469 to 8472 (Typewriters, calculating machines, automatic data processing machines, other office machines etc.) | 1368.69 |
| 8 | 8529 | Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528 (Transmission apparatus, radar apparatus, radio navigational apparatus, reception apparatus for radio-broadcasting, monitors and projectors | 1213.74 |

| | | | |
|---|-------------|--|---------|
| | | etc) | |
| 9 | 8443 | Printing machinery used for printing by means of plates, cylinders and other printing components of heading 8442; other printers, copying machines and facsimile machines, whether or not combined; parts and accessories thereof. | 1037.08 |

84. On synergy between the 'Promotion of Electronics & IT Hardware Manufacturing' scheme and the 'Make in India' Project of Government of India, the Committee were apprised as under:-

"The Make in India targets 25 sectors of the economy which range from automobile to Information Technology (IT) & Business Process Management (BPM). It also seeks to facilitate job creation, foster innovation, enhance skill development and protect intellectual property. Electronics System Design & Manufacturing (ESDM) is one of the focus sectors under "Make- in- India" programme. Government has taken several initiatives to promote investments in electronics hardware manufacturing sector in order to achieve the ambitious goal of "Net Zero Import" of electronics by the year 2020, with an adequately developed electronics manufacturing ecosystem in India. Major initiative being take to promote domestic manufacturing in the country are as below.

Modified Special Incentive Package (M-SIPS): In order to promote large scale manufacturing in the country, a Modified Special Incentive Package Scheme (M-SIPS) was announced by the Government in July 2012 to offset disability and attract investments in Electronics System Design and Manufacturing (ESDM) Industries. The scheme provides subsidy for investments in capital expenditure- 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. It also provides for reimbursements of CVD/ excise for capital equipment for the non-SEZ units. For select very high technology and high capital investment units like fabs, reimbursement of central taxes and duties which include Customs duty, Service Tax and Excise Duties is also provided. The incentives are provided on reimbursement basis. The policy provides for an inter-ministerial Appraisal Committee to evaluate investment applications. Based on the recommendation of Appraisal Committee, approval of

Competent Authority is obtained. The Union Cabinet in its meeting held on 18.01.2017 approved the amendments in M-SIPS. The applications will be received under the scheme up-to 31st December 2018 or till such time that an incentive commitment of Rs 10,000 crore is reached, whichever is earlier. For new approvals, the incentive under the scheme will be available from the date of approval of a project and not from the date of receipt of application. The incentives will be available for investments made within 5 years from the date of approval of the project.

Electronics Manufacturing Clusters

The Government has notified Electronics Manufacturing Cluster (EMC) Scheme in October 2012 to support creation of world-class infrastructure for attracting investments in electronics manufacturing. This Scheme is open for receiving applications for a period of five years from the date of notification. The assistance for the projects in Greenfield Electronics Manufacturing Clusters is restricted to 50% of the project cost subject to a ceiling of Rs. 50 Crore for every 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs. 50 Crore. For Brownfield EMC, 75% of the cost of infrastructure, subject to a ceiling of 50 Crore is provided as grant.

Till December, 2016, MeitY has received 49 applications under EMC scheme [45 applications for setting up of Greenfield EMCs and 4 applications for setting up of Common Facility Centres (CFC) in Brownfield Clusters, out of which ministry has accorded final approval to twelve (12) Greenfield EMCs and one (1) CFC in Brownfield Cluster and In- Principle approval to thirteen (13) Greenfield EMCs and three (3) CFCs in Brownfield Clusters.

Preference to Domestic Electronic Products

The Ministry of Electronics and Information Technology (MeitY) has notified the policy for providing preference to domestically manufactured electronic products in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale on 23.12.2013. The DMEPs are products manufactured by companies registered in India and engaged in Manufacture in India and including Contract Manufacturers, but excluding traders. All companies registered in India engaged in manufacturing of electronic products in India and the sole selling agents/ authorised distributors/ authorised dealers/ authorised supply houses of the domestic manufacturers of electronic

products are eligible for consideration under the Policy. The electronic products to be notified under this policy shall meet the minimum 25% domestic value-addition in terms of Bill of Material (BoM) from domestic manufacturers. The percentage of procurement to be made from DMEP(s) shall not be less than 30% of the total procurement value of that electronic product(s). The policy is applicable to all Ministries / Departments (except Ministry of Defence) and their agencies for electronic products purchased for Governmental purposes and with a view to commercial resale or with a view to use in goods for commercial sale. This is also applicable for procurement of electronic products made under all Centrally Sponsored Schemes and grants made by Central Government. Nine generic electronic products, which are procured across sectors, viz., Desktop PCs, Laptop PCs, Tablet PCs, Dot Matrix Printers, Smart Cards, LED Products, Biometric Access Control/ Authentication Devices, Biometric Finger Print Sensors and Biometric Iris Sensors have been notified by the MeitY and 23 Telecommunications Products have been notified by the Department of Telecommunications (DoT), in furtherance of the policy. DGS&D has issued guidelines for implementing the policy in their rate contract process. An Online Monitoring System “www.deity-pma.gov.in” has become operational w.e.f. 27.01.2015 for reporting by Ministries / Departments about the compliance of Policy.

Compulsory Safety Standards for Electronic Products

Keeping in view the safety of Indian consumers and to curb the inflow of substandard electronic products, the “Electronics and Information Technology Goods (Requirements for Compulsory Registration) Order, 2012” was notified on 3rd Oct. 2012 by MeitY under the provision of Compulsory Registration Scheme of the Bureau of Indian Standards (BIS) Act, 1986. This Order came into effect from 3rd July 2013. The Order calls for prohibition to manufacturer/sell unless these goods have been tested to Indian Safety Standards, registered with BIS and display registration logo (Standard Mark).

Thirty (30) categories of electronic products have been notified under the Order. To test the notified products, BIS has recognized various Govt., Private and Multinational labs scattered over the country. To develop conformity assessment infrastructure in the country a “Scheme for Financial Support for Test Labs” has also been operational with MeitY.

As per the Order, the manufactures seeking registration of goods have to get their products tested at any of the BIS recognised labs and register with BIS by applying based on a self-declaration accompanied with a copy of test report. Testing is also performed on selected samples during the surveillance subsequent to Registration.

Electronics Development Fund

As part of Digital India with focus on “Design in India”, the Cabinet has approved setting up of Electronics Development Fund (EDF). EDF is a Fund of Funds and will participate in Daughter Funds including Early Stage, Angel Funds and Venture Funds in the area of Electronics, Nano-electronics and IT. The supported Daughter Funds will promote innovation, R&D, product development within the country. Government has appointed CANBANK Venture Capital Funds Ltd. (CVCFL) as Fund Manager of the Electronics Development Fund, which has proposed that a minimum of Rs 2200 Crores fund will be floated by 31/03/2017, which will be leveraged to raise around Rs 10000 Cr fund for Electronics & IT Companies. 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 electronics industry. EDF Management Board has recommended 4 Daughter Funds for final commitment of Rs 179 Cr with total corpus of Rs 1296 Cr. Board has also recommended 12 Daughter Funds for in-principle commitment of Rs 510 Cr with a total corpus of Rs 5535 Cr.

Tariff rationalisation:

To promote indigenous manufacturing of electronic goods, following steps have been taken to rationalize the tariff structure in the Union Budget 2017-18:

- Promotion of POS and other digital payment devices: BCD, Excise/CVD and SAD have been exempted on (i) miniaturised POS card reader for m-POS, (ii) micro ATM standards version 1.5.1, (iii) Finger Print Readers/Scanners and (iv) Iris Scanners. All duties (BCD, CVD, SAD) on parts and inputs of aforesaid devices have also been reduced to zero.
- Promotion of LED lights manufacturing: The BCD on all parts for use in the manufacture of LED lights or fixtures, including LED lamps, has been reduced from 10% to 5% and CVD has been reduced from 12.5% to 6%, subject to actual user condition.
- Promotion of solar cells and modules: BCD on solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications has been reduced from 5% to NIL. CVD on parts/raw materials for use in the manufacture of solar tempered glass for aforesaid uses has also been reduced from 12.5% to 6%.

As a result of the several initiatives taken by MeitY initiatives, production electronic products in the country have witnessed significant growth.”

6.4 Cyber Security Projects (NCCC & others)

85. Cyberspace today is the common tool used by citizens, civil society, businesses and Government for communication and dissemination of information. The objective is to adopt a holistic approach towards securing the cyber space of the country by pursuing multiple initiatives like Security Policy, Compliance and Assurance, Security, Incident-Early warning & Response, Security Training, Security specific R&D, Enabling Legal Framework and Collaboration. An allocation of Rs.100 crore has been made to Cyber Security Projects (NCCC & others) as against the proposed allocation of Rs. 30.55 crore.

86. When asked about the reasons for more than three-fold increase in its allocation for 2017-18, the Ministry stated that these initiatives of the Ministry are in addition to the operational activities of the cyber security programme, wherein the budget concerns the requirement of Indian Computer Emergency Response Team (CERT-In) (operational expenditure), Cyber Appellate Tribunal (CAT) (operational expenditure) and Cyber Security R&D (Grant-in-aid). These actions require suitably equipped manpower resources (recruitment and training), enhancement of capacity and skills of personnel, continuous upgradation and procurement of technology. The increase in budget allocation is to establish a limited version of NCCC which would serve as a test bed, has been taken-up for implementation with the allocated funds in the Ministry, before its full scale implementation.

87. Regarding the National Cyber Coordination Centre (NCCC) and the status of setting up of NCCC, the Ministry informed 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. CERT-In has been notified as nodal agency for NCCC. For establishment of NCCC, a limited version of NCCC which would serve as a test bed has been taken-up for implementation with the allocated funds in the Ministry, before its full scale implementation. At present the process for procurement of equipment / technology for setting up of limited version of NCCC are in progress. The full scale 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.

88. On the issue of cyber security architecture, the Secretary, during evidence, elaborated as under:-

“...xxxx... the Botnet Centre and the NCCC are necessary because all the three play different roles. The CERT-in is a reactive and diagnostic or forensic kind of examination. However, we need to monitor on a real time basis as to what are the kinds of threats and vulnerabilities that are emerging and we may actually need to move in advance. The Botnet capability and the NCCC capability over a period of time should be improved. Let me first explain what these two are. The Botnet capability which was launched yesterday is a very sophisticated facility which will monitor the telecom networks and provide on real time information to the ISPs on where unusual behaviours or threats or vulnerabilities are detected. So, based on that, the ISPs can then immediately inform the concerned as they know the identity or the location from where these threats are emerging. They are immediately expected to either shut down or take necessary action. India will be joining an elite group of countries in having the botnet facility. The NCCC is a large infrastructure. It is a mechanism that is supposed to provide real time information on all the unusual kinds of behaviours that are observed on the internet and over a period of time, they will actually be able to give an analysis of where threats are likely to come from, etc. So, it will give us a much greater defensive capability whereas as I said, CERT-in is only a diagnostic capability.xxxx...”

89. When the Committee desired to know the total allocation made towards Cyber security under different heads, sub-heads, schemes, sub-schemes etc. of Meity In the budget 2017-18 and whether the allocation is sufficient to meet the cyber security requirements of the country, the Ministry submitted that the budget allocation for 2017-18 made towards cyber security is as follows:-

(Rs. in crore)

| Sl. No. | Scheme/Programmes | Allocation |
|----------------|--|---------------------|
| 1. | Cyber Security R&D, CERT-In and CyAT | 40.48 |
| 2. | Cyber Security Projects (NCCC & Others) | 100.00 |
| 3. | Information Security Education and Awareness | 13.00 |
| Total | | 153.48 crore |

90. The Ministry further submitted that allocation is not sufficient and more funds is needed to meet the security requirement for the country such as Rs. 230 Crore for capital and revenue expenditure for NCCC and Space requirement for CERT-IN.

91. When asked as to whether there is any proposal for creation of a dedicated fund earmarked for cyber security in the country, In view of an increasing resource requirement in the domain of cyber security, the Ministry stated that Government is proposing to recommend allocation of 10% of the IT budget of Ministry/Departments towards cyber security.

92. When asked about details of the Government Websites that have been hacked during 2014-15 and 2015-16 and 2016-17 and the details about origin of attacks, the

Ministry informed that the area of Information Technology (IT) is characterized by rapid developments and fast changing obsolescence. With every IT product introduced into the market, newer vulnerabilities are discovered, leaving scope for malicious actions. As per the information reported to and tracked by Indian Computer Emergency Response Team (CERT-In) a total number of 151, 212 and 129 websites of Central Ministries/ Departments and State Governments were hacked during the financial year 2014-15, 2015-16 and 2016-17 (upto Jan 2017) respectively. The hackers are exploiting vulnerabilities in the hardware and software associated with web applications. It has been observed that the attacks are launched through compromised computer systems located in different parts of the world. Masquerading techniques and hidden servers are also used to hide the identity of the actual systems being used by malicious actors. The attacks are observed to be originating from various countries including China, Germany, Hong Kong, Japan, Malaysia, Pakistan, Romania, United Kingdom, United States of America, Syria, United Arab Emirates and Italy. Affected organisations are notified with remedial measures to mitigate vulnerabilities and secure their respective websites.

93. On the status of financial e-fraud during the years 2015-16 and 2016-17, the Ministry stated that RBI has registered a total of 16468, and 8689 cases of frauds involving credit cards, ATM / debit cards and internet banking during the year 2015-16 and 2016-17(upto December 2016), respectively.

94. When asked about the number of cyber security incidents that have been handled by CERT-In since it has been designated as a National Nodal Agency for matters related to cyber security incidents in the country and the current status of those cases, the Ministry submitted that CERT-In has been notified as the National Nodal Agency for cyber security incidents in the year 2009. The following is the breakup of incidents reported to CERT-In from 2009 onwards:

| Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------|------|-------|-------|-------|-------|-------|-------|-------|
| Incidents | 7981 | 10134 | 28127 | 36924 | 41319 | 44679 | 49455 | 50362 |

95. CERT-In registers incidents reported and takes appropriate actions depending upon the type of incident /cases. For phishing incidents the phishing websites are taken down in coordination with concerned service providers and international CERTs. With respect to website defacements / intrusions concerned website owners are alerted and remedial measures are suggested. In regards of virus/malicious code incidents remedial measures are suggested to clean up the infected systems and patch the vulnerabilities. In case of denial of service attacks mitigation measures are suggested to affected organizations and attack sources are mitigated in coordination with service providers.

96. On the extent to which CERT-In has been able to prevent cyber-threats to online financial transactions, and details about the achievements and shortcomings of CERT-In, the Ministry, in a written note, stated that the Indian Computer Emergency Response Team (CERT-In) issues alerts and advisories regarding latest cyber threats and countermeasures on regular basis. CERT-In has published guidelines for securing the websites, which are available on its website (www.cert-in.org.in). CERT-In also conducts regular training programme to make the system administrators aware about secure hosting of the websites and mitigating cyber attacks. CERT-In has issued 21 advisories including merchants of Payment Channels, Cards, Data, Device, Browser and Operating System & Network Security for security safeguards of users covering POS, Micro ATMs, Electronic Wallets, online banking, smart phones, unified payment interface, wireless access points/ routers, mobile banking, cards and cloud. CERT-In has sent advisory to Reserve Bank of India, National Payment Corporation of India and Payment card industry organisations regarding the spike in attacks targeting banking and ATM Systems. The advisory covers best practices to strengthen the security of ICT systems.

97. The Ministry further informed that Botnet Cleaning and Malware Analysis Centre has been established by CERT-In for detection of compromised systems in India and to notify, enable cleaning and securing systems of end users to prevent further malware infections. The centre is working in close coordination and collaboration with Internet Service Providers and Industry. Website of the centre is operationalised in December 2016. The centre is providing detection of malicious programs and free tools to remove the same for common users. The centre is also working with Banks to detect malware infections in their networks and enable remedial actions.

98. CERT-In regularly conducts cyber security drills involving financial institutions and banks to improve the security posture of their IT systems and networks. CERT-In is participating in the series of workshops being conducted on Government Payments and Receipts and delivering a session on Security guidelines. A comprehensive crisis management plan has been developed for countering cyber attacks and cyber terrorism. This Plan has been approved by the National Crisis Management Committee and is being implemented across key Central Govt. critical sector Ministries/Departments and all States/UTs. In order to address the growth in volume and complexity of incidents the resources of CERT-In require augmentation. Further, cyber security incidents should be reported by impacted organisations to CERT-In in a timely manner.

99. Elaborating further on the issue, the Ministry, during evidence, explained:-

“....xxxx.... In addition, the budget already made a mention of the financial sector, CERT because like most advanced digital nations, we would need sectoral CERTs whether it is power, telecommunications, financial institutions, etc. Each of these sectors has its own requirements. Now, the national CERT that we have is the nodal apex agency but given the kind of growth that we anticipate in the digital area, we believe that at least in these three areas, we would need to have sectoral CERTs in place. I may mention that in the power CERT and telecom CERT, work is already going on. Now with the budget announcement, on the Fin CERT, we expect that this will also come up very

soon. In addition to that, we would need State CERTs. A question was raised as to whether these would compliment each other or whether they would be duplicating the work of other agencies. I want to mention here that that one single CERT for the entire country would simply be not enough given the rate of growth in cyber issues and crimes. The CERTs are expected to swing into action almost immediately. So, immediately on reporting or on observation of a cyber incident, within two to three hours, we expect that these agencies must be able to react and do a complete diagnostics and must be able to take pre-emptive or preventive measures. That is why, it is necessary that we have dedicated CERT infrastructure for some of the key sectors. Similarly, as regards State CERTs, Kerala and Maharashtra have already set up State CERTs. But going forward, we will need more State CERTs and the idea is that every State should be encouraged to have their own CERT to protect their own critical information infrastructure.xxxx....”

100. Section 70B of IT Act 2000 indicate that any cyber security related incidents should be reported mandatorily to CERT-In by all service providers, intermediaries, data centres and body corporate including Banks and NBFCs. Regarding the number of such incidents reported during the last one year and the action taken to address them, the Ministry stated that as per the information reported to and tracked by Indian Computer Emergency Response Team (CERT-In), a total no. of 50362 cyber security incidents were observed during the year 2016. The types of cyber security incidents include phishing, scanning/probing, website intrusions and defacements, virus/malicious code, Denial of Service attacks, etc. The reported incidents are analysed and necessary actions taken to mitigate the attacks in coordination with concerned organisations and service providers within and outside the country. Remedial measures are suggested to affected organisations to prevent recurrence of incidents.

101. On an assessment of required manpower/cyber security experts to meet the ever increasing challenges of online threats, the Ministry informed that National Cyber Security Policy 2013 has envisaged a need to create a workforce of 5 lakh professional

skilled in cyber security in the the next five years through capacity building, skill, development and training.

102. Regarding the status of cyber security experts and auditors in the country, the Ministry informed that CERT-In is empanelling the Cyber Security auditors through a stringent testing mechanism, to help government and critical sector organizations to conduct regular audits. At present there are 32 Cyber Security Auditors/ Auditing Organizations empanelled by the Indian Computer Emergency Response Team (CERT-In) for the purpose of carrying out cyber security audit related activities. The empanelment is a continuous process and new auditors are empanelled after successful completion of test procedures and verification of auditing skills. Government and critical sector organisations are consulting the list for their cyber security audit requirements.

103. On the current status of the targeted pool of 5 lakh skilled professionals in cyber security in India, the Ministry stated that Cyber Security is an evolving area and every day new technologies are being introduced in this domain and ever increasing demand for human resources in the area. To address the requirement of trained professionals in this niche area, Government has taken several initiatives which are as follows:-

- (i) Under the Information Security Education and Awareness (ISEA) project Phase I (2005-2014) initiated by MeitY, more than 44,000 candidates were trained in various formal/non-formal courses in Information Security through 40 institutions (including IISc. Bangalore, TIFR Mumbai, 4 IITs, 15 NITs, 4 IIITs, 7 Govt. Engineering Colleges and select centres of CDAC/ NIELIT). Formal courses include PhD, new M. Tech in Information Security, M. Tech/B. Tech retrofit. Non-formal courses include certificate/diploma/PG diploma courses, short term training programmes for professionals and faculty. In addition, around 100 Government officials, covering NIC, ICERT, STQC, CDAC, NIELIT, ERNET, Scientists from MeitY, Ministry of Defence, etc. were trained as Master Trainers in the area of Information Security.

- (ii) Subsequently, ISEA Project Phase-II was approved in 2014, which aims to train 1.14 lakh persons in various formal/non-formal courses and train more than 13,000 Government officials by March 2020. The start date of the project was revised as 01.04.2015 after selection of institutes. So far, 14,285 candidates have been trained/under-going training in various formal/non-formal courses through 52 institutions and 2,915 Government Officials are trained under direct training programmes in the area of Information Security.
- (iii) Cyber Security is increasingly getting introduced in curriculum of schools and colleges every year. Many universities and institutions are offering PhDs and Master's degree specializing in Cyber Security/ Information Security. Vocational training program on cyber security have been introduced by Ministry of Skills Development and Entrepreneurship, and also in universities like IGNOU.
- (iv) Further, Data Security Council of India (DSCI) & NASSCOM Sector Skills Council (SSC), under the aegis of National Skill Development Corporation (NSDC) are developing Career Map, Standardised Curricula (Qualification Packs) and courseware for upcoming job roles like Application Security, Network Security, Penetration Testing, Industrial Control Systems Security etc. 10 such courseware have already been released until date. The content is being rolled out in colleges and universities in Andhra Pradesh, Telangana and other parts of the country. Also, the content is being used for creating Master Trainers for different domains of Cyber Security. NASSCOM-SSC and DSCI will be certifying candidates on the Qualification Packs."

104. When asked whether any steps been taken to address the issue of cyber crimes, cyber frauds, financial e-frauds etc. from the perspective of the victims and what role can be played by CERT-In in this direction, the Ministry informed that the Police and Public Order are State subjects under the Constitution and as such the State Governments and Union Territory Administrations are primarily responsible for prevention, detection, registration and investigation of crimes including cyber crime. CERT-In has the following role:

- (a) The Indian Computer Emergency Response Team (CERT-In) issues alerts and advisories regarding latest cyber threats and countermeasures on regular basis. CERT-In has issued 432 advisories during 2016. 21 advisories

have been issued regarding safeguards for users and institutions to secure digital payments.

(b) Botnet Cleaning and Malware Analysis Centre has been established. The centre is providing detection of malicious programs and free tools to remove the same for common users.

(c) Cyber security awareness sessions have been conducted under the Digishala Awareness Campaign”

105. On whether there is any central helpline for victims of cyber crime pertaining to online Digital Payments and security of data, the Ministry informed that Banks and e-Wallet companies operate under the licence from RBI. RBI issues regular circulars and guidelines. Any cyber security incident can be reported to ICERT through e-mail/helpline/fax/letter by any bank or payment system operator.

106. On whether there exists any standard operating procedure to be followed by all banks/e-wallet companies in addressing customer grievances and if so, the details thereof along with the details of companies that have already set up fully dedicated customer grievance division to address complaints, the Ministry informed that Banks and e-Wallet companies operate under the licence from RBI. RBI issues regular circulars and guidelines. All banks and wallet operators need to have a grievance officer. During the recent workshops conducted by CERT-In, on ‘Security in Digital Payments’, it was clearly stated that all banks & e-wallets companies should have customer grievance mechanism to address customers’ grievances.

107. When asked about the level of coordination amongst the different stakeholders such as banks, financial institutions, data security providers, MeitY, Law Enforcement Agencies (LEA) etc. in the domain of ‘Digital Payments and online security of Data’, the Committee were informed that CERT-In, MeitY is working with banks to detect and mitigate incidents such as phishing, targeted attacks, denial of service attacks, etc. RBI

has advised banks and PPI's to implement the cyber security framework and carry out periodic audits. In addition, CERT-In is conducting mock drills for the financial sector in coordination with RBI and IDRBT. Workshops and meetings have been held regarding Security in Digital Payments for banks, Internet Service Providers (ISPs) and Prepaid Payment Instruments (PPIs) entities along with active participation from RBI, Department of Financial Services, Law Enforcement Agencies and companies providing cyber security solutions.

108. On the initiatives which have been taken to bring awareness about financial e-frauds etc. amongst the citizens, the Committee were informed that the Indian Computer Emergency Response Team (CERT-In) issues advisories on regular basis. CERT-In has issued 21 advisories regarding safeguards for users and institutions to secure digital payments. These advisories cover various areas such as security of POS Systems; security of Micro ATMs; Securing Wireless Access Points/Routers; Security of e-wallets; Securing Online Banking; Safeguarding Smartphones against Cyber attacks; Securing Mobile Banking; Mobile and Cloud data security; Online payments through Unified Payment Interface (UPI); Securing Biometric Devices; Preventing social engineering attacks; Securing Web Browsers; USSD based mobile banking; Securing wireless Hotspots; Personal online Security; Secure payment through Rupay card; Multiple Vulnerabilities in Google Android OS; Multiple Vulnerabilities in Apple IOS; Aadhaar Enabled Payment System; secure use of credit/debit cards; and safeguarding online identity.

109. CERT-In has also recorded cyber security awareness sessions under the DigiShala Awareness Campaign, a free Doordarshan DTH channel, for educating citizens and create awareness amongst internet users so that they do not fall prey to online frauds.

110. CERT-In conducts regular training programme to make the network and system administrators aware about securing the IT infrastructure and mitigating cyber attacks. 18 training programmes were conducted covering 580 participants during the year 2016.

111. Regarding the adequacy of existing legal frame work to deal with cases of cyber crimes involving financial transactions/ Digital Payments etc. and the need to create a separate entity such as Digital Payments Authority, the Ministry informed that at present, the IT Act 2000 addresses all aspects related to cyber space in a comprehensive manner with adequate compliance and deterrent provisions. IT Act has legal provisions to address cyber crimes like computer related offences (section 66), Identity Theft (section 66C) and Cheating by personation (section 66D). cyber crimes involving financial transactions/ Digital Payments may fall under these sections. There is a criminal penalty with imprisonment upto three years and fine. In addition section 43A and corresponding rules require a body corporate to deploy reasonable security practices and procedure including a Privacy Policy and a well defined and implemented information security system. Failing to comply with these provisions will attract compensation to the tune of damages. Also, the section 72A of the Act provides for punishment for disclosure of information in breach of lawful contract. On whether the IT Act, 2000 is sufficient to cater to emerging threats in the sphere of Digital Payments and online security of Data, the Ministry stated that The IT Act, 2000 with its last amendment in 2008, addressed the prevailing cyber threats. However, with the fast changing technology and the new threats emerging, the Act needs to be periodically revisited and updated to address the new threats. Taking into account the perceived threats for digital payments, MeitY is now working on framing rules for security of Pre-paid payment instruments.

112. The Ministry further informed that a Committee (Watal Committee) constituted by Ministry of Finance in November 2016 to review the framework related to Digital Payments has recommended to make regulation of payments independent from the function of central banking. The Committee weighed two options on how best this be implemented: (i) create an new payments regulator, or (ii) make the current Board for Regulation and Supervision of Payment and Settlement Systems (BPSS) within RBI more independent. While both the options would serve the intended objective, the Committee recommended that the BPSS be given an independent status which it today lacks by being a sub-committee of the Central Board of RBI. The statutory status of the new Board, within the overall structure of RBI, called Payments Regulatory Board (PRB) should be enshrined in the Payments and Settlement Systems Act, 2007 – Implementation by MoF: Finalisation of structure of PRB may be done in 30 days.’ The Committee has submitted its report to Ministry of Finance in December 2016.

113. On the legal constraints being faced by the Government in checking the menace of cyber-crime pertaining to online financial transactions and the proposed measures to overcome the same, the Ministry informed as under:-

“There are provisions in the IT Act, 2000 (with its last amendment in the year 2008). The IT Act was prepared to take care of the cyber crimes prevailing at that time. With the ever evolving new technologies and innovations, the type and complexities of cyber crimes related to financial frauds have also increased. The key areas of concerns are privacy, security and an effective grievance redressal mechanism.

RBI issued a *Master Circular* in July 2016 setting out the policy framework for issuance and operation of pre-paid payment instruments (PPIs) as well as the regulation of the payment systems providers/operators. On the security front, in view of the recent demonetisation and the stress on digital transactions and to address the issue of cyber resilience, RBI vide circular regarding “Security and Risk Mitigation measure - Technical Audit of Prepaid Payment Instrument issuers” (circular No. DPSS.CO.OSD.No.: 1485/06.08.005/2016-17 dated December 9, 2016) had instructed all authorised entities / banks issuing

PPIs in the country to carry out a special audit by the empanelled auditors of Indian Computer Emergency Response Team (CERT-In) on a priority basis and take immediate steps thereafter to comply with the findings of the audit report. RBI also issued a circular earlier in June 2016 covering comprehensive guidelines on Cyber Security Framework in Banks.

The Indian Computer Emergency Response Team (CERT-In) has issued 21 advisories regarding safeguards for users and institutions to secure digital payments. CERT-In has also conducted Cyber security awareness sessions under the Digishala Awareness Campaign.

Taking into account the perceived threats for digital payments, MeitY is also working on framing rules for security of Pre-paid payment instrument.”

114. When asked about the implementation status of Cyber Security Policy, 2013, the Ministry informed as under:-

- (i) “CERT-In is designated as a National nodal agency to coordinate matters related to cyber security incidence in the country.
- (ii) Organizations (including government, public and private) designated Chief Information Security Officers (CISOs), who are responsible for cyber security efforts and initiatives. A Database of such CISOs of about 900 organisations has been created and is available.
- (iii) On encouraging organisations to develop their own cyber security policy, some organisations (including private and public sector) developed their organisation level cyber security policy.
- (iv) Public Private Partnership has been developed for cooperation and collaboration for responding cyber security incidents.
- (v) Awareness has been created in law enforcement agency through conducting cyber crime awareness workshops. So far 15 workshops in 15 States have been conducted and approximately 2000 State police attended these workshops.
- (vi) Cyber forensics training labs in all north eastern states and cities such as Mumbai, Pune, Kolkata and Bangalore have been setup and 1250 police in north eastern States and more than 20,000 state police in as Mumbai,

Pune, Kolkata and Bangalore labs have been trained for dealing with cyber crime.

- (vii) Cyber Crisis Management Plan (CCMP) for countering cyber threats and cyber terrorism has been developed and so far 42 workshops have been conducted for Central Govt. Ministries/Departments (15) and States/UTs (9) and other organisations (18).”

7 Autonomous and Other Bodies

7.1 Unique Identification Authority Of India (UIDAI)

115. 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) by virtue of Cabinet Secretariat’s Notification S.O.2492(E) dated 12th September 2015.

116. When asked whether all the formalities on account of transfer of UIDAI under Ministry of Electronics and Information Technology (MeitY) have been completed and the current status of transfer of officers of accounting cadre from Department of Planning to MeitY, the Ministry stated that the requisite formalities for transfer of accounting cadre staff from Ministry of Planning to MeitY have been completed.

117. The Ministry have furnished the details of allocations to the UIDAI during last 5 years along with the actual utilization as under:-

| Year | RE Allocation (Rupees in Crore) | Utilisation (Rupees in Crore) |
|-------------|--|--|
| 2011-12 | 1200.00 | 1187.50 |
| 2012-13 | 1350.00 | 1338.72 |
| 2013-14 | 1550.00 | 1544.44 |
| 2014-15 | 1617.73 | 1615.33 |
| 2015-16 | 1916.43 | 1680.44 |
| 2016-17 | 985.26 | 828.81 (as on 13.02.2017) |

118. On the current status of UIDAI enrollment and time by which the Ministry aims to cover all the eligible residents of India, the Ministry informed that Aadhaar enrolment is undertaken on voluntary basis; and is an ongoing process. While a target of universal enrolment is being pursued, a total of 111.31 crore (87.1%) Aadhaar have been generated as on 31st January, 2017 out of a total population of 128 crore (Projected 2015).

119. On being enquired as to whether the budgetary allocation for FY 2017-18 to UIDAI of Rs. 900 crore is sufficient for the targets set for the financial year 2017-18, the Ministry stated that UIDAI has been allocated grants-in-aid of Rs.900 crore against the BE 2017-18 projection of Rs.1938.76 crore. The BE proposals were put up after considering increased rate of enrolment assistance from existing Rs.40/- to Rs.50/- per Aadhaar generation which was necessitated as the Aadhaar eco-system partners were finding it commercially less viable to sustain the operations owing to low footfalls with increase in Aadhaar saturation. ICT infrastructure, which includes providing basic hardware and software for Aadhaar search, update, enrolment of residual beneficiaries, and authentication facilities at key locations in the field, and linking them to State IT

Infrastructure as well as other value added services and seeding Aadhaar into the various databases; is being set up by States at a fast pace and support from UIDAI in this regard becomes imperative. Moreover, servers and hardware that were purchased more than six years ago have to be phased out and replaced by new hardware. In view of the committed and contractual requirements, Ministry has been requested to consider additional allocation of at least Rs.300 crore for UIDAI for 2017-18. Therefore, the current allocation of Rs.900.00 crore will not be sufficient to meet the above commitments.

120. When asked about the impact of UIDAI getting a legal status on the privacy of citizens and the likely security implications, the Committee were apprised as under:-

“The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 [Act 18 of 2016], was passed by the Parliament on 16-03-2016. It is designed to promote good governance, financial inclusion and for targeted delivery of subsidies, benefits and services to deserving individuals in a transparent manner. In the Act, all important, legally validated and well certified principles of data privacy and protection of information have been incorporated.

The scheme of issuance of Aadhaar numbers involve certain issues, such as security and confidentiality of information, imposition of obligation of disclosure of information so collected in certain cases, possible impersonation by certain individuals at the time of enrolment, investigation of certain acts constituting offence particularly in relation to unauthorised disclosure of information collected for the purposes of issue of the unique identification numbers, which should be addressed by law and attract penalties wherever required.

With a legal/legislative framework in place, these issues of privacy, data security, sharing of information and matters related to offences and penalties have been addressed effectively.

The Act further lays down the powers and functions of the Authority, the framework for issuing Aadhaar, framework for Authentication of the Aadhaar

number holder to establish identity, major penalties and matters incidental thereto through an Act of Parliament.

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 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.”

121. On the role envisaged for Aadhar in Digital Payments and e-KYC process, the Ministry stated that Aadhaar is unique and does not change over the lifecycle of an individual. The 12-digit Aadhaar is sufficient to transfer any payments to an individual. Today, in order to transfer money to a beneficiary, the Governments/ Institutions need to know the bank account, IFSC Code, and bank branch details etc. which is prone to change. However, Aadhaar offers the possibility of sending money by just using the 12-digit number for life without bothering about any changes in the bank account of the individuals. Thus, with this unique property of being valid for a lifetime, Aadhaar is very well perceived as a Financial Address in the banking sector. A payment platform called the Aadhaar-enabled Payment Systems (*AEPS*) has been designed and implemented by NPCI. The *AEPS* system works through a device called ‘MicroATM’ and resident validation for banking transaction is done through Aadhaar Based biometric authentication, online. *Aadhaar Pay* is the merchant version of *AEPS* and is due for official launch shortly. The application works on a low cost android phone with an attached finger bio-metric device. It enables merchant to take cashless payment from his customers. Customer is only required to give his Aadhaar number, name of the bank (from where the money is to be deducted) and his finger print for authentication. *Pay-*

to-Aadhaar is the service of being able to make a payment to an individual's Aadhaar number. 17 Banks are offering this service on *BHIM app*.

122. In view of the widespread usage of UIDAI data for authentication, e-KYC, financial transactions etc., there will be a lot of strain on UIDAI resources. When asked whether there is any proposal to create a sustainable revenue model for UIDAI, the Committee were informed as under:-

“UIDAI was established in 2009 with the vision ‘to empower residents of India with a unique identity and a digital platform to authenticate anytime, anywhere’. UIDAI provides instant authentication and e-KYC facilities, using which various services such as banking, SIM cards, Passports, distribution of foodgrains, disbursement benefits through DBT and subsidies, Scholarships, Pension etc. are being delivered digitally with great convenience to people. Aadhaar being a disruptive technology with immense potential to transform existing systems, UIDAI had initially taken a conscious decision to make its services available to people free of cost to encourage widespread acceptance of Aadhaar both as a proof of identity and a mode of on line instant verification. Usage of Aadhaar is at present in a preliminary stage. Several steps are being taken to promote use of Aadhaar in Government as well as private sectors. In the initial stage itself Aadhaar has started giving tremendous benefits. Even with partial adoption, Aadhaar has plugged massive leakages in a number of government schemes yielding huge savings in PDS, MNREGA, LPG Subsidies, etc. during the last three years. It is a well accepted principle that to promote new disruptive technology system during initial phases, services should be provided with incentives or at least free of cost to the public.

In view of the above, UIDAI is internally examining various pricing models as well as the impact of pricing on pace of adoption of Aadhaar.”

123. On being asked whether UIDAI charge any fee for carrying out e-KYC or authentication services and the status of finalization of Pricing Policy for authentication services, the Committee were apprised that presently, UIDAI does not charge anything

for providing e-KYC and authenticating services. UIDAI is examining and studying various pricing models.

8 Recent Developments in US and impact on IT Sector

124. When asked about the likely impact of change of Government in USA on the Indian IT industry and whether any assessment has been done by the Ministry or MEA and the steps being taken in this regard, during the evidence, the Secretary, MeitY informed as under:-

“...xxxx.... the Indian IT industry has expressed very serious concern because the Indian IT industry is likely to be impacted very heavily by these five draft legislations that are on the floor of the US Congress and almost all of these five legislations target the H1B Immigration Programmes which IT companies use heavily. If these Bills do get passed, then what it will mean is that it will become far more expensive for Indian IT companies to send their people to US and, therefore, their competitiveness is likely to be affected. Based on various interactions that have been held, it is not very clear whether the US Government will indeed go ahead with the legislations. Yesterday, a team of 8 senior legislators from the US had met the Minister of Information Technology and the point made to them was that this whole issue should be looked at in the larger context of US-India relations and how we can contribute to innovation in that country. Basically we expect to wait and watch to see what happens next there.”

125. When asked whether the Ministry expect any exodus from USA and whether the business potential for IT companies in other markets has been evaluated, Secretary, MeitY informed as under:-

“At this point of time, ‘no’. We have also conveyed some messages as to how Indian IT companies have contributed there. We have contributed to over four lakh jobs to the US economy, the Indian IT industry has paid taxes to the tune of 20 billion US dollars and so on....xxx....we definitely have a strategy of reducing this over dependence on one geographical region and we are looking at new emerging markets. That is still a work in progress. We will have to continue to work on that....xxx...we are looking at areas where opportunities lie

and where Indian IT companies can have competitive advantage. I am unable to give you a specific time frame now.”

PART-II
OBSERVATIONS/RECOMMENDATIONS

Budget Analysis

1. The Budget Estimate (BE) allocation of MeitY for the year 2017-18 is Rs. 4039 crore as against the proposed allocation of Rs.4034.00 crore which includes Rs. 3690 Crore under Revenue section and Rs. 349 crore under Capital section. This is in sharp contrast to the allocation made in 2016-17 wherein as against the proposed amount of Rs. 9530.90 crore, the Ministry had been given plan allocation of Rs. 3200.00 crore only, which was subsequently enhanced to Rs. 3440.42 crore at RE stage. However, the actual expenditure incurred by the Ministry was Rs. 2931.97 crore till 31st January, 2017. On the increase in allocation during 2017-18 compared to the allocation during 2016-17, the Ministry have stated that there is an increase of about Rs. 710 crore in allocation in BE 2017-18 over and above the BE allocation of FY 2016-17. Out of this increased provision, Rs. 500 crore is meant for Promotion of Electronics and IT Hardware Manufacturing (MSIPS, EDF and Manufacturing Clusters). Hence, for other schemes/projects, the increase is very marginal. On the issue of adequacy of funds, the Ministry have stated that MeitY will not only achieve full utilization during the year 2016-17 but also may need to request for additional funds for smoother implementation of other projects/schemes. Keeping in view the vast mandate of the Ministry and increasing role of MeitY in Government's flagship programmes such as Digital India, Make in India and push towards digital payments through demonetization etc., the Committee feel that the Ministry need to have adequate budgetary resources to achieve and sustain balanced growth in all the areas and also ensure that critical programmes of Government of India implemented/executed through the Ministry are not affected due to want of funds. While hoping that the Ministry would be able to achieve optimal utilization of funds during 2017-18, the

Committee recommend the Ministry to take special care and ensure that the enhanced allocation should be expended as per the plan chalked out by the Ministry.

Position of Outstanding Utilization Certificates

2. The Committee note that as on 31st December 2016, a total of 159 Utilization certificates amounting to Rs. 368.29 crore were due. The Ministry further informed that it has taken several initiatives for reducing the number of pending UCs and holding implementing agencies more accountable and is meticulously putting its efforts in liquidating the pending Utilization Certificates. As a result of the Ministry's efforts, during the last one year, the number of pending UCs has been liquidated at an accelerated pace. The number of pending UCs has reduced from 439 amounting to Rs. 1133.53 crore as on 01.04.2016 to 214 amounting to Rs. 648.56 crore as on 01.10.2016 and further reduced to 159 UCs amounting to Rs. 368.29 crore as on 01.01.2017. The Committee further note that out of total Unspent Balance of Rs. 2035.70 crore (674 UCs) with States/implementing Agencies, 254 UCs amounting to Rs. 767.20 crore would become due on 01.04.2017 and 261 UCs amounting to Rs. 900.21 crore would become due on 01.04.2018. While taking note of the efforts made by the Ministry during 2016-17 in liquidating the pending Utilization Certificates at a significant pace, the Committee desire the Ministry to make continuous and sustained effort with periodic monitoring in the future also to avoid any pendency in Utilization Certificates as it could have adverse impact on release of subsequent funds for important Government schemes.

Internal and Extra Budgetary Resources (IEBR)

3. The Committee note that during the year 2015-16, an IEBR target of Rs.897.93 crore had been set by the Ministry which was increased to Rs.1131.77 crore at the RE stage. Against this, the Autonomous Societies under MeitY could achieve an IEBR target of Rs.934.23 crore only which fell far short of the target set at RE stage. The

Committee note with concern that during the year 2016-17, though a target of Rs.1514.94 crore had been set initially by the Ministry at BE stage for the Societies, this target was reduced to Rs. 1006.96 crore at RE stage and out of this the achievement has been Rs. 710.86 crore only as on 31.01.2017. For both the years 2015-16 and 2016-17, the Societies under the Ministry have fallen short of the targets set at RE stage for their Internal and Extra Budgetary Resources (IEBR). The Committee were given to understand that the shortfall in IEBR during 2016-17 was mainly due to non-materialization of project proposals of Software Technology Park of India. (STPI) The Committee also note that IEBR target for 2017-18 stands at Rs. 1036.13 crore which is approximately 20% of the total approved outlay of Rs. 5075.13 crore and the rest 80% is met through Government Grants. The Committee while appreciating the financial performance of National Institute of Electronics and Information Technology (NIELIT) and Centre for Development of Advanced Computing (C-DAC), the largest generators of IEBR for the Ministry which work in areas of skill development and R&D activities also take note of the fact that the performance of Societies such as STPI/EHTP and SAMEER have not been very encouraging. Ministry of Electronics and Information Technology being a knowledge based Ministry having several Autonomous Societies under their aegis such as NIELIT, ERNET, STPI, C-DAC, SAMEER and C-MET working in diverse niche areas like R&D in IT, Electronics and associated ICT technologies have significant potential for revenue generation. The Committee, therefore, recommend that sincere efforts should be made by the Ministry for achievement of IEBR targets set for 2017-18 and also the Ministry should explore and identify new areas of potential revenue generation by notable Autonomous Societies so as to increase the IEBR component in the total outlay of the Ministry and reduce their dependence on Government Grants.

National Informatics Centre (NIC)- Manpower & Infrastructure constraints

4. The National Informatics Centre (NIC) was established in 1976, and has emerged as a 'prime builder' of e-Government/e-Governance applications up to the grassroots level as well as a promoter of digital opportunities for sustainable development. NIC, through its ICT Network, "NICNET", has institutional linkages with all Ministries /Departments of Central Government, 36 State Governments/Union Territories, and about 680+ District administrations of India. The Committee note that during the year 2016-17, there has been an upward revision of allocation at RE stage from Rs. 800 crore to Rs. 960 crore, comprising of Rs. 69 crore meant for Salary revision due to implementation of recommendations of 7th Pay Commission and the remaining Rs. 91 crore for setting up of state-of-the-art National Data Centre at Bhubaneswar and for the development of Central Public Procurement Portal etc. The Committee are, however, concerned to note that two major constraints of NIC *i.e.* manpower and infrastructure have not been addressed by the Ministry till date. The Ministry themselves have submitted that with NIC's main focus in providing latest State-of-the-art ICT infrastructure, as per increasing IT requirement at State/District level, it has become difficult for them to sustain the number of projects with the existing manpower with NIC. Another constraint being faced by the institution is basic infrastructure upgradation across the country to match with its huge expansion of e-governance projects and activities. During the examination of Demands for Grants (2016-17), the Ministry had informed that with regard to shortage of regular manpower, 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, which was under consideration for Inter-Ministerial approval. The Committee are dismayed to note that the above proposal which was mooted way back in 2014 is yet to be approved by the Ministry of Finance. The Committee need not emphasize that NIC being the backbone of the ICT infrastructure in the country, it

is imperative that their manpower and infrastructure requirements are given due attention. The Committee, therefore, recommend the Ministry that manpower and infrastructure issues in NIC should be taken up on priority at the highest level and proposal of creation of additional posts in NIC be fast tracked without any delay.

National Informatics Centre (NIC)- Promotion of email/Instant Communication Apps

5. The Committee note that the number of Government officials using the NIC mail which was 4.5 lakh at the time of release of the service has increased to over 1.5 million (15 lakh). The mandate as per the email policy of the Government is to provide email id's to 5 million (50 lakh) users. The Committee also note that the Government had approved formation of a High Level Review Committee for transformation of NIC to NIC 2.0. This Committee have recommended for redefining the vision, mission and objectives of NIC. As recommended by this Committee, NIC is to play a key role in architecting, designing and developing the core information assets of the nation. The Committee learn that the recommendations are under implementation. Although the email policy has been circulated across all Ministries and Departments, there has been no special focus to ask users to migrate as the service is in the process of being upgraded. Once the service is upgraded, Ministries and Departments would be mandated to start using the Government service. To make the transition easier, videos and FAQ's are being prepared. While appreciating the efforts of NIC in promotion of its email services and efforts to transform itself into NIC 2.0, the Committee recommend that along with its ongoing initiatives, NIC should lay emphasis on promotion/adoption of its existing e-office solution and further explore development of innovative contemporary solutions for faster communication in Government setup/institutions such as introduction of instant communication Apps which can cater to instant communication needs and speed up the decision making process in a safe and secure environment.

Cyber Security (including CERT-In, IT Act) – Need for optimum utilization of funds

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, etc. The Committee are, however, concerned to note that allocations under Cyber Security has been reducing continuously during the past three years. During the year 2014-15, the allocation at the BE stage was Rs.120 crore which was reduced to Rs.62 crore at the RE stage and Actual Expenditure was Rs.58.59 crore only. During 2015-16, the allocation at BE stage was Rs.105 crore which was reduced to Rs.85 crore at RE stage and Actual Expenditure was Rs.68.21 crore only. Similarly, during the year 2016-17, the allocation at BE stage was Rs.70 crore which was reduced to Rs.53.61 crore at RE stage and Actual Expenditure has been Rs.31.84 crore. For the year 2017-18, there has been an allocation of Rs. 40.48 crore to Cyber Security programme. In 2017-18, establishment of National Cyber Co-ordination Centre (NCCC), which was earlier a part of this programme has been moved to Cyber Security Projects (NCCC & others) scheme under the Digital India programme with separate allocation of Rs. 100 crore. While deploring the consistent reduction in Budget allocation as also the underutilization of funds in the Cyber Security programme that caters to operational expenditure of critical statutory organizations such as CERT-In and CAT, the Committee recommend that the Ministry need to give focused attention to this area and steps may be taken to optimally utilize the allocation made under this programme.

Digital India Programme – Need for higher allocation of funds

7. The Committee note that Digital India Programme is an umbrella programme to prepare India for knowledge based transformation. The Digital India program is centered on three key vision areas viz., (i) Digital Infrastructure as a Utility to Every Citizen (ii) Governance and Services on Demand and (iii) Digital Empowerment of

Citizens. Digital India also aims to provide the much needed thrust to the nine pillars of growth areas, viz., (i) Broadband Highways (ii) Universal Access to Mobile Connectivity (iii) Public Internet Access Programme (iv) e-Governance – Reforming Government through Technology (v) e-Kranti - Electronic Delivery of Services (vi) Information for All (vii) Electronics Manufacturing (viii) IT for Jobs and (ix) Early Harvest Programmes. The Committee also note that the allocation made by the Ministry of Finance for the year 2017-18 is more than that proposed by MeitY. For 2015-16, the Ministry had proposed Rs. 4034.10 crore but the actual allocation was only Rs. 1478.90 crore whereas for 2016-17, the Ministry had proposed Rs. 5778.07 crore and the allocation was only Rs. 1285.10 crore. Consequently, while the actual expenditure in Digital India program shows a gradual decline year-after-year from Rs. 2332.28 crore in 2014-15 to Rs. 1387.54 crore in 2015-16 to Rs. 1097.29 crore in 2016-17. The BE allocation for 2017-18, however marks a change in the previous trend. For 2017-18, against the proposed amount of Rs. 1498.55 crore, the Ministry have been allocated an amount of Rs. 1672.76 crore. The Committee find that despite good utilization of allocation by the Ministry for the Digital India Programme, the Ministry of Finance have not been considerate to the requirement of funds as proposed by MeitY. While appreciating the Ministry for optimum utilization of funds in the Digital India Programme, the Committee recommend the Ministry to impress upon the Ministry of Finance for higher allocation in such an important flagship scheme of the Government which encompasses several crucial sub-schemes so that their implementation do not suffer for want of funds.

Manpower Development

8. The Committee note that during the year 2015-16, the Manpower Development scheme under the Digital India Programme was allocated Rs. 694.80 crore at BE stage which was reduced to Rs. 494.80 crore at RE stage and the actual utilization was 489.55 crore. In the year 2016-17, the scheme was allocated Rs. 365.00 crore at BE

stage which remained unchanged at RE stage and the actual utilization has been Rs. 310.74 crore as on 31.01.2017. For the year 2017-18, the scheme has been allocated Rs. 306.76 crore. The Ministry of Skill Development and Entrepreneurship assigns a target of skilling every year to MeitY which is achieved through National Institute of Electronics and Information Technology (NIELIT), an autonomous scientific society setup by MeitY. A small portion of the target is also assigned to C-DAC which is also engaged in education and training in upcoming/emerging and niche areas. For the FY 2016-17, a target of skilling 3.96 lakh candidates was assigned to MeitY and as on 14.02.2016, a total of about 3.44 lakh candidates were trained by NIELIT and CDAC. While appreciating the role of NIELIT and C-DAC in imparting requisite skills for manpower development in the domain of Electronics and Information Technology, the Committee are of the view that gradual decline in the allocations for such an important scheme of the Ministry is an area of concern. Considering the huge requirement of funds, particularly in the light of thrust laid on digital payment, where Government is emphasizing on at least one person in household to be digitally literate to operate the mobile application, adequate funds need to be ensured for this programme and role of societies like NIELET and C-DAC which have got pan-India presence and are engaged in skilling in non-formal sector in IT and Electronics should be expanded and possibility may be explored to recognize them as skilling institutes in IT and Electronics and allied verticals to generate skilled manpower. The Committee also recommend that instead of solely depending on Government grant, the Ministry should explore new avenues of funding for programmes like digital literacy. Being the nodal Ministry, MeitY should act as a facilitator and ensure that the funds under the Corporate Social Responsibility is properly channelized and financial resources of the industry is tapped for manpower development and digital literacy. The Ministry should also increase their coordination

with the Ministry of Skill Development to meet the manpower and training related requirement of the sector.

State Wide Area Network (SWAN) – J&K and A&N Islands

9. The Committee note that SWAN has been implemented in all the States/UTs except Jammu & Kashmir and Andaman & Nicobar Islands. The States/UTs have been utilizing the core infrastructure of SWAN for connectivity and dedicated close user application access connectivity. SWAN has been integrated with National Knowledge Network (NKN) in 29 States/UTs at SHQ level and at 440 district centers to provide high bandwidth. Increasing digitization amongst states has led to higher utilization of available bandwidth. At present, 30 States/UTs are utilizing more than 60% of bandwidth of the existing link capacity and the bandwidth utilization is likely to increase further in future. The Committee are, however, concerned to note that major impediments such as lack of participation of System Integrators (poor bid response) and higher bid value which has led to re-tendering four times in respect of J&K and twice in respect of A&N Islands are acting as major roadblocks in operationalization of SWAN in these States/UTs. The Committee have been informed that the State of J&K is in the process of re-floating of RFP for selection of System Integrator (SI) and the UT of A&N Islands has finalized the RFP/Technical requirement for selection of System Integrator (SI). The Committee are of the view that seamless connectivity through implementation of SWAN is essential to leverage the digital infrastructure in the States/UTs, and it is disturbing to note that implementation of SWAN in Jammu & Kashmir and Andaman & Nicobar Islands has been delayed badly due to the above hurdles. The Committee recommend that concerted efforts be made to address the above issues and State Wide Area Network be made operational at the earliest in the remaining States/UTs including that of J&K and A&N Islands.

Common Service Centres (CSCs)

10. The Committee note that CSC 2.0 launched in August, 2015 aims for establishing self sustaining network of 2.5 lakh CSCs at Gram Panchayat (GP) level under Digital India - Pillar 3 - Public Internet Access Programme. 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. The Committee note that the total number of CSCs established as of March, 2015 was 1,40,933. As of March, 2016, this number rose to 1,99,325 and by January, 2017, it further increased to 3,10,685. At Gram Panchayat level, 1,77,812 CSCs have been set up against the target of 2.5 lakhs. The Committee are glad to find that as per the available figures, new CSCs are being set up at an increasing rate. However, as far as the effectiveness of the CSCs is concerned, there is a huge variation in the progress of average transactions recorded across different States/UTs. During the year 2016, while Uttar Pradesh having 62,697 CSCs has recorded 12.52 lakh transactions, Maharashtra having 31,550 CSCs has recorded 44.42 lakh transactions whereas Karnataka having just 5337 CSCs has recorded a whopping 2.39 crore transactions. There is also a need to strengthen accountability through setting up of Quality of Service (QoS) benchmarks for the services offered through CSCs and strengthening extant grievance redressal mechanism for CSC users. In this regard, the Committee would like to stress the significant role of Rapid Assessment System (RAS) and urge the Government to implement the project efficiently. The Committee recommend the Ministry to take steps to ensure uniformity in access to e-services delivered through CSCs to ensure that a person living in remote areas such as Mizoram in North East has equal access to e-services through CSCs in comparison to a person living in Metropolitan cities of Delhi or Mumbai. The Committee also recommend that major hurdles like lack of

connectivity, lack of power, and issues of last mile connectivity beyond BharatNet point be addressed suitably to facilitate faster rollout of CSCs.

State Data Centre (SDC)

11. State Data Centre (SDC) is one of the three core infrastructure components. Under the SDC Scheme, a Data Centre is provided 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 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. The Committee note that till now 26 SDCs have been declared operational. These are Tamil Nadu, Puducherry, West Bengal, Andhra Pradesh, Meghalaya, Karnataka, Manipur, Odisha, Sikkim, Haryana, Kerala, Maharashtra, Gujarat, Tripura, Rajasthan, Nagaland, Uttar Pradesh, Andaman & Nicobar, Madhya Pradesh, Lakshadweep, Chhattisgarh, Jammu & Kashmir, Mizoram, Bihar, Himachal Pradesh and Jharkhand. During the year 2017-18, there is a target of operationalizing six SDCs in Goa, Punjab, Uttaranchal, Arunachal Pradesh, Assam and Dadar & Nagar Haveli and Daman & Diu which are at preliminary stages of implementation. The Committee are given to understand that major challenges in setting up/operationalization of SDCs include lack of site availability, issues in finalization of site, delays in bid process, repetition of bidding by States involved due to multiple reasons, delays in getting internal approvals and signing of contracts. However, Ministry of Electronics and Information Technology have held several meetings with the stakeholders and provided necessary support to speed-up the process and fix any problems which were leading to delay in implementation and operationalization of SDCs. While noting that Data Centres are essential to consolidate services, applications and infrastructure, the

Committee recommend that establishment of State Data Centers in the remaining States/UTs may be expedited on a mission mode so as to enable the States to deliver electronic services through common service delivery platforms in a seamless manner. The Committee would like to be informed in the matter.

Promotion of Electronics and IT Hardware Manufacturing

12. The Committee note that Government have been taking several initiatives on continuous basis for promotion of electronics manufacturing in the country to provide an enabling environment for the industry to compete globally. Electronics manufacturing is one of the important pillars of Digital India Programme with target to achieve net zero imports. The demand for electronics hardware is expected to rise rapidly and India has the potential to become an electronics hardware manufacturing hub and contribute significantly to the GDP, employment opportunities and exports. The Committee note that as against the proposed amount of Rs. 77 crore, there has been an allocation of Rs. 745 crore resulting in an almost ten-fold increase in its allocation for the year 2017-18. An almost ten-fold increase in the budgetary allocation for Promotion of Electronics & IT Hardware Manufacturing scheme under the Digital India Programme also underscores the importance which is attached to this programme. The Committee were informed that the consumption of electronics items in India is increasing at a fast pace and rose from Rs. 2,87,969 crore during 2012-13 to Rs. 4,68,046 crore during the year 2015-16. During the year 2015-16, the demand met through imports stood at 48% while the percentage of electronics consumption in India met through domestic production stood at 52% which translates to total electronics imports in India during 2015-16 at a staggering figure of Rs. 2,24,662.08 crore. While taking note of the huge electronics imports in India, the Committee recommend the Ministry to focus on creating an enabling environment in India for domestic production of electronics hardware and reduce the dependence on imports

from other countries. Promotion of domestic hardware manufacturing would not only check the rising imports but also give a fillip to domestic GDP, employment generation and exports.

Promotion of Electronics and IT Hardware Manufacturing – Need for holistic approach

13. The Committee note that initiatives such as the Modified Special Incentive Package Scheme (M-SIPS), Electronics Development Fund (EDF) and Electronics Manufacturing Clusters (EMC) scheme etc. have been taken by the Government to boost the Electronics and IT Hardware Manufacturing sector in India. M-SIPS was announced by the Government in July 2012 to offset disability and attract investments in Electronics System Design and Manufacturing (ESDM) Industries. The scheme provides subsidy for investments in capital expenditure- 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. It also provides for reimbursements of CVD/ excise for capital equipment for the non-SEZ units. For select very high technology and high capital investment units like fabs, there is provision for reimbursement of central taxes and duties such as Customs duty, Service Tax and Excise Duties. The incentives are provided on reimbursement basis. Electronic Development Fund (EDF) policy has been operationalized to support Daughter Funds including Early Stage, Angel Funds and Venture Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The supported Daughter Funds will promote innovation, R&D, product development within the country. Government have appointed CANBANK Venture Capital Funds Ltd. (CVCFL) as Fund Manager of the Electronics Development Fund and letters of commitment have already been given to four daughter funds. The EDF is 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 electronics industry. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for

electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs. 50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs. 50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided. The Committee are given to understand that recently the Ministry have notified a policy for providing preference to domestically manufactured electronic products wherein the percentage of procurement to be made from domestic manufacturers of electronic products shall not be less than 30 per cent of the total procurement value. The Committee are given to understand that Promotion of Electronics and IT hardware manufacturing in India is an uphill task owing to challenges such as unreliable and costly power supply, high cost of finance, poor infrastructure and logistics, weak components manufacturing base and high transaction costs due to stringent rules and regulations and complex administrative processes. All these issues put India in a disadvantaged position vis-a-vis other existing locations which already have manpower, experience, supply-chain and support systems for electronics & IT hardware manufacturing. A lack of targeted and proactive R&D in collaboration with the industry further adds to the problem. While appreciating the comprehensive schemes floated by the Government to promote electronics and IT hardware manufacturing in India, the Committee find that despite the best efforts of the Ministry, indigenous production of electronics and IT hardware is not picking up as expected and the issue needs to be addressed in a holistic manner on a priority basis. The Committee feel that the issue requires coordination amongst multiple Ministries/Departments of the Government and streamlining the various initiatives aimed at promotion of Electronics and IT hardware manufacturing in India. There is also an underlying need for regular monitoring of the schemes along with

mechanisms for mid-term course correction in order to meet the desired objectives. At the same time, the Committee urge that huge upsurge in allocation of funds in this sector need to be matched with optimal and prudent utilization of funds as per Plan programmes. The Committee may also be apprised of the outcome and impact of the Ministry's policy with regard to providing preference to domestically manufactured electronic products in Government procurement and the implementation status of Electronics and Information Technology Goods (Requirements for Compulsory Registration) Order, 2012 concerning compulsory safety standards for electronic products.

Cyber Security Projects (NCCC and others)-synergy amongst agencies and need for a consolidated fund for cyber security

14. The Committee note that Cyber Security Projects (NCCC & others) have been allocated Rs. 100 crore as against the proposed allocation of Rs. 30.55 crore. The increase in budget allocation is to establish a limited version of National Cyber Coordination Centre (NCCC) which would serve as a test bed before its full scale implementation. The objective of setting up 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. At present, the process for procurement of equipment / technology for setting up of limited version of NCCC is in progress and the full scale NCCC is envisaged to become operational in a period of 1 year subject to availability of requisite funds, manpower and suitable space to host the Centre. The Committee also note that these initiatives of the Ministry are in addition to the operational activities of the cyber security programme with an allocation of Rs. 40.48 crore for the year 2017-18, wherein the budget concerns the requirement of CERT-In (operational expenditure), Cyber Appellate Tribunal (CAT) (operational expenditure) and Cyber Security R&D (Grant-in-aid). Considering the fact that cyber security is going

to be an area of major concern in future and would require allocation of significant resources, the Committee recommend that instead of having multiple budgetary heads for funding cyber security agencies/programs, the Ministry should have a separate consolidated fund covering all the aspects related to cyber security. The consolidated fund can be used for schemes such as Cyber Security Projects which includes setting up of the proposed NCCC as well as meeting the financial requirements of the existing organizations/programs such as CERT-In, CAT and Cyber Security R&D. The Committee also recommend steps to strengthen proposal for allocation of 10% of the IT budget of every Ministry/Department towards cyber security. While appreciating the setting up of NCCC as a pro-active agency in dealing with issues relating to cyber space in contrast to the existing CERT-In which plays a rather passive or reactive role, the Committee hope that setting up multiple institutions catering to cyber security would not give rise to confusion, overlapping of functions and lack of accountability. The Committee hope that the three institutions viz. the existing CERT-In, the Botnet centre and the proposed NCCC should be integrated to complement each other and provide a seamless security framework for effectively dealing with emerging threats in the Indian cyber space.

Cyber Security – Need for a comprehensive overhaul through Sectoral CERTs

15. The Committee note that the number of cyber security incidents reported to CERT-In have been increasing year-on-year and have jumped from 7981 cases in 2009 to 50362 cases in 2016. With the Government's push towards a less-cash economy, the number of online transactions is expected to rise exponentially. With an exponential rise in the number of electronic transactions/digital payments, there is likely to be a proportionate increase in cases of cyber crimes, cyber frauds, financial e-frauds etc. The Indian Computer Emergency Response Team (CERT-In) is the nodal agency for cyber security in India. CERT-In has been designated under Section 70B of

Information Technology (Amendment) Act 2008 to serve as the national agency to perform the various functions in the area of cyber security, viz. collection, analysis and dissemination of information on cyber incidents, forecast and alerts of cyber security incidents, emergency measures for handling cyber security incidents, coordination of cyber incident response activities, etc. The Committee find that CERT-In, the existing nodal agency for securing the Indian cyber space, in its existing passive/reactive role comprising of issuing advisories based on reported incidents of cyber crime and conducting training/awareness programs would require significant resource augmentation to meet the future challenges likely to emanate in the Indian cyber space. The increase in cyber security incidents would also put significant strain on the scarce resources of CERT-In. The Committee feel that securing the cyber space is an ongoing effort and a single CERT for the entire country would be grossly inadequate in view of the emerging cyber security threats. The Committee recommend that steps may be taken by the Ministry for setting up of sector specific CERTs and State CERTs in order to secure the Indian cyber space in a seamless manner. The country would need to augment the capacity of CERT-In through setting up of sectoral CERTs in critical sectors like power, telecommunications, financial institutions, etc. The Committee are glad to note that work on establishing CERT for power and telecom sectors is already underway and the work on CERT for financial sector is expected to commence soon. In addition to CERTs for critical sectors, there is also an impending need for setting up of State CERTs. While Kerala and Maharashtra have already set up their State CERTs, there is a need to encourage other states to have their own CERTs in place to protect their critical information infrastructure.

Cyber Security – Need for trained Manpower

16. The Committee note that Cyber Security is an evolving area wherein new technologies are being introduced every day leading to ever increasing demand for

human resources in the domain of cyber security. To address the requirement of trained professionals in this niche area, Government have taken several initiatives under the Information Security Education and Awareness (ISEA) project Phase I & II and through National Skill Development Corporation (NSDC). National Cyber Security Policy 2013 has envisaged a need to create a workforce of 5 lakh professionals skilled in cyber security in the next five years through capacity building, skill development and training. The Committee also note that CERT-In is empanelling Cyber Security auditors through a stringent testing mechanism to help government and critical sector organizations to conduct regular audits. At present there are 32 Cyber Security Auditors/ Auditing Organizations empanelled by the Indian Computer Emergency Response Team (CERT-In) for the purpose of carrying out cyber security audit related activities. The empanelment is a continuous process and new auditors are empanelled after successful completion of test procedures and verification of auditing skills. Government and critical sector organizations are consulting the list for their cyber security audit requirements. The Committee also note that under the NDLM and DISHA schemes, Industry has trained 1.15 lakh candidates under Corporate Social Responsibility (CSR). Under the newly approved PMGDISHA scheme, it is proposed that the Panchayats which are part of urban agglomerations would be covered under the Corporate Social Responsibility (CSR) activities of Industries/Organizations. In so far as online frauds/cyber security incidents are concerned, RBI has registered a total of 16,468, and 8689 cases of frauds involving credit cards, ATM/debit cards and internet banking during the year 2015-16 and 2016-17(upto December 2016), respectively whereas during the year 2016, a total of 50,362 cyber security incidents were reported to and tracked by Indian Computer Emergency Response Team (CERT-In). The types of cyber security incidents include phishing, scanning/probing, website intrusions and defacements, virus/malicious code, Denial of Service attacks, etc. While the existing number of online frauds/cyber security incidents do not seem to be very

high, with increasing adoption of technology and online activities/transactions, the numbers are likely to increase in future. It is a matter of concern that at present there are only 32 Cyber Security Auditors/ Auditing Organizations empanelled by the Indian Computer Emergency Response Team (CERT-In) for the purpose of carrying out cyber security audit related activities. Even if the empanelment is a continuous process and new auditors are empanelled after successful completion of test procedures and verification of auditing skills, it would still take significant amount of time to have sufficient number of Cyber Security Auditors/Auditing Organizations in the country. The Committee feel that putting the entire burden of empanelling Cyber Security Auditors/Auditing Organizations on CERT-In and the task of training 5 lakh cyber security experts on MeitY and related entities seems to be an impractical proposition. In view of the increasing number and complexity of cyber threats, there is an urgent need to scale up the enrolment/empanelment of cyber security experts/Auditors/Auditing organizations. The Committee recommend that while continuing with the enrolment/empanelment of cyber security experts/Auditors/Auditing organizations at an accelerated pace, the Ministry should also explore/strengthen collaboration with large players in the Indian IT/ITeS sector who have significant training infrastructure to cater to the requirement of 5 lakh cyber security experts as per the Cyber Security Policy 2013 and who are willing to contribute as part of their CSR initiatives to tide over the acute shortage of experts/manpower in the domain of cyber security. Such collaboration can significantly reduce the burden on critical Government agencies like CERT-In which are woefully short of resources to meet the increasing manpower requirement for cyber security. Separate funds should also be earmarked for training of professionals in the domain of cyber security.

Cyber Security – Need for a victim centric approach

17. The Committee note that there is no separate mechanism for dealing with cases of cyber crime in India. As is the case with other criminal offences, the Police and Public Order are State subjects under the Constitution and as such the State Governments and Union Territory Administrations are primarily responsible for prevention, detection, registration and investigation of cyber crime. In so far as the role of Indian Computer Emergency Response Team (CERT-In), the nodal agency for cyber security is concerned, it primarily relates to issuing alerts and advisories regarding latest cyber threats and countermeasures on regular basis and creating Cyber security awareness through initiatives such as the Digishala Campaign. The Committee note with concern that there is no central helpline for victims of cyber crime. However, in cases of cyber crime pertaining to online Digital Payments, the incident can be reported to CERT-In through any bank or payment system operator. The Committee are concerned to find that there is no specialized nodal agency whom the victims can directly approach in cases of various kinds of cyber crimes, cyber frauds, financial e-frauds etc. which are occurring in the country and the victims are unaware as to whom to approach for remedy. If a person falls prey to financial fraud while transacting through his/her mobile phone, he/she is unaware of the appropriate agency to approach viz. the local police, RBI, the bank, the financial intermediary, the telecom service provider or CERT-In etc. A lack of coordination amongst the different agencies/stakeholders and inadequate publicity of the existing arrangements further complicates the matter for the victim. With increasing online activities/transactions, there is an urgent need to adopt a '*victim-centric*' approach through establishment of a nodal agency/helpline for victims of cyber crimes, cyber frauds, financial e-frauds etc. which could help them in identification of the cyber crime, inform them about the appropriate agency to approach and guide them regarding next course of action in dealing with the incident. The Committee recommend setting up of a nodal

agency/helpline which could help victims of cyber crime in identification of the cyber crime, inform them about the appropriate agency to approach and guide them regarding next course of action in dealing with the incident. Setting up of such an agency/helpline would not only help the victims of cyber crime but would also improve reporting of cyber crime cases and act as a comprehensive repository of data on cases of cyber crime which would be of immense use for various agencies such as banks, financial institutions, data security providers, CERT-In, Law Enforcement Agencies (LEA) etc. The Ministry can also explore the possibility of setting up of dedicated cyber courts to deal with cases pertaining to cyber crime.

Cyber Security – Need for a robust legal framework

18. The Committee note that Information Technology Act 2000 (last amended in the year 2008) addressed all aspects related to cyber space in a comprehensive manner with adequate compliance and deterrent provisions to address cyber crimes such as computer related offences (section 66), Identity Theft (section 66C) and Cheating by impersonation (section 66D). Most of the cyber crimes involving financial transactions/ Digital Payments may fall under these sections. In addition section 43A and corresponding rules require a body corporate to deploy reasonable security practices and procedure including a Privacy Policy and a well defined and implemented information security system with adequate penal provisions. Section 72A of the Act provides for punishment for disclosure of information in breach of lawful contract. The Committee also note that the IT Act, 2000 addressed the prevailing cyber threats at that time but since then, with the ever evolving new technologies and innovations, the type and complexities of cyber threats and financial frauds have also increased manifold. In view of the same, the Act needs to be periodically revisited and updated to address the new threats. With emergence of new cyber threats, presently, the key areas of concern relate to privacy, security and

an effective grievance redressal mechanism. Moreover, with the push towards Digital Payments and online transactions, security of Pre-paid payment instruments is another area of concern that needs to be addressed. While noting that cyber security threats keep on evolving at a fast pace, there is a need to keep the countermeasures/legal provisions abreast of the emerging threats on an almost real-time basis so as to ensure that no grey areas or loop holes can emerge which can be exploited by the cyber criminals. The Committee recommend setting up of an institutional framework to continuously monitor adequacy of existing legal provisions in effectively dealing with emerging cyber threats. The Committee may be apprised of the progress in framing of rules regarding security of pre-paid payment instruments.

Unique Identification Authority of India (UIDAI)

19. The Committee note that UIDAI was established in 2009 with the vision 'to empower residents of India with a unique identity and a digital platform to authenticate anytime, anywhere'. UIDAI provides instant authentication and e-KYC facilities, using which various services such as banking, SIM cards, Passports, distribution of foodgrains, disbursement benefits through DBT and subsidies, Scholarships, Pension etc. are being delivered digitally with great convenience to people. Aadhaar being a disruptive technology with immense potential to transform existing systems, UIDAI had initially taken a conscious decision to make its services available to people free of cost to encourage widespread acceptance of Aadhaar both as a proof of identity and a mode of on line instant verification. At present, usage of Aadhaar is in a preliminary stage and several steps are being taken to promote use of Aadhaar in Government as well as private sectors. The Committee are glad to note that in the initial stage itself, Aadhaar has started delivering huge benefits. Even with partial adoption, during the last three years, Aadhaar has plugged significant leakages in a number of government schemes yielding considerable savings in PDS, MNREGA, LPG

Subsidies, etc. The Committee were also informed that for FY 2017-18, UIDAI has been allocated grants-in-aid of Rs.900 crore as against the BE 2017-18 projection of Rs.1938.76 crore. The BE proposals were put up after considering increased rate of enrolment assistance from existing Rs.40/- to Rs.50/- per Aadhaar generation which was necessitated since the Aadhaar eco-system partners were finding it commercially less viable to sustain the operations owing to low footfalls with increase in Aadhaar saturation. Since the current allocation of Rs.900.00 crore will not be sufficient to meet the committed and contractual requirements of UIDAI, Ministry has been requested to consider additional allocation of at least Rs.300 crore for UIDAI for 2017-18. The Committee find that with increasing saturation of UIDAI enrolment, the pace of UIDAI enrolment is likely to slow down to reach a stable equilibrium where the cost of enrolment may be higher than the present level due to reduction in scale of enrolment. The UIDAI enrolment process is following a desired progression and the current phase must have been factored in the scheme while it was conceptualized. UIDAI is an important national asset that has wide ranging applications and immense use in the digital economy from acting as unique identification to almost 128 crore Indians to providing valuable services such as instant authentication and e-KYC etc. It is a well accepted principle that to promote new disruptive technology system during initial phases, services have to be provided with incentives or at least free of cost to the public. However, after achieving large scale adoption and having huge potential applications in a digital economy, it is desirable that in the long run, the system is made self-sustainable and independent of government grants. While endorsing the Ministry's request for additional allocation in UIDAI for the year 2017-18, the Committee recommend that after achieving almost 87% enrolment, UIDAI should look adopting a self-sustainable financial model and reduce its reliance on Government funds. While presently, UIDAI does not charge anything for providing valuable services such as e-KYC and authentication, with widespread usage of UIDAI data for

authentication, e-KYC, financial transactions etc. which will only increase in future, in the long run, UIDAI should study and examine various pricing models and come up with a suitable model that makes it self-sustainable while being minimalistic so as not to discourage/disrupt the Aadhaar adoption/usage or burden the average Indian citizen.

Unique Identification Authority of India (UIDAI) – Need to promote Aadhaar applications such as AEPS and eKYC etc.

20. The Committee note that Aadhaar is unique and does not change over the lifecycle of an individual. The 12-digit Aadhaar is sufficient to transfer any payments to an individual. Today, in order to transfer money to a beneficiary, the Governments/ Institutions need to know the bank account, IFSC Code, and bank branch details etc. which is prone to change. However, Aadhaar offers the possibility of sending money by just using the 12-digit number for life without bothering about any changes in the bank account of the individuals. Thus, with this unique property of being valid for a lifetime, Aadhaar is very well perceived as a Financial Address in the banking sector. The Committee also note that UIDAI has developed several innovative Aadhaar applications such as AEPS, Aadhaar Pay, Pay-to-Aadhaar and e-KYC. A payment platform called the Aadhaar-enabled Payment Systems (AEPS) has been designed and implemented by NPCI. The AEPS system works through a device called ‘MicroATM’ and resident validation for banking transaction is done through Aadhaar Based biometric authentication, online. Aadhaar enabled Payments System (AePS) facilitates basic banking access (viz. cash withdrawal, cash deposit, balance enquiry, fund transfers) to the beneficiaries in a hassle free manner at/ near the doorsteps. Further, usage of Aadhaar authentication enables transactions in real time in an inter-operable environment. During the recent demonetization move with over 86% of the currency being demonetized, digital payments got the big push. Among the top five ways to move forward in the direction of digital payments AEPS plays a very important role

from the digital payments perspective. With over 42 crore accounts seeded with over 39.4 crore unique Aadhaars, every second adult in the country has linked his/her bank account with Aadhaar. AePS platform is being used by banks for the BC (business correspondent) network. As on 31st January banks have deployed 1.85lac AEPS enabled devices. On an average 13.88 lac transactions take place on these devices on a daily basis. Since inception, overall AEPS transactions done is 35.98 crore. The AePS system is interoperable at over 81 banks and available with over 123 banks for ON-US transactions. Aadhaar Pay, the merchant version of AEPS, is due for official launch shortly. The application works on a low cost android phone with an attached finger bio-metric device and enables the merchant to take cashless payment from his customers. The customer is only required to give his Aadhaar number, name of the bank (from where the money is to be deducted) and his finger print for authentication. Pay-to-Aadhaar is the service of being able to make a payment to an individual's Aadhaar number. 17 Banks are offering this service on BHIM app. Based on industry inputs, which was looking for digital KYC solution coming directly from the issuer of KYC, UIDAI has developed another service called e-KYC. With the explicit consent/authorization by the resident, the Aadhaar e-KYC service provides an instant, electronic, non-repudiable proof of identity and proof of address along with date of birth and gender. In addition, it also provides the resident's mobile number and email address to the service provider, which helps in further streamlining the process of service delivery. While lauding the introduction of innovative Aadhaar based applications such as AEPS, Aadhaar Pay, Pay-to-Aadhaar and e-KYC, the Committee recommend that there is a strong need to promote these Aadhaar based applications which find tremendous use in a less-cash economy.

Recent developments in US and impact on IT Sector

21. The Committee note that the recent change in the US immigration policy/visa rules poses a major challenge to the Indian IT sector since Indian IT companies have a strong presence in US. Although the full impact of the change in regulations is not yet clear, however, any change in the visa related legislations is likely to have a major impact on the Indian IT companies. The Committee are of the considered view that the Ministry should undertake a comprehensive evaluation of the likely impact of any change in US visa policies on the Indian IT sector and take appropriate measures to mitigate any adverse impact on the Indian IT sector. At the same time, steps may be taken to broad base the footprint of the Indian IT companies across multiple geographical areas and reduce their dependence on single geographical region so that any sudden/abrupt change in Government policies/programs do not have any adverse impact on Indian IT companies.

New Delhi;
15 March, 2017
24 Phalguna, 1938 (Saka)

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

Annexure-I

| S. No. | Schemes/Non-Schemes | 2014-15 | | | 2015-16 | | | 2016-17 | | | 2017-18 |
|----------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|------------------------------|----------------|
| | | BE | RE | Actual Expn | BE | RE | Actual Expn | BE | RE | Actual Expn (As on 31.01.17) | BE |
| 1 | Secretariat-Economic Services | 88.10 | 86.87 | 73.29 | 97.04 | 95.04 | 75.69 | 104.96 | 94.96 | 72.97 | 105.00 |
| 2 | National Informatics Centre (NIC) | 800.00 | 800.00 | 779.56 | 700.00 | 800.00 | 782.14 | 800.00 | 960.00 | 794.44 | 1040.00 |
| 3 | Regulatory Authorities | 255.00 | 196.00 | 151.11 | 219.00 | 199.00 | 160.05 | 190.00 | 174.61 | 120.49 | 167.48 |
| 3.1 | Standardisation Testing and Quality Certification (STQC) | 127.00 | 127.00 | 87.54 | 107.00 | 107.00 | 87.22 | 112.00 | 115.00 | 84.42 | 120.00 |
| 3.2 | Cyber Security (including CERT-In, IT Act) | 120.00 | 62.00 | 58.59 | 105.00 | 85.00 | 68.21 | 70.00 | 53.61 | 31.84 | 40.48 |
| 3.3 | Controller of Certifying Authorities (CCA) | 8.00 | 7.00 | 4.98 | 7.00 | 7.00 | 4.62 | 8.00 | 6.00 | 4.23 | 7.00 |
| 4 | Assistance to Autonomous and Other Bodies | 253.40 | 246.86 | 246.85 | 135.06 | 196.06 | 188.40 | 948.76 | 1134.02 | 940.38 | 1053.76 |
| 4.1 | Centre for Development of Advanced Computing (C-DAC) | 151.00 | 151.00 | 150.99 | 78.00 | 103.00 | 95.44 | 86.50 | 86.50 | 81.50 | 92.00 |
| 4.2 | Society for Applied Microwave Electronics Engineering & Research (SAMEER) | 53.00 | 53.00 | 53.00 | 23.00 | 53.00 | 53.00 | 38.50 | 38.50 | 37.25 | 42.00 |

| | | | | | | | | | | | |
|----------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 4.3 | C-MET (erstwhile Component & Material Dev Prog) | 27.60 | 27.60 | 27.60 | 20.60 | 20.60 | 20.60 | 13.00 | 13.00 | 12.93 | 14.00 |
| 4.4 | NIELIT (erstwhile DOEACC) | 11.70 | 15.26 | 15.26 | 13.26 | 13.26 | 13.26 | 5.76 | 5.76 | 4.32 | 0.00 |
| 4.5 | Software Technology Parks of India (STPI) & EHTP | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4.6 | Education & Research Network (ERNET) | 0.10 | 0.00 | 0.00 | 0.10 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4.7 | Media Lab Asia (MLA) | 10.00 | 0.00 | 0.00 | 0.10 | 6.10 | 6.10 | 5.00 | 5.00 | 4.00 | 5.76 |
| 4.8 | Unique Identification Authority of India (UIDAI) | | | | | | | 800.00 | 985.26 | 800.38 | 900.00 |
| 5 | Digital India Programme | 2532.60 | 2416.57 | 2332.28 | 1478.90 | 1469.40 | 1387.54 | 1285.10 | 1195.34 | 1097.29 | 1672.76 |
| 5.1 | Manpower Development | 660.00 | 660.00 | 656.13 | 694.80 | 494.80 | 489.55 | 365.00 | 365.00 | 310.76 | 306.76 |
| 5.2 | Electronic Governance | 375.00 | 379.92 | 318.37 | 450.00 | 502.00 | 483.90 | 420.00 | 385.55 | 359.92 | 240.00 |
| 5.3 | Externally Aided Project (e-Gov) | 100.00 | 100.00 | 92.26 | 0.00 | 25.00 | 5.56 | 50.00 | 15.00 | 15.00 | 21.00 |
| 5.4 | National Knowledge Network (NKN) | 300.00 | 300.00 | 300.00 | 150.00 | 214.00 | 214.00 | 250.00 | 250.00 | 250.00 | 150.00 |
| 5.5 | Promotion of Electronics & IT Hardware Manufacturing | 85.00 | 75.00 | 67.86 | 74.00 | 94.00 | 52.08 | 70.00 | 50.00 | 41.34 | 745.00 |
| 5.6 | Promotion of IT & ITeS Industry | 10.00 | 5.08 | 4.00 | | | | 5.00 | 5.00 | 3.43 | 6.00 |

| | | | | | | | | | | | |
|------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 5.7 | R&D in IT/Electronics/CCBT | 186.10 | 185.00 | 183.52 | 106.00 | 136.00 | 139.41 | 122.00 | 122.00 | 114.05 | 101.00 |
| 5.8 | Cyber Security Projects (NCCC & Others) | | | | | | | | | | 100.00 |
| 5.9 | Foreign Trade and Export | 60.20 | 60.20 | 59.60 | 3.10 | 3.10 | 2.60 | 3.10 | 2.79 | 2.79 | 3.00 |
| 5.10 | Other Schemes | 1.30 | 1.17 | 0.57 | 1.00 | 0.50 | 0.44 | | | | |
| 6 | NeGAP (CSS Scheme) | 755.00 | 650.20 | 649.97 | | | | | | | |
| | TOTAL | 3929.10 | 3746.30 | 3583.09 | 2630.00 | 2759.50 | 2593.82 | 3328.82 | 3558.93 | 3025.57 | 4039.00 |

**MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2016-17) HELD ON 22nd FEBRUARY, 2017**

The Committee sat on Wednesday, the 22nd February, 2017 from 1100 hours to 1320 hours in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur - Chairperson

MEMBERS

Lok Sabha

2. Shri L.K. Advani,
3. Dr. Sunil Baliram Gaikwad,
4. Shri Virender Kashyap,
5. Shri Harinder Singh Khalsa,
6. Dr. K.C. Patel,
7. Shri Abhishek Singh,
8. Shri D.K. Suresh,
9. Shri Ramdas C. Tadas,
10. Smt. R. Vanaroja,

Rajya Sabha

11. Shri P. Bhattacharya,
12. Shri Suresh Gopi,
13. Shri Derek O'Brien,
14. Smt. Kahkashan Perween,
15. Dr. K.V.P. Ramachandra Rao,
16. Dr. Vinay P. Sahasrabuddhe

SECRETARIAT

- | | | | |
|----|---------------------------|---|----------------------|
| 1. | Shri R.S. Kambo | - | Additional Secretary |
| 2. | Smt. Preeti Srivastava | - | Joint Secretary |
| 3. | Shri Y.M. Kandpal | - | Director |
| 4. | Dr. Sagarika Dash | - | Additional Director |
| 5. | Smt. Reena Gopalakrishnan | - | Deputy Secretary |

Representatives of the Ministry of Electronics and Information Technology

| | Name | Designation |
|-----|---------------------------|--|
| 1. | Smt. Aruna Sundararajan | Secretary |
| 2. | Dr. Ajay Kumar | Additional Secretary |
| 3. | Smt. Anuradha Mitra | Additional Secretary & Financial Advisor |
| 4. | Dr. M.R. Anand | Senior Advisor |
| 5. | Shri Rajiv Kumar | Joint Secretary |
| 6. | Shri Rajiv Bansal | Joint Secretary |
| 7. | Dr. A.B.P. Pandey | CEO, Aadhaar |
| 8. | Shri Sanjiv Kumar Mittal | Joint Secretary |
| 9. | Shri Sanjay Kumar Rakesh | Joint Secretary |
| 10. | Dr. Debashish Dutta | Group Coordinator |
| 11. | Dr. B.K. Murti | Group Coordinator |
| 12. | Shri Arvind Kumar | Group Coordinator |
| 13. | Smt. Neeta Verma | DG, NIC |
| 14. | Shri U.K. Nandwani | DG, STQC |
| 15. | Ms. Simmi Chaudhary | Director |
| 16. | Dr. Sanjay Bahl | DG, CERT-In |
| 17. | Mrs. Junu Rani Das Kailay | Controller of Certifying Authorities |

2. After the welcome address by the Chairperson, the Secretary in the Ministry of Electronics and Information Technology made a power-point presentation highlighting the major achievements of the Ministry in Digital India Programme, Digital literacy & skilling, National Knowledge Network(NKN), Research & Development initiatives, Digital Saksharta Abhiyan (DISHA) etc., Demands for Grants (2017-18), major budget announcements for 2017-18, major achievements and new initiatives launched in the field of electronics/hardware manufacturing, digital payments through Aadhaar, etc.

3. Members, then, sought clarifications on issues *viz.* manpower & infrastructure requirement in NIC, promotion of indigenous electronics & IT hardware manufacturing, grievance redressal mechanism & quality of service in CSCs, cyber security, need for sectoral CERTs and setting up of NCCC, paucity of funds for key schemes and programmes like Digital India, Cyber Security, etc., need for better inter-ministerial/departmental coordination, use of CSR funds in training & manpower development, increasing e-waste, impact of recent developments in US on Indian IT sector, etc., which were responded to by the representatives of the Ministry.

4. The Chairperson, then, thanked the representatives of the Ministry for deposing before the Committee.

The witnesses then withdrew.

Verbatim Proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

**MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2016-17) HELD ON 15th MARCH, 2017**

The Committee sat on Wednesday, the 15th March, 2017 from 1500 hours to 1530 hours in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur– Chairperson

MEMBERS

Lok Sabha

2. Dr. Sunil Baliram Gaikwad
3. Smt. Hema Malini
4. Shri Keshav Prasad Maurya
5. Dr. K. C. Patel
6. Dr. Bharatiben D. Shiyal
7. Shri Abhishek Singh
8. Shri D.K. Suresh

Rajya Sabha

9. Smt. Jaya Bachchan
10. Shri P. Bhattacharya
11. Shri Suresh Gopi
12. Shri Santiuse Kujur
13. Shri Derek O'Brien
14. Smt. Kahkashan Perween
15. Dr. K.V. P. Ramachandra Rao

Secretariat

1. Shri R.S. Kambo - Additional Secretary
2. Smt. Preeti Srivastava - Joint Secretary
3. Shri Y.M. Kandpal - Director
4. Dr. Sagarika Dash - Additional Director
5. Smt. Reena Gopalakrishnan - Deputy Secretary
6. Shri Shangreiso Zimik - Under Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the following Draft Reports on 'Demands for Grants (2017-18)' :

(i)xxxxx....xxxxx....xxxxx....xxxxx

(ii) Thirty-sixth Report on Demands for Grants (2017-18) Ministry of Electronics and Information Technology; and

(iii)xxxxx....xxxxx....xxxxx....xxxxx

3. The Committee, thereafter, adopted the above Report with slight modification.

4. 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

xxxx Matters not related to the Report