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

SIXTEENTH LOK SABHA

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

**[Action Taken by the Government on the Observations/Recommendations of the
Committee contained in their Thirty-fifth Report (Sixteenth Lok Sabha) on
'Demands for Grants (2017-18)']**

FORTIETH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2017/Shravana, 1939 (Saka)

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**Presented to Lok Sabha on 11.08.2017
Laid in Rajya Sabha on 11.08.2017**



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2017/Shravana, 1939 (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 Paresh 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

- | | | | |
|----|-----------------------|---|----------------------|
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| 2. | Dr. Preeti Srivastava | - | Joint Secretary |
| 3. | Shri Y.M. Kandpal | - | Director |
| 4. | Dr. Sagarika Dash | - | Additional Director |
| 5. | Smt. Geeta Parmar | - | Deputy Secretary |
| 6. | Shri Shangreiso Zimik | - | Under Secretary |

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

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2016-2017), having been authorised by the Committee, present this Fortieth Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-fifth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2017-18)' of the Ministry of Communications (Department of Telecommunications).

2. The Thirty-fifth Report was presented to Lok Sabha and also laid on the Table of Rajya Sabha on 17th March, 2017. The Department of Telecommunications furnished their Action Taken Notes on the Observations/Recommendations contained in the Thirty-fifth Report on 4th July, 2017.

3. The Report was considered and adopted by the Committee at their sitting held on 10th August, 2017.

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

5. An analysis of Action Taken by the Government on the Observations/Recommendations contained in the Thirty-fifth Report of the Committee is given at Annexure-II.

**New Delhi;
10 August, 2017
19 Shravana, 1939 (Saka)**

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

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-fifth Report (Sixteenth Lok Sabha) on 'Demands for Grants (2017-18)' relating to the Ministry of Communications (Department of Telecommunications).

2. The Thirty-fifth Report was presented to Lok Sabha/laid in Rajya Sabha on 17th March, 2017. It contained 16 Observations/ Recommendations.

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

(i) Observations/Recommendations which have been accepted by the Government

Rec. Sl. Nos.:- 1, 2, 4, 5, 10, 11, 14, 15 and 16

Total - 09

Chapter-II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government

Rec. Sl. No.: Nil

Total - Nil

Chapter-III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration

Rec. Sl. Nos.:- 3, 9 and 13

Total - 03

Chapter-IV

(iv) Observations/Recommendations in respect of which the replies of the Government are of interim in nature

Rec. Sl. Nos.:- 6,7, 8 and 12

Total - 04

Chapter-V

4. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. The Committee further desire that Action Taken Statement on the Observations/Recommendations contained in Chapter-I and final action taken replies to the Observations/Recommendations contained in Chapter-V of this Report should be furnished to them at an early date.

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

Universal Service Obligation Fund

(Recommendation Sl. No. 3)

6. The Committee, in their Original Report, had recommended as under:-

“The Committee note that the resources for meeting the Universal Service Obligation (USO) are generated through a Universal Access Levy (UAL) which is a percentage of the revenue earned by the Operators under various licenses. The Universal Service levy presently is 5 percent of the Adjusted Gross Revenue (AGR) earned by all the Operators. During the financial years 2002-03 to 2016-17, Universal Service Levy (USL) amounting to Rs. 82,781.02 crore has been collected. The final allotment of Rs. 34933.92 crore, received through Parliamentary approvals was transferred to USO Fund in the respective years and the entire allocation so made and transferred to USO fund, was optimally utilized in the respective years. The balance of UAL amount available as potential fund under USO is Rs. 47,847.10 crore till date. On the issue of allocation of funds to USOF, Ministry of Finance have clearly stated that as per Clause 9B of Indian Telegraph Act, 2003 “the sums of money received towards the Universal Service Obligation under Section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation. Accordingly, the Central Government may credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligations. It does not say all such proceeds will be credited to the Fund. Further, keeping money locked in Public account may not be the most prudent way to utilize resources. In view of this, the Ministry of Finance is not

committing any violation of legal provision.” The Committee have been informed that the issue of entire proceeds under UAL not being credited to Universal Service Obligation Fund (USOF) has been repeatedly raised in the Report of the Comptroller and Auditor General of India on Accounts of the Union Government for the year 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 and was also raised in the Forty-ninth Report (15th Lok Sabha) of the PAC, but the status remains the same. The Committee note that Ministry of Finance through Budget Branch of DoT has again been requested to consider the above *i.e.* full amount collected as UAL can be credited to the USO Fund vide their office letter dated 22.12.2015 and reminders thereon. However, the reply in this regard is still awaited. The Committee are of the view that maintaining such a huge amount as balance of UAL under USO is defeating the very purpose for which the fund has been created. Considering that there is need for huge investment for expansion of telecom services in rural areas and the increasing emphasis given by the Government for taking e-governance to the masses, the Committee strongly recommend that the Department should pursue the matter with the Ministry of Finance at highest level to allocate full amount collected as UAL to the USO Fund. The Committee also recommend that the entire management of the USOF should also be transferred to the DoT, under the supervision of the Telecom Commission. The Committee would also like to know if there is any proposal in the Department to amend the relevant provisions of Indian Telegraph Act to ensure transfer of entire proceeds under UAL to USOF. The Committee would like to be apprised of the steps taken in this regard.”

7. The Department of Telecommunications, in the action taken note, have stated as under:-

“It is submitted that Universal Service Obligation Fund (USOF) was created with effect from 01-04-2002 by an amendment to the Indian Telegraph Act, 1885, in December 2003 to provide access to basic [the word ‘basic’ deleted vide The Indian Telegraph (Amendment) Act, 2006] telegraph services to people in the rural and remote areas at affordable and reasonable prices. The Rules for administration of the Fund have also been notified on 26.3.2004. Subsequently, in 2006 the USOF Rules were amended to enlarge the scope of activities that can be carried out under the USO Fund to include provision of Mobile Infrastructure Services, Broadband Services, General Infrastructure such as Optical Fibre Cable for rural and remote areas and Pilot projects for induction of new technological developments in the rural telecom sector.

Clause 9B of the Indian Telegraph (Amendment) Act, 2003 lays down that *“The sums of money received towards the Universal Obligation under Section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation.”*

The resources for meeting the Universal Service Obligation (USO) are generated through a Universal Access Levy (UAL) which is a percentage of the revenue earned by the operators under various licenses. The Universal Service levy presently is 5% of the Adjusted Gross Revenue earned by all the operators.

During the financial years 2002-03 to 2016-17, Universal Access Levy (UAL) amounting to Rs. 85,639.72 crore was collected. The total allotment amounting to Rs. 37,310.50 crore, received through Parliamentary approvals was transferred to USO Fund in the respective years and the entire allocation so made and transferred to USO Fund, was optimally utilized in the respective years. As on 31.05.2017, the balance of UAL amount available as potential fund under USO is Rs. 48,537.63 Crore.

Ministry of Finance had allocated Rs. 6948.64 Crore towards reimbursement of licence fees and spectrum charges to BSNL for the period 2002-03 to 2005-06 for fulfilling rural obligation which has been taken into account for arriving at the available balance.

The issue of entire proceeds under UAL not being credited to Universal Service Obligation Fund (USOF) has been raised under paragraph 7 and 8 of 49th Report of PAC. The committee in its report has observed that *“proceeds from the USO Fund are made available for USO activities in general and for provision and expansion of rural telephony in particular, in accord with the provisions of the Indian Telegraph (Amendment) Act, 2003”* and directed to take up the matter with Ministry of Finance. Accordingly, matter was taken up with the Ministry of Finance communicating the concerns of Public Accounts Committee (PAC). The Ministry of Finance vide their letter no. F-2(35)-B (AC)/2009 dated 03rd May 2012 had submitted that the funds transferred to USOF are only available for USO activities and expansion of rural telephony in accordance with the provisions of the Indian Telegraph (Amendment) Act, 2003.

With regard to transfer of Universal Access Levy (UAL) to the USO Fund kept in the Public Account of India, comments of Finance Ministry are as under:

“(a) In terms of Indian Telegraph (Amendment) Act, 2003, Government may credit such proceeds to the Universal Service Obligation Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation. Keeping this in view, funds are being provided in the Demands for Grants of Department of Telecommunications for transfer to USOF. Further, provisions for transfer to USOF are made based on the requirement and ability of the Department to spend in any financial year. This practice is being followed over the year. It may be noted that the unutilized funds kept in the Public account add to the liability of the Government. It may also be recalled that while approving the amendment to IT Act, 1885, Cabinet has directed the Department of Telecommunications to consult Ministry of Finance while finalizing the amount to be transferred to USOF.

(b) Department of telecommunications has, recently, obtained the approval of Cabinet for implementation of a new scheme called ‘National Optical Fiber Network’ (NOFN) for providing broadband connectivity to Panchayats with a financial outlay of Rs. 20100 crore over a period of 3(three) years by utilizing the USO Fund. Thus, the bulk of the accruals to USOF over the years would be utilized in financing and implementing NOFN.

Keeping the above points in view, Department of Telecommunication is requested to apprise PAC of the rationale in not keeping the entire accruals in the Public Account idly.”

The issue of understatement of balances in USO fund has been clarified vide the Ministry of Finance letter no. F-2(35)-B (AC)/2009 dated 03rd May 2012 stated above. However, on suggestion of Audit Office, the Department of Telecommunications had again taken up the matter with Ministry of Finance. The Ministry of Finance vide their letter No. F-2(35)-B (AC)/2009 dated 28-01-2014 have intimated as below:

“Government has a commitment of Rs. 20,100.00 crore for implementation of ‘National Optical Fiber Network’ to be financed out of Universal Service Obligation Fund. As and when the scheme takes off, Government is bound to provide funds for this scheme through USO Fund. Cabinet Secretariat, vide its letter no. 20/CM/2003 dated 23-07-2003, directed that Department of Telecommunications may consult Ministry of Finance while finalizing the amount to be transferred to USO Fund. Even the Clause 9B of Indian

Telegraph Act, 2003 which states “the sums of money received towards the Universal Service Obligation under Section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation. Accordingly, the Central Government may credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligations. It does not say all such proceeds will be credited to the Fund. Further, keeping money locked in Public account may not be the most prudent way to utilize resources. In view of this, the Ministry of Finance is not committing any violation of legal provision.”

As the issue is being raised repeatedly in the Report of the Comptroller and Auditor General of India on Accounts of the Union Government for the year 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 and was also raised in the Forty-ninth Report (15th Lok Sabha) of the PAC and has not been settled yet, Ministry of Finance through Budget Branch of DoT has again been requested to consider the above i.e. full amount collected as UAL can be credited to the USO Fund vide this office letter dated 22.12.2015 followed by reminders dated 11.07.2016 and dated 07.12.2016. Reply in this regard is still awaited. The observation of the Standing Committee has been communicated to Ministry of Finance on 23.05.2017 to expedite the issue of UAL being credited fully to USO Fund.

The transfer of entire collections under Universal Access Levy (UAL) to the USO Fund does not happen automatically. Instead, credit to the USO Fund is the amount as received through Parliamentary approvals as per the provisions of the Indian Telegraph (Amendment) Act, 2003. Hence, the action of the Department of Telecommunications is in consonance with the extant provisions of the Indian Telegraph (Amendment) Act, 2003.

In view of the above facts, the action of the Department is in consonance with extant provision of the Indian Telegraph (Amendment) Act, 2003 and reference received from Ministry of Finance.”

Comments of the Committee

- 8. The Committee note that as per Clause 9B of Indian Telegraph Act, 2003, the sums of money received towards the Universal Service Obligation under Section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if**

Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation. Accordingly, the Central Government may credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligations. The Department had earlier informed that the issue regarding entire proceeds under UAL not being credited to USOF had been repeatedly raised in CAG Reports and also in the Forty-Ninth Report of the Public Accounts Committee. DoT *vide* their letter dated 22.12.2015 followed by reminders dated 11.07.2016 and 07.12.2016 had again requested the Ministry of Finance (MoF) to consider the allocation of the full amount collected as UAL to the USO Fund and reply in this regard is still awaited from MoF. Considering that there is need for huge investment for expansion of telecom services in rural areas and increasing emphasis given by Government for taking e-governance to masses, the Committee had emphatically desired that the matter needed to be pursued at the highest level so that the ambitious project of the Government to digitally empower India do not suffer for want of funds and the funds are used only for the stated purpose without any diversion. Further, the Committee had recommended that the entire management of USOF should be transferred to DoT under the supervision of Telecom Commission. The Committee were also desirous to know about any proposal mooted by DoT to amend the relevant provisions of Indian Telegraph Act to ensure transfer of entire proceeds under UAL to USOF. A perusal of the action taken by the Department communicating again to Ministry of Finance of the concerns of the Committee is indicative of/points to the fact that the issue in question is being dealt with in a routine manner. The thrust of the recommendation was to take up the matter at the highest level, if needed at the level of Ministers so as to arrive at a conclusive resolution of the vexed issue. The reply of the Department is also silent on another very important aspect i.e whether there is a need to amend the Indian Telegraph Act and if so what steps have been taken by them. The overall assessment of the Committee is that the matter is not being pursued with the kind of seriousness it deserves. While expressing displeasure over the state of affairs,

the Committee desire that the Department should go ahead with concrete proposal and course of action and accordingly address the issue.

Implementation of USOF Schemes

(Recommendation Sl. No. 4)

9. The Committee, in their Original Report, had recommended as under:-

“The Committee note that during the year 2016-17, against the proposed amount of Rs.7350 crore, an amount of Rs. 2755 crore only had been allocated at BE under USOF. This was increased to Rs. 7625.79 crore at RE stage out of which the major allocation of Rs. 6000 crore was made for BharatNet. Out of this, an amount of Rs.4850.45 Crore (inclusive of Rs.4616.83 crore under BharatNet and Rs. 185.12 crore under LWL) has been disbursed till 10th February, 2017. The Committee note that while considerable progress have been made in laying of PLB duct and OFC, the achievement under 'Number of GPs to be provided connectivity' was only 16,466 GPs against the target of achieving connectivity to 1,00,000 GPs by March 2017. The Committee have also noted 'Nil' utilization of funds under schemes like Subsidy Support for the operational sustainability of Rural Wireline Connections to BSNL, Comprehensive Telecom Development Plan for Islands, Comprehensive Telecom Development Plan for NE Region, and 2G Coverage in uncovered villages in Himalayan States & Western Border States. During 2017-18, against the proposed amount of Rs. 13,938 crore, an amount of Rs.11,636.18 crore has been allocated at BE. Even though it is Rs.8,881.18 crore more than the allocation made at BE during the previous year, the Department have clearly stated that various USOF schemes under Comprehensive Telecom Development Plan for Islands and Comprehensive Telecom Development Plan for NER, such as Provision of Submarine OFC connectivity between Mainland India (Chennai) and Andaman & Nicobar Islands, Provision of Submarine OFC connectivity between Mainland India (Kochi) and Lakshadweep Islands, Mobile services in uncovered villages in rest of NER and seamless coverage along National Highway, etc. would be affected. The Committee are glad to note that spending of the Department for flagship programme like BharatNet has made progress during 2016-17 and numerous issues relating to delay and procurement of material have been addressed by the Department. The Committee also note that Telecom Commission has approved the revised strategy for phase-II of the project and Cabinet note is under process for approval of Union Cabinet. As per the revised strategy, out of 1,50,000 GP's to be covered in Phase II of the project, 70,000 GP's are planned on underground OFC, 48,000 on aerial OFC, 30,000 GP's on radio and 2,000 GP's on satellite media. This is to be implemented by involving CPSUs, State Governments, State PSUs and Private sector with the target to complete by December, 2018. The

Committee are of the view that BharatNet is the most important pillar of Digital India Programme aimed to establish network infrastructure for Broadband Highways accessible on a non-discriminatory basis, to provide affordable broadband services to citizens and institutions in rural areas in partnership with States and the private sector. The Committee, therefore, recommend that all out effort must be made by the Department so that Cabinet note which is under process for approval of Union Cabinet may be taken at the earliest so that Phase-II could be completed within the given deadline, i.e, by December 2018 and no further extension is sought. The Committee also recommend that a representative from the BharatNet project (an official either of the implementing agencies of BSNL, PGCIL or RailTel) may be present in the District DISHA meetings, in order to ensure effective monitoring of the progress of the project. The Committee further recommend that necessary steps should be taken by the Department for the increased allocation of funds so that implementation of various schemes under Comprehensive Telecom Development Plan for Islands and Comprehensive Telecom Development Plan for NER are not affected and ensure that these works do not get delayed any more on account of shortage of funds or official laxity. The Committee would also like to stress the need for fixing and adhering to strict timeline for execution of these projects and apprised of the same.

10. The Department of Telecommunications, in the action taken note, have stated as under:-

“Present status of the Schemes is as under: BharatNet:

- (i) Government is implementing BharatNet to provide broadband connectivity to all (approx. 2,50,000) Gram Panchayats (GPs) in the country. Phase-I of the project to connect 1,00,000 GPs is being implemented. The status of implementation of BharatNet as on 28.05.2017 is as below:

Items	Achieved
Pipe laid (GPs)	1,03,165
Pipe laid (Km)	2,31,041
OFC pulled (GPs)	91,249
OFC pulled (Kms)	2,06,876
Connectivity (GPs)	19,312

Districts Completed

- 1) Kerala: All districts
- 2) Karnataka: Mandya, Hassan, Chamraj Nagar, Bangluru urban

- 3) Punjab: Chandigarh
- 4) Puducherry: All districts
- 5) Tripura: Unokoti
- 6) Assam: Kamrup Metro
- 7) Manipur: Vishnupur

- (ii) Issues related to supply of GPON equipment required for providing connectivity to GPs have been resolved. GPON equipment supplies have commenced and most of the equipment required for Phase-I is expected to be supplied by June, 2017. Installation of supplied GPON equipment would enable to provide connectivity to GPs under Phase-I.
- (iii) Approval for draft Cabinet Note for Phase-II is being expedited.
- (iv) Recommendation of the Committee that a representative from BharatNet project may be present in the District DISHA meetings is noted.

1. Comprehensive Telecom Development Plan for Andaman & Nicobar Islands and Lakshadweep:

Telecom Commission in its meeting held on 07.01.2014 approved in principle an Integrated and Comprehensive Telecom Development Plan for Andaman & Nicobar Islands and Lakshadweep in accordance with TRAI recommendations dated 22.07.2014 for 'Improving Telecom Services in Andaman & Nicobar Islands and Lakshadweep'. The plan consists of the following schemes:

a. Submarine OFC Connectivity between Mainland India (Chennai) and Port Blair & Andaman & Nicobar Islands:

- Cabinet approval on 21.09.2016 for Submarine OFC connectivity between Mainland India (Chennai) and Port Blair & five other Islands Car Nicobar, Little Andaman, Havelock, Kamorta and Great Nicobar Island in single phase
- Future bandwidth requirement of 55.66 Gbps forecasted by TRAI for backhaul shall be met through this project
- About 2164 Km of submarine OFC to be laid under this project
- CAPEX of Rs. 880.03 Crore to be funded by USO Fund
- OPEX of Rs. 44.47 Crore per annum initially for five years to be funded by Andaman & Nicobar UT Administration/ MHA]
- Work has been allocated to BSNL, the tender is being finalized.
- Project targeted to be implemented by December 2018.

b) Satellite Bandwidth Augmentation for Andaman & Nicobar Islands:

- Enhancement of satellite bandwidth from 260 Mbps to 1 Gbps
- CAPEX: Estimate of Rs. 80.98 Crore to be funded by USO Fund
- OPEX/ transponder charges to be funded by Andaman & Nicobar UT Administration/ MHA

- Work awarded to BSNL on nomination basis
- Bandwidth has been augmented from 260 Mbps to 1Gbps.
- Remaining Five links from Kolkata to Hutbay, Katchal, Long Island, Neil Island and Teressa are likely to be commissioned shortly.

c) Provision of 2G Mobile Coverage with Edge Technology in Uncovered Villages and seamless 2G Mobile coverage of NH223 in Andaman & Nicobar Islands:

- Setting up of 151 towers to provide 2G coverage in 172 uncovered villages with population ≥ 10 and 28 towers for 2G mobile coverage of entire 129 km of uncovered NH223 including 80 km falling within Jarawa Tribal Reserve Belt
- Tender for selection of agency is being finalized by USOF. Vendors' conference held.
- Estimated cost of implementation: Rs. 262.91 Crore (includes CAPEX & OPEX)
- Project to be implemented by December 2018

d) Augmentation of Intra Island OFC network in Andaman & Nicobar Islands:

- Augmentation of bandwidth by enhancing the capacity of the network and providing OFC in ring configuration for providing redundancy in the land OFC network
- 321 Km OFC to be laid under this project
- CAPEX: Rs. 35.35 Crore to be funded by USO Fund
- Work is being executed by BSNL.
- Project targeted to be implemented by March 2018

e) Submarine OFC Connectivity between Mainland India (Kochi) and Lakshadweep:

- Proposal for Submarine OFC connectivity between Kochi/Cochin and Kavaratti & five other major Islands, namely, Agatti, Androth, Kalpini, Amini and Minicoy
- Future bandwidth requirement of 7.56 Gbps forecasted by TRAI for backhaul shall be met through this project
- 936 Km cable with an estimated expenditure of Rs 468 Crore
- CAPEX: Rs. 468 Crore to be funded by USO Fund
- DPR under preparation by TCIL
- Project targeted to be implemented by December 2019

f) Satellite Bandwidth Augmentation for Lakshadweep:

- Enhancement of satellite bandwidth from 102 Mbps to 318 Mbps
- Work awarded to BSNL on nomination basis
- CAPEX: Rs. 46.53 Crore to be funded by USO Fund

- OPEX/ transponder charges to be funded by Lakshadweep UT Administration/ MHA
- Bandwidth Augmentation completed from 102 Mbps to 256 Mbps between Mainland India & Lakshadweep.

g) Augmentation of 2G Mobile Coverage with Edge Technology in Lakshadweep:

- Setting up of 10 new BTSs to improve the quality of service as per TRAI recommendations
- Work has been allocated to BSNL for execution
- CAPEX: Rs. 10.1 Crore to be funded by USO Fund
- Project targeted to be implemented by June 2017

2. Implementation of Comprehensive Telecom Development Plan for North Eastern Region:

On 10.09.2014, Government approved a proposal based on the Detailed Project Report to implement a Comprehensive Telecom Development Plan for North Eastern Region. The total estimated project cost of Rs. 5,336.18 crore is to be funded from USOF.

A. Mobile Services in Uncovered Villages of Arunachal Pradesh and 2 Districts of Assam:

2817 mobile tower sites to provide mobile coverage to 4119 identified uncovered villages. BSNL has been nominated to execute the work related to the provision of mobile services in Arunachal Pradesh and two districts of Assam. Technical bids has been opened on 10.08.2016. After completion of technical evaluation, BSNL has opened financial bids on 24.04.2017. Financial evaluation is in process.

B. Mobile Services in Uncovered villages in rest of NER and seam less coverage along National Highway:

- (i) 3856 mobile tower sites to provide mobile coverage to 4502 identified uncovered villages in Rest of NER.
- (ii) 321 mobile tower sites for providing seamless coverage along the National Highways in NER.

For provision of mobile services in uncovered villages in rest of NER and along National Highways in NER, tender was floated on 02.05.2016 and opened on 22.09.2016; however, no bids were received. A committee constituted under the chairmanship of Member (T) to examine the issues raised by COAI/ TSPs recommended modifications in the tender specifications. The report of the committee was approved by the Telecom

Commission on 22.02.2017. Tender has been invited as per revised terms and conditions on 28.03.2017. Financial bid opened on 22.05.2017. M/s Bharti Hexcom participated for 13 bidding units. Total quoted rates are about 56% higher than the benchmark subsidy. Price Negotiation Committee has been constituted.

C. OFC Augmentation Scheme under Transmission Plan:

- Rs. 295.97 Crore (inclusive of all applicable taxes except octroi and local taxes) has been allocated towards CAPEX
- Work awarded to BSNL on nomination basis
- Under this scheme, BSNL has to provide OFC ring connectivity between respective state capitals in NER and also between state capitals & district headquarters to ensure reliability and redundancy in the transmission network and augmentation of transmission media.
- Laying of 2122 Km of underground Optical Fibre cable and 1091 Km of aerial Optical Fibre cable alongwith associated terminal equipment for augmentation of transmission media in NER is proposed.
- Two tenders floated by BSNL in February 2015 and April 2015 for procurement of transmission equipment and optical fibre including laying and trenching.
- Tender evaluation report alongwith cost discovered submitted by BSNL to USOF on 28.12.2016
- Since rates were high, tender is being floated again by BSNL.”

Comments of the Committee

11. The Committee note that approval for draft Cabinet Note for Phase-II of Bharat Net is being expedited and the recommendation of the Committee on presence of official either of the implementing agencies of BSNL, PGCIL or RailTel in the District DISHA meetings have been noted by the Department for action. The Committee hope that sincere effort will be made by the Department to implement both the recommendations. However, the Department in their Action Taken Note have not spelt out any effort being made for increased allocation of funds during the current year. Considering that the Department are implementing important schemes under USOF, such as, Bharat Net, various Comprehensive Telecom Development Plan for Islands and Comprehensive Telecom Development Plan for NER, etc , the Committee again emphasize that adequate funds should be made available for the

success and timely implementation of these schemes. Since huge amount of funds is available as potential fund for USOF activities, the Committee are of the firm view that implementation of various schemes under USOF should not be allowed to suffer due to shortage of funds. The Committee, therefore, desire that the Department should take urgent necessary measures for adequate allocation of funds so that all the schemes under USOF could be effectively implemented and no further extension of time is sought. The Committee would like to be apprised of all the progress made in this regard.

Telecom Engineering Centre

(Recommendation Sl.No.9)

12. The Committee, in their Original Report, had recommended as under:-

“The Committee note that TEC which is the Technical Wing of the Department is entrusted with responsibilities, such as formulation, testing and certification of telecom equipment, etc. The Committee have noted continuous under performance by TEC during the last two years. In 2015-16, an amount of Rs.4.95 crore was allocated at BE, which was reduced to Rs.1.50 crore at RE and the actual utilization made was only Rs.1 lakh. During 2016-17, against an amount of Rs 58.49 crore proposed by the Department, an amount of Rs.10 crore was allocated at BE. This was further reduced to Rs.4.24 crore at RE and the actual achievement made till February 2017 was Rs.0.13 crore only under 'Setting Up of SAR Lab at TEC New Delhi/Mumbai'. The Committee while examining the Demands for Grants of the Department during the previous year had pointed out non utilization of funds for implementation of various schemes/activities under TEC. The result is that Security Lab to cater to the telecom industry's need for security testing of various network element and equipment has still not been set up so far in the country. Even the Specific Absorption Rate (SAR) Lab set up in Delhi for verification of SAR values of mobile handsets and hand held devices has still not been made fully functional and the project estimate for setting up of second SAR lab at Mumbai is still in the process of approval. Apart from these, various other labs such as NGN lab, Green Passport lab, etc. are pending due to non finalization of tender document. It is only under procurement of EMF Measuring Instruments that Purchase order has been issued for 35 sets of EMF Measuring Instruments and payment is expected to be released by 31st March 2017. The Committee also note that under Security Lab, since no bids were received for the

initial tender floated on 9.11.2015, tender document was reviewed and tender re-floated in October 2016 and is presently under technical evaluation. The Committee note that during the year 2017-18, the Department have proposed an amount of Rs. 17.95 crore against which Rs.15 crore has been allocated at BE. The Committee take a serious view for the gross underutilization of earmarked funds by the Department and the delay occurred in the implementation of Schemes under TEC are beyond comprehensions as these are related to safety and security of the nation. The Committee, therefore, strongly recommend that there should be no further delay in the implementation during the current year and all necessary steps must be taken at the right earnest so that the allocation of funds made at BE could be efficiently utilized. The Committee would like to be informed of the progress made in the implementation of the schemes by TEC.”

13. The Department of Telecommunications, in the action taken note, have stated as under:-

“Status of Fund Utilization in 2016-17:

With the payment of Rs. 2.4 Crore for EMF Measuring Test sets, the total fund utilization was Rs. 2.53 Crore against Rs. 4.24 Crore of RE for 2016-17.

Status of Labs:

- i) **NGN Lab:** NGN Lab is working and testing of devices is under progress.
- ii) **Security Test Lab:** Notice Inviting Tender (NIT) for the Security lab was floated on 09.11.2015 and Tender was opened on 26.04.2016. Since no bids were received, tender could not be processed.
Subsequently tender was reviewed and refloated on 10.10.2016. The Tender was opened on 31.12.2016. 4 bidders had participated in the tender. After techno commercial evolution, it was found that none of the bids were techno-commercially responsive. Hence, the tender was cancelled. Case of floating of fresh tender is in process.
- iii) **SAR Lab, Mumbai:** SAR Lab Project is being reviewed.
- iv) **SAR Lab at New Delhi:** SAR Lab at New Delhi could not be fully commissioned due to certain deficiencies pending at the supplier’s end. In this regard Arbitrator has been appointed on 25.10.2016 and hearings are being held.

Other Labs:

CPE Lab: Tender floated on 31.03.2017. Pre-Bid Conference Committee (PBCC) held on 10.04.2017. PBCC minutes & corrigendum with amendments uploaded on CPP Portal. Tender is scheduled to be opened on 12.07.2017.

Regional Test Labs: Tender has been merged with CPE lab. Tender floated on 31.03.2017. Pre-Bid Conference Committee (PBCC) held on 10.04.2017. PBCC minutes & corrigendum with amendments uploaded on CPP Portal. Tender is scheduled to be opened on 12.07.2017.

Green Passport (GP) Lab: Green Passport Lab tender was floated and opened on 19.04.2017 but no bidder participated. Revised tender document is under preparation.

Status of supply of EMF Measuring Equipment:

EMF Measuring Equipment: Purchase order of 35 sets was issued, all 35 sets have been delivered by the supplier to the ultimate consignees and 80% payment (Rs. 2.4 Crore) has been released in March 2017 against the delivery.

Performance test report of already supplied 35 sets of EMF instruments is received. Process of issuing 2nd purchase order of remaining 34 sets is in progress.”

Comments of the Committee

14. Expressing concern over delay in implementation of some of the important schemes of TEC relating to safety, security and health concerns viz. Security Test Lab, Specific Absorption Rate (SAR) Lab Mumbai/Delhi, Customer Premises Equipment(CPE) Lab, Regional Test Lab and Green Passport Lab, the Committee had recommended that necessary steps be taken so that delay is avoided and funds allocated are utilized optimally. Though the Committee draw some satisfaction that as per the action taken reply Next-Generation-Network(NGN) Lab is now working and testing device is under progress, the progress with regard to many other schemes still continues to be worrisome. With regard to setting up of Security Test Lab, tender got cancelled since none of the bids were techno-commercially

responsive. Project for SAR Lab, Mumbai is being reviewed. SAR Lab, New Delhi cannot be made fully functional due to certain deficiencies pending at the supplier's end and arbitrator has been appointed and hearings are being held. With regard to CPE Lab and Regional Test Lab, tenders were clubbed and were scheduled to be opened on 12.07.2017. For Green Passport Lab, since no bidder participated in the earlier tender floated on 19.04.2017, revised tender document is under preparation. From the above account of implementation of various schemes by TEC especially delay in finalization of tenders and non-participation of bidder in the tender floated, the Committee are inclined to conclude that TEC has failed to study the prevailing market scenario and finalize tender which are technically and commercially feasible. The Committee are sure that with this kind of progress and delayed implementation of schemes gross under utilization of funds for the year 2017-18 is bound to recur. The Committee need not stress that TEC should have strived to properly study the prevailing market conditions and finalized the tenders so as to address the bottlenecks well in advance. Considering that there has been a considerable delay, the Committee desire the Department to take urgent remedial measures for effective implementation of all the schemes thereby ensuring optimal utilization of funds under TEC.

Revival of BSNL and MTNL

(Recommendation Sl. No. 13)

15. The Committee, in their Original Report, had recommended as under:-

“During the examination of Demands for Grants (2014-15) of the Department of Telecommunications, the Committee had been clearly informed by the Department that the Government were in the process of revival and revitalization of BSNL and MTNL through various short-medium-and long-term measures. The Committee had recommended to the Department that these should be translated into action for the much needed revival and revitalization of BSNL and MTNL. As a part of this revival process, BSNL and MTNL have been given various assistances in the form of refund of surrendered BWA (Broadband Wireless Access) spectrum in two service areas held by MTNL and in 6 service areas held by BSNL,

waiver of notional loan with BSNL, financial support given to MTNL on account of liability arising from levy of Minimum Alternate Tax (MAT), refund of CDMA spectrum charges to MTNL and BSNL, and taking over the pension liability of MTNL. One of the long-term measures contemplated by the Government included the merger of BSNL and MTNL, with the objective to position these PSUs to emerge as market leaders in telecommunication market. However, instead of revitalization of these two companies, what is seen today is that the two companies are dogged by various issues like poor quality of service, lack of investment, continuous losses, even to the extent of borrowing money for day to day operations in case of MTNL, huge employee cost, etc without any scope for revitalization. In spite of the numerous assistances given by the Government, these two companies are still unable to stand on its own feet and numerous assistances are still required by them. While Government have resource constraint, from the way the two companies have been burdened due to transfer of around 3 lakh Government employees who were part of the Department of Telecom Services and Department of Telecom Operations till 2000 to BSNL and MTNL along with liabilities of Rs.1000 crore per month wage bills, it is imperative that the Government extend support to them in this respect. As their skills have become obsolete with the introduction of new technology as they were mainly employed for repairing landlines, the Committee are of the view that the Department may look into possibility of skilling these employees for gainful utilization of their services. If it is not possible, the best way is to extend VRS to those employees who can no longer be skilled, since extending VRS will help to advance the liability and reduce the employee cost. However, the proposal for VRS could not be approved by the Cabinet due to financial constraints. The Committee recommend that the Department should come out with a revised VRS proposal. On the plan for merger of BSNL and MTNL, the same would be taken to Cabinet before June. Due to fierce competition in the market, the Committee note that there are talks of consolidation and merger of telecom operators in the country. As per the competition index for telecom in India, competition increases till there are five players and it levels off after that. The Committee are unable to appreciate the reasons for continuous functioning of BSNL and MTNL under heavy losses and desire that the Department should prepare a final concrete action plan for the revival of the two companies and the proposals place before the competent authority for approval at the earliest. With regard to merger of BSNL and MTNL, the Committee recommend that the case of merger of Air India and Indian Airlines should be carefully examined while developing a merger plan and the same should be implemented only with the objective to make them strong. The

Committee would like to be apprised of all the progress made in these regard.”

16. The Department of Telecommunications, in the action taken note, have stated as under:-

“Regarding skilling of employees, it is submitted that BSNL is providing in-services training courses to its employees (executives/non-executives) in latest technologies and other areas like Sales & Marketing, Customer Care, Behavioural etc for enhancing and updating knowledge and skill for gainful utilization of their services. Further vendor trainings are also being provided to BSNL employees by vendor at BSNL’s training centres as per terms and conditions of tenders.

A proposal for VRS to 20% employees of MTNL has been prepared and is under process.

Since the CPSEs are loss making, the Department is taking steps as per DPE guidelines.”

Comments of the Committee

17. The Committee had noted that the Government were in the process of revival and revitalization of BSNL and MTNL through various short-term and long-term measures. One of the long term measures contemplated by the Government also included the merger of BSNL and MTNL, with the objective to position these PSUs to emerge as market leaders in telecommunications market. Since BSNL and MTNL continue to function under heavy losses, the Committee had desired that the Department should prepare final action plan for the revival of the two companies and the proposals placed before the competent authority for approval at the earliest. The Department, in their action taken reply have, however, not spelt out any measures regarding the action plan for revival though there is some mention about few measures taken for skilling of the employees and VRS to 20 per cent of employees of MTNL. The Department have just hinted that since the CPSEs are loss making, the Department is taking steps as per DPE guidelines. MTNL is under heavy debt burden which is increasing year after year. Similarly, BSNL is also functioning

under heavy loss. The Committee are of the firm view that unless the two Companies are given a new lease of life through revival measures, the situation will only get worse as the two loss making Companies are not in a position to withstand stiff competition from private telecom players. The Committee, therefore, reiterate that the Government need to take urgent steps for revival and restructuring and synergizing the operations of the two Companies to turn them into profit making Companies. The Committee desire the matter be taken up in a time bound manner and Committee be apprised of the progress in this regard including the decision as per DPE guideline.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

DoT Budget

(Recommendation Sl. No. 1)

The Department of Telecommunications (DoT) have laid the Detailed Demand No. 14 for the Financial Year 2017-18 on 8th February, 2017 for a total amount of Rs. 38,578.65 crore including Rs. 35,192.65 crore under Revenue and Rs. 3,386.00 crore under Capital. The Committee note that the Government have done away with the plan and non –plan classification of expenditure with a holistic view of allocation for sectors and Ministries and to facilitate optimal allocation of resources from 2017-18. Instead of Plan and Non-Plan, the allocation of funds has been made under Revenue and Capital expenditure from the current Financial year. From the information provided by the Department, the Committee note that during the year 2015-16, the gross expenditure of the Department under Revenue Section was Rs. 21,263.01 crore and Rs.2,321.81 crore under Capital Section. An analysis of the financial performance during 2016-17 indicates that an amount of Rs. 18,355.96 crore was allocated at BE under Revenue Section which was increased to Rs. 28,598.33 crore at RE stage because of increase in allocation under USOF from Rs. 2755 crore at BE to Rs.7,625.79 crore at RE which included Rs. 6000 crore specifically for BharatNet. For OFC Based Network for Defence Service, allocation increased from Rs. 2710 crore to Rs. 3210 crore. Under C-DOT, the allocation increased from Rs. 220 crore at BE to Rs.315 crore at RE. The gross Revenue expenditure of the Department till January, 2017 was Rs.18,708.55 crore. The Committee also note that during the year 2016-17, an amount of Rs.2858.70 crore has been allocated at BE under Capital Section which was increased to Rs.3345.54 crore at RE stage mainly due to additional allotment of Rs. 500 crore under OFC based Network for Defence Services. Out of this, the Department have incurred an expenditure of Rs. 2134.43 crore till 31st January, 2017. For the year 2017-18, an amount of Rs.35,192.65 crore has been allocated at BE under Revenue Section which is Rs.16,836.69 crore more than the BE allocation during the previous year. The massive increase in the allocation are stated to be mainly due to the reasons, such as increase in pension and DA consequent upon the implementation of VIIth Pay commission, increase in allocation of funds under USOF from Rs. 2755 crore in BE 2016-17 to Rs. 11636.18 crore in BE 2017-18 (Rs. 10000 crore has been allotted specifically for Bharat Net). Under C-DoT, BE 2016-17 was Rs. 220 cr. which is increased to RS. 270 cr. during 2017-18. The Committee also note that under Capital, Section, an amount of Rs.3386 crore has been allocated at BE during 2017-18 which is Rs.527.30 crore more than the allocation made at BE during the previous year. This is mainly because of increase in allocation from Rs.2710 crore in BE 2016-17 to Rs.3000 crore in

BE 2017-18 under OFC, 200 crore under ITI from Rs.80 crore and Rs. 186 crore under DoT Projects from Rs. 68.70 crore. Keeping in view that there has been a massive increase in allocation made especially under Revenue, the Committee would like the Department to ensure prudent utilization of funds during the current financial year. Since Capital expenditure is incurred for acquiring long term assets such as equipment or building, the Committee recommend that effort should also be made by the Department to achieve greater utilization of funds under Capital section.

Reply of the Government

To achieve better and optimal utilization of funds, Major schemes have been included in the Result Frame Document (RFD) of DOT and are being monitored regularly. Monthly and quarterly targets have been given to Nodal officers as well as concerned PSUs and are being reviewed accordingly.

Further, to ensure efficient utilization of funds under Capital Section all the concerned units have been advised to chalk out road map for introduction of new service and projects in a phased and time bound manner.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

Utilization of funds under Plan Schemes

(Recommendation Sl. No. 2)

The Committee note that as per policy of the Ministry of Finance, Plan and Non Plan segments have been merged and no separate plan funds have been allocated under Revenue/Capital segments in BE 2017-18. During the year 2015-16, the Department had incurred an expenditure of Rs. 5787.24 crore for implementation of various schemes. During 2016-17, an amount of Rs.18214.32 crore was proposed by the Department for implementation for various Schemes, however, an amount of only Rs. 5865 crore was allocated at BE. This was increased to Rs. 11312.49 crore at RE mainly on account of increase in allocation made under USOF, Optical Fibre Cable based Network for Defence Services, Centre for Development of Telematics, etc. As on 15th February, 2017, the Department have incurred a total expenditure of Rs.8,388.53 crore for implementation of Schemes. This is Rs. 2601.29 crore more than the actual expenditure achieved by the Department during 2015-16. Some of the Schemes where proper utilization of funds have been noted are; Compensation to Service Providers for creation and augmentation of Telecom Infrastructure-USOF, OFC based network for Defence Services, C-DoT, Construction of DoT building, TRAI, ITI, etc. From the information provided by the Department, the Committee have, however, also noted under utilization of funds under schemes like Wireless Planning and

Coordination/Monitoring Service, Telecom Engineering Centre, National Institute of Communication and Finance, Establishment of Satellite Gateway Assistance to BSNL, etc. This Committee while appreciating the financial performance of the Department under some schemes in the year 2016-17 also like to stress that Department should make all efforts to utilize the entire amount in the remaining part of the fiscal year so that important schemes where underutilization of funds have been noted do not suffer. The Committee note that in the year 2017-18, against the proposed amount of Rs.25827.45 crore for various schemes, an amount of Rs.15,351.12 crore has been allocated at BE for the implementation of various schemes. This is Rs.9,486.12 crore more than the BE allocation of the previous year. The is mainly because of increase in allocation for schemes like Compensation to Service Providers for creation and augmentation of Telecom Infrastructure-USOF, Network for Spectrum (Defence Services), C-DoT, ITI, NICF, DoT Building, WMO, other DoT projects, etc. The Committee have been informed that the Department of Telecommunications are committed to optimal utilization of allocated funds under various schemes. The Committee also note that the Department have introduced some new important schemes during 2017-18, such as Telecom Computer Emergency Response Team, Central equipment Identity Register Promotion, viability gap funding to BSNL for providing telecom connectivity during Shri Amarnathji Yatra, etc. The Committee particularly note under five schemes, namely, network for spectrum, North East Region projects, Left Wing extremist area projects, submarine cable to Andaman and Nicobar Islands and ITI, the Department have to look for further allocations so as to make progress in implementing the schemes. Considering huge gap between the amount proposed and allocation made at BE, the Committee desire that the Department should continue with their efforts to get more allocation in the midst of the financial year so that implementation of various schemes do not suffer due to want of funds. At the same time, the Department should ensure that funds allocated under Plan schemes are optimally utilized to achieve the envisaged physical targets.

Reply of the Government

To ensure efficient utilization of funds under various schemes of Capital Section the Department is committed for optimal utilization of funds. To ensure timely implementation of the ongoing schemes and to safe guard against any dearth of funds, the Department will request to Ministry of Finance at appropriate level for sufficient allocation of funds so that progress of any ongoing scheme of national importance may not suffer.

The Fund allocation under NFS Project (2016-17) was Rs.3210 crores, the total Expenditure has been made during the year was also Rs.3210 crores. Thus 100% utilisation has been done for 2016-17.

The Department has been allocated a fund of Rs.3000 crores towards NFS Project in BE-2017-18 against the demand of Rs.8200 crore.

Two new important schemes have been initiated during 2017-18 viz. Telecom Computer Emergency Response Team and Central Equipment Identity Register. A detailed study is being undertaken and a detailed project report is under preparation for these projects to ensure that the envisaged physical targets are achieved in time with optimal utilisation of allocated funds. Further the pilot project of Telecom Testing and Security Certification Centre is also under implementation. Efforts to get the allocation of funds for implementation of these schemes will be taken.

The Department will continue to seek for additional allocation during RE, in order to ensure the timely implementation of the project.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

Implementation of USOF Schemes

(Recommendation Sl. No. 4)

The Committee note that during the year 2016-17, against the proposed amount of Rs.7350 crore, an amount of Rs. 2755 crore only had been allocated at BE under USOF. This was increased to Rs. 7625.79 crore at RE stage out of which the major allocation of Rs. 6000 crore was made for BharatNet. Out of this, an amount of Rs.4850.45 Crore (inclusive of Rs.4616.83 crore under BharatNet and Rs. 185.12 crore under LWE) has been disbursed till 10th February, 2017. The Committee note that while considerable progress have been made in laying of PLB duct and OFC, the achievement under 'Number of GPs to be provided connectivity' was only 16,466 GPs against the target of achieving connectivity to 1,00,000 GPs by March 2017. The Committee have also noted 'Nil' utilization of funds under schemes like Subsidy Support for the operational sustainability of Rural Wireline Connections to BSNL, Comprehensive Telecom Development Plan for Islands, Comprehensive Telecom Development Plan for NE Region, and 2G Coverage in uncovered villages in Himalayan States & Western Border States. During 2017-18, against the proposed amount of Rs. 13,938 crore, an amount of Rs.11,636.18 crore has been allocated at BE. Even though it is Rs.8,881.18 crore more than the allocation made at BE during the previous year, the Department have clearly stated that various USOF schemes under Comprehensive Telecom Development Plan for Islands and Comprehensive Telecom Development Plan for NER, such as Provision of Submarine OFC connectivity between Mainland India (Chennai) and Andaman & Nicobar Islands, Provision of Submarine OFC connectivity between Mainland India (Kochi) and Lakshadweep Islands, Mobile services in uncovered villages in rest of NER and seamless coverage along National

Highway, etc. would be affected. The Committee are glad to note that spending of the Department for flagship programme like BharatNet has made progress during 2016-17 and numerous issues relating to delay and procurement of material have been addressed by the Department. The Committee also note that Telecom Commission has approved the revised strategy for phase-II of the project and Cabinet note is under process for approval of Union Cabinet. As per the revised strategy, out of 1,50,000 GP's to be covered in Phase II of the project, 70,000 GP's are planned on underground OFC, 48,000 on aerial OFC, 30,000 GP's on radio and 2,000 GP's on satellite media. This is to be implemented by involving CPSUs, State Governments, State PSUs and Private sector with the target to complete by December, 2018. The Committee are of the view that BharatNet is the most important pillar of Digital India Programme aimed to establish network infrastructure for Broadband Highways accessible on a non-discriminatory basis, to provide affordable broadband services to citizens and institutions in rural areas in partnership with States and the private sector. The Committee, therefore, recommend that all out effort must be made by the Department so that Cabinet note which is under process for approval of Union Cabinet may be taken at the earliest so that Phase-II could be completed within the given deadline, i.e, by December 2018 and no further extension is sought. The Committee also recommend that a representative from the BharatNet project (an official either of the implementing agencies of BSNL, PGCIL or RailTel) may be present in the District DISHA meetings, in order to ensure effective monitoring of the progress of the project. The Committee further recommend that necessary steps should be taken by the Department for the increased allocation of funds so that implementation of various schemes under Comprehensive Telecom Development Plan for Islands and Comprehensive Telecom Development Plan for NER are not affected and ensure that these works do not get delayed any more on account of shortage of funds or official laxity. The Committee would also like to stress the need for fixing and adhering to strict timeline for execution of these projects and apprised of the same.

Reply of the Government

Present status of the Schemes is as under:

3. BharatNet:

- (v) Government is implementing BharatNet to provide broadband connectivity to all (approx. 2,50,000) Gram Panchayats (GPs) in the country. Phase-I of the project to connect 1,00,000 GPs is being implemented. The status of implementation of BharatNet as on 28.05.2017 is as below:

Items	Achieved
Pipe laid (GPs)	1,03,165
Pipe laid (Km)	2,31,041

OFC pulled (GPs)	91,249
OFC pulled (Kms)	2,06,876
Connectivity (GPs)	19,312

Districts Completed

- 8) Kerala: All districts
- 9) Karnataka: Mandya, Hassan, Chamraj Nagar, Bangluru urban
- 10) Punjab: Chandigarh
- 11) Puducherry: All districts
- 12) Tripura: Unokoti
- 13) Assam: Kamrup Metro
- 14) Manipur: Vishnupur

- (vi) Issues related to supply of GPON equipment required for providing connectivity to GPs have been resolved. GPON equipment supplies have commenced and most of the equipment required for Phase-I is expected to be supplied by June, 2017. Installation of supplied GPON equipment would enable to provide connectivity to GPs under Phase-I.
- (vii) Approval for draft Cabinet Note for Phase-II is being expedited.
- (viii) Recommendation of the Committee that a representative from BharatNet project may be present in the District DISHA meetings is noted.

4. Comprehensive Telecom Development Plan for Andaman & Nicobar Islands and Lakshadweep:

Telecom Commission in its meeting held on 07.01.2014 approved in principle an Integrated and Comprehensive Telecom Development Plan for Andaman & Nicobar Islands and Lakshadweep in accordance with TRAI recommendations dated 22.07.2014 for 'Improving Telecom Services in Andaman & Nicobar Islands and Lakshadweep'. The plan consists of the following schemes:

a. Submarine OFC Connectivity between Mainland India (Chennai) and Port Blair & Andaman & Nicobar Islands:

- Cabinet approval on 21.09.2016 for Submarine OFC connectivity between Mainland India (Chennai) and Port Blair & five other Islands Car Nicobar, Little Andaman, Havelock, Kamorta and Great Nicobar Island in single phase
- Future bandwidth requirement of 55.66 Gbps forecasted by TRAI for backhaul shall be met through this project
- About 2164 Km of submarine OFC to be laid under this project
- CAPEX of Rs. 880.03 Crore to be funded by USO Fund
- OPEX of Rs. 44.47 Crore per annum initially for five years to be funded by Andaman & Nicobar UT Administration/ MHA]
- Work has been allocated to BSNL, the tender is being finalized.

- Project targeted to be implemented by December 2018.

h) Satellite Bandwidth Augmentation for Andaman & Nicobar Islands:

- Enhancement of satellite bandwidth from 260 Mbps to 1 Gbps
- CAPEX: Estimate of Rs. 80.98 Crore to be funded by USO Fund
- OPEX/ transponder charges to be funded by Andaman & Nicobar UT Administration/ MHA
- Work awarded to BSNL on nomination basis
- Bandwidth has been augmented from 260 Mbps to 1Gbps.
- Remaining Five links from Kolkata to Hutbay, Katchal, Long Island, Neil Island and Teressa are likely to be commissioned shortly.

i) Provision of 2G Mobile Coverage with Edge Technology in Uncovered Villages and seamless 2G Mobile coverage of NH223 in Andaman & Nicobar Islands:

- Setting up of 151 towers to provide 2G coverage in 172 uncovered villages with population ≥ 10 and 28 towers for 2G mobile coverage of entire 129 km of uncovered NH223 including 80 km falling within Jarawa Tribal Reserve Belt
- Tender for selection of agency is being finalized by USOF. Vendors' conference held.
- Estimated cost of implementation: Rs. 262.91 Crore (includes CAPEX & OPEX)
- Project to be implemented by December 2018

j) Augmentation of Intra Island OFC network in Andaman & Nicobar Islands:

- Augmentation of bandwidth by enhancing the capacity of the network and providing OFC in ring configuration for providing redundancy in the land OFC network
- 321 Km OFC to be laid under this project
- CAPEX: Rs. 35.35 Crore to be funded by USO Fund
- Work is being executed by BSNL.
- Project targeted to be implemented by March 2018

k) Submarine OFC Connectivity between Mainland India (Kochi) and Lakshadweep:

- Proposal for Submarine OFC connectivity between Kochi/Cochin and Kavaratti & five other major Islands, namely, Agatti, Androth, Kalpini, Amini and Minicoy
- Future bandwidth requirement of 7.56 Gbps forecasted by TRAI for backhaul shall be met through this project
- 936 Km cable with an estimated expenditure of Rs 468 Crore
- CAPEX: Rs. 468 Crore to be funded by USO Fund

- DPR under preparation by TCIL
- Project targeted to be implemented by December 2019

l) Satellite Bandwidth Augmentation for Lakshadweep:

- Enhancement of satellite bandwidth from 102 Mbps to 318 Mbps
- Work awarded to BSNL on nomination basis
- CAPEX: Rs. 46.53 Crore to be funded by USO Fund
- OPEX/ transponder charges to be funded by Lakshadweep UT Administration/ MHA
- Bandwidth Augmentation completed from 102 Mbps to 256 Mbps between Mainland India & Lakshadweep.

m) Augmentation of 2G Mobile Coverage with Edge Technology in Lakshadweep:

- Setting up of 10 new BTSs to improve the quality of service as per TRAI recommendations
- Work has been allocated to BSNL for execution
- CAPEX: Rs. 10.1 Crore to be funded by USO Fund
- Project targeted to be implemented by June 2017

5. Implementation of Comprehensive Telecom Development Plan for North Eastern Region:

On 10.09.2014, Government approved a proposal based on the Detailed Project Report to implement a Comprehensive Telecom Development Plan for North Eastern Region. The total estimated project cost of Rs. 5,336.18 crore is to be funded from USOF.

D. Mobile Services in Uncovered Villages of Arunachal Pradesh and 2 Districts of Assam:

2817 mobile tower sites to provide mobile coverage to 4119 identified uncovered villages. BSNL has been nominated to execute the work related to the provision of mobile services in Arunachal Pradesh and two districts of Assam. Technical bids has been opened on 10.08.2016. After completion of technical evaluation, BSNL has opened financial bids on 24.04.2017. Financial evaluation is in process.

E. Mobile Services in Uncovered villages in rest of NER and seam less coverage along National Highway:

- (i) 3856 mobile tower sites to provide mobile coverage to 4502 identified uncovered villages in Rest of NER.
- (ii) 321 mobile tower sites for providing seamless coverage along the National Highways in NER.

For provision of mobile services in uncovered villages in rest of NER and along National Highways in NER, tender was floated on 02.05.2016 and opened on 22.09.2016; however, no bids were received. A committee constituted under the chairmanship of Member (T) to examine the issues raised by COAI/ TSPs recommended modifications in the tender specifications. The report of the committee was approved by the Telecom Commission on 22.02.2017. Tender has been invited as per revised terms and conditions on 28.03.2017. Financial bid opened on 22.05.2017. M/s Bharti Hexcom participated for 13 bidding units. Total quoted rates are about 56% higher than the benchmark subsidy. Price Negotiation Committee has been constituted.

F. OFC Augmentation Scheme under Transmission Plan:

- Rs. 295.97 Crore (inclusive of all applicable taxes except octroi and local taxes) has been allocated towards CAPEX
- Work awarded to BSNL on nomination basis
- Under this scheme, BSNL has to provide OFC ring connectivity between respective state capitals in NER and also between state capitals & district headquarters to ensure reliability and redundancy in the transmission network and augmentation of transmission media.
- Laying of 2122 Km of underground Optical Fibre cable and 1091 Km of aerial Optical Fibre cable alongwith associated terminal equipment for augmentation of transmission media in NER is proposed.
- Two tenders floated by BSNL in February 2015 and April 2015 for procurement of transmission equipment and optical fibre including laying and trenching.
- Tender evaluation report alongwith cost discovered submitted by BSNL to USOF on 28.12.2016

- Since rates were high, tender is being floated again by BSNL.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

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

Setting up of towers in LWE affected areas

(Recommendation Sl. No. 5)

Under LWE, the Committee note that out of the target of setting up towers in 2199 sites, 2186 sites are radiating as on 31.12.2016. This includes 1830 new sites and 356 existing sites made operational by BSNL. An amount of Rs.1398.67 crore has been disbursed to BSNL. During the year 2017-18, an amount of Rs. 434.27 crore towards operational expenses has been proposed in BE. Based on the experience of LWE Phase-I, Ministry of Home Affairs have asked for installations of 2726 mobile towers in LWE Phase-II. The Committee desire that all necessary steps may be taken by the Department so that LWE phase -II may be executed at the earliest and accord due priority to this project which is essential for inhabitants of these areas to connect them with the mainstream. The Department may keep the Committee apprised of all the progress made in this regard.

Reply of the Government

Mobile services in areas affected by Left Wing Extremism (LWE): 2199 mobile towers was planned to set up in Left Wing Extremism (LWE) affected States with a total estimated cost of Rs.3567.58 crore. 2187 mobile towers are operational as on date. The remaining mobile towers have not been set up due to security reasons and will be set up in LWE mobile tower phase-II. The project has been completed.

Department of Telecommunications has also received an additional requirement from Ministry of Home Affairs (MHA) for provisioning of 2,726 mobile towers in 84 Security Related Expenditure (SRE) districts out of 106 SRE districts. We have further requested Ministry of Home Affairs to provide requirement against remaining 22 SRE districts, which is awaited. A committee has also been constituted to finalize scope, specification and implementation strategy for the mobile connectivity projects. Once this is finalized, the Detailed Project Report (DPR) of the project will be prepared and the approval of competent authority will be obtained.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

Review of functioning of PSUs: BSNL, MTNL, ITI and TCIL Bharat Sanchar Nigam Limited (BSNL)

(Recommendation Sl. No. 10)

From the information provided by the Department, the Committee note that while revenue from Operations and Other Income are the main sources of revenue,

BSNL is incurring expenditure under items such as Employees Remuneration and benefits, License Fee & spectrum charges, Depreciation, Administrative, operating and other expenses, and Financial expenses. During the year 2015-16, the total loss of BSNL which is the difference between total income and total expenditure was Rs.3824 crore. In the current financial year 2016-17, upto December, 2016, BSNL have received a total income of Rs.20,291 crore and incurred an expenditure of Rs.25,145 crore leaving a gap of Rs.4854 crore. Some of the challenges faced by BSNL to increase revenue earning are high competitive intensity in view of the presence of large number of operators per circle, average no. of operators per circle is 8, decline in fixed-line service with potentially negative growth of fixed wireline broadband, extensive use of VoIP (Voice over Internet Protocol)/Internet Telephony as a substitute of voice services, pan India roll out of 4G services by leading telecom operators in 2016, providing telecom services in remote and hilly areas with huge capital intensive and operational expenditure, damage to underground optical fiber cable by various infrastructure agencies, fixed to mobile substitution, etc. The situation has been further compounded by introduction of R-Jio free voice on 4G VoIP network which has disrupted the already highly leveraged telecom industry to a greater extent. The present cut-throat competition will lead to high operation cost, low EBIDTA and low revenues. The Committee note that as per the draft MoU 2017-18, the projected Revenue is Rs. 27,250 crore and the anticipated expenditure is Rs.33,000 crore. To achieve the target, BSNL is taking numerous measures such as augmentation of Global System for Mobile communications (GSM) capacity, replacement of BSNL's wireline exchanges by Next Generation Network (NGN) Exchanges, expansion of Optical Fibre Cable (OFC) network and Strengthening of transmission core network by setting up of BSNL – ECR CONE (Enhanced capacity & resilience of core network). From the aforesaid observations, the Committee note that there are huge challenges before the company and the only way to survive in this era of cut-throat competition is by continuously undergoing various innovations and increasing the investment and upgrading the technologies. The Committee, therefore, hope that BSNL would pay adequate attention for making bigger investment for expansion of its infrastructure so as to increase its revenue earning potential. In this regard, all the existing non-functional towers of BSNL should also be made functional at the earliest and the report furnished to the Committee. The Committee recommend that BSNL should also take all necessary initiative in making a robust distribution strategy besides upgradation of technology and improving customer care services. Since BSNL is also operating in a highly competitive environment competing against the Private telecom companies to capture the market, it must also make efforts to introduce the best business practice adopted by the private operators if it is to have any role in telecom market in future.

Reply of the Government

The MoU for 2017-18 has been revised as follows:

Projected Revenue: Rs. 27250 Crores.

Projected Expenditure: Rs. 33000 Crores.

The recommendations of the Committee have been noted and BSNL will make efforts to increase its revenue despite stiff competition in the telecom sector.

BSNL is taking steps as per recommendations of the Committee, such as:

- (i) BSNL is increasing investments in its new expansion projects for upgrading technology. BSNL envisages an investment of Rs.2151 Crores in GSM-VII+ expansion project.
For technology upgradation of landline services, BSNL is in the process of technology upgradation to Next Generation Network (NGN). Procurement of 4 million lines of IMS NGN C-5 has been finalized. Installation of 1 million lines under Phase-I is completed. Purchase Orders (P.O.s) for 3 million lines under Phase-II Project for Core & Access equipment's have been issued and supply is under progress.
- (ii) BSNL under its plan for expansion of infrastructure is adding a total of 22963 Base Transceiver Stations (BTSs) (2G and 3G) for providing better mobile services to the customers. Out of this 16510 BTSs are already operational. Remaining are being commissioned progressively.
- (iii) The efforts are being made by BSNL to make non-functional tower sites operational on priority basis. BSNL would make efforts to complete this work during the current financial year.
- (iv) BSNL is giving more emphasis on Customer centric services and sales by improving its distribution strategy, competitive tariff, augmentation of broadband speed, strengthening of broadband core network, etc.
- (v) BSNL is also exploring scope for adopting professional business practices at par with the private operators like focussed and aggressive marketing, flexible and attractive tariff plans, more responsive franchisee network, etc.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

(Recommendation Sl. No. 11)

The committee have been informed that BSNL has shown growth in its consumers and have started to make investments. As per current expansion programme, BSNL had installed 22,000 BTSs and in the next two year, BSNL are planning to install 43,000 BTSs. This increase will be about 50 per cent of the total BTSs installed. However, the performance of BSNL during 2016-17 indicates that there is negative achievements under the items like 'Net addition in Broadband connections (wireline+wireless)' and 'Net addition in landline over previous year'. In 2017-18, BSNL has set an ambitious target of achieving 30 lakh GSM Mobile connections, setting up of 25,000 WiFi Hotspots, replacement 15 lakh wireline Exchanges by NGN (Next Generation Network) Exchanges, and 1711 net addition in leasing out towers sites to other operators. The Committee also note that BSNL network of 2G and 3G is not meeting call drop standards in West Bengal. The Committee are aware that BSNL is operating in a highly competitive environment and therefore desire that adequate emphasize should be given for improving quality of services provided by the company. The Committee while emphasizing that BSNL should make serious effort to achieve all the targets set for 2017-18, necessary attention should be given to improve 2G and 3G services in all the circles including West Bengal where its 2G and 3G is not meeting call drop standards.

Reply of the Government

On the above mentioned recommendations/observation of the Committee, it is submitted that:

A: To address the issue of negative net addition in Broadband and landline connection during 2016-17, BSNL is taking all efforts to improve its market share and already started showing positive results. A few of positive achievement of BSNL are:

- (i) BSNL is Mobile Number Portability (MNP) positive during 2016-17.
- (ii) During 2016-17, BSNL mobile customer has gone up by 12.95 million taking the total customers to 112.99 million.
- (iii) Market share of BSNL has improved from 9.43% (as on 31.03.2016) to 9.63% during 2016-17 (as on 31.12.2016).
- (iv) During 2016-17, net addition in mobile connection is 55,36,623.

B: During 2017-18, to achieve its target of addition of 30 lakh BSNL mobile connections, BSNL is investing in infrastructure to provide better services and improved reach. This includes a GSM Expansion project, under name Phase VIII.4, has been planned with an estimated CAPEX of Rs. 7125 crores which includes replacement of old 2G equipment having high operational cost and AMC, addition of 3G capacities for increasing 3G footprints, introduction of 4G services, etc.

C: Regarding Call-drop issues including that of West Bengal: The project presently envisages to provide 20881 2G BTS, 22517 3G Node Bs and 10000 4G E-Node Bs across BSNL serviced areas including West Bengal. As per TRAI report GSM based Cellular Mobile Service being provided by Bharat Sanchar Nigam Limited are working satisfactorily including West Bengal and is, in general, meeting the Quality of Service (QoS) parameters prescribed by TRAI (Telecom Regulatory Authority of India). Monitoring of the network has also been strengthened to ensure performance as per the QoS parameters prescribed by TRAI. The call drop rate of BSNL for the month of April 2016 & February 2017 for West Bengal LSA is 1.28 & 1.50 which is within the limit of benchmark prescribed by TRAI. The QoS parameters prescribed by TRAI is $\leq 2\%$. In order to further improve the services, the BSNL is taking the following steps:

- BSNL is augmenting its mobile network progressively so as to enhance coverage/ capacity and to further improve the Quality of Service.
- BSNL is also optimizing its network continuously for its performance
- BSNL continuously surveys for the low signal area and take corrective measures for providing the services as techno commercial basis.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

Indian Telephone Industries (ITI) Limited

(Recommendation Sl. No. 14)

The Committee note that during 2014-15, ITI had incurred a loss of Rs. 297.13 crore. During 2015-16, without an amount of Rs.494.02 crore which was given as Government Grant, the total loss of ITI was Rs.242.83 crore. The figure for 2016-17 shows that against the target of Rs. Rs 1800 crore, the total income of ITI till December 2016 was Rs. 1,180.94 crore which is inclusive of Rs.339 crore provided as Government grant. Without the Government grant, the total loss incurred by ITI as on 31 December 2016 was Rs.202.82 crore. The company has projected a turnover of Rs. 2806.65 crore and expenditure of Rs. 2694.52 crore for the year 2017-18. To achieve the target during 2017-18, the Department have stated that ITI has chosen to focus on NFS, SMPS, Encryption products, Primary Mux Subracks, WiFi, CCU, HDPE PIPE, GPON (OLT)-CDOT, GPON (ONT)-CDOT and AN RAX Cards projects. Besides these projects ITI is also actively pursuing with its various clients to receive orders for ASCON PHASE IV, C - DOT GPON, Multi Channel (MC) Encryption Unit, MLLN / SSTP, HDPE PIPE, OFC, VVPAT and IoT. The Company has also upgraded its infrastructure for projects like GPON, HDPE, MC Encryption and is in the process of upgrading/expanding the infrastructure for capacity enhancements. ITI is also actively pursuing the various emerging opportunities

for these products and participating in the tenders for the same. The Committee hope that the Department/ITI will make sincere effort to achieve the revenue target during the year 2017-18. The Committee are also of the view that manufacturing of these products require highly skilled and trained manpower. The Committee, therefore, recommend that adequate attention must be given by ITI towards training of its employees so as to equip them with necessary skills and make them productive.

Reply of the Government

For the year 2016-17, against a target of Rs 1800 Cr, Company has achieved a turnover of Rs 1621 Cr, which is highest ever in the last 6 years. The order book position at the beginning of the current financial year is Rs 1800 Cr. All out efforts will be made to achieve the target set out for the year 2017-18.

ITI bestows interest on skilling, upskilling and reskilling the skill sets of the employees to continuously rise to the occasions of changing demands of products and services which put ITI on the competence arena against its competitors of both existing and newly emerging ones. All its units are equipped with state-of-the-art HRD Centers being vigorously updated in all respects to match eruptions of challenges. ITI designs its training and development annual calendars separately in the Units and collectively at Corporate HRD to train its employees involving both the internal trainers and external facilitators. During the FY 2016-17 ITI trained 1477 employees and achieved 1864 training mandays.

ITI has established a Center of Excellence (CoE) for Skill Development in Bangalore Unit which deploys restructured Job roles and training courses to adequately rebuild technological capabilities of the employees. Incidentally, this pioneering CoE - SD has also taken the center-stage of imparting training to students and the community around the Unit and Skill Development programs of MSDE. ITI is having enough in-house facilities to promote necessary practical knowledge base and skill development of its employees in tune with its portfolio of changing products and services being tangent with market demands. ITI has imparted Skill Development training and capacity building for 2480 persons during FY 2016-17.

However, for manufacturing the forerunning products, engagement of professionals at various levels in different verticals is necessarily required and ITI is moving ahead in this direction.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30 .06.2017)

Implementation of ITI Revival Plan

(Recommendation Sl. No. 15)

The Committee had taken up the subject 'Revival of Indian Telephone Industries (ITI) Limited' for detailed examination and the Ninth Report on the subject was presented to the Parliament on 7th August, 2015. The Committee had noted that Cabinet Committee on Economic Affairs (CCEA) had approved a revival package of Rs. 4156.79 crore to ITI in February 2014 consisting of Rs. 2264 crore as equity for capital investments and Rs. 1892.79 crore as grant-in-aid to clear part of the liabilities of the company. The entire amount was to be disbursed by the year 2015-16 as per the disbursement schedule approved by CCEA. In the Ninth Report, the Committee had *inter alia* recommended for timely release of funds to facilitate execution of the Revival Plan, to bring back the company to profitability as early as possible with prudent investment in different manufacturing plants, expand customer base and address the business requirement of Private Sector as well, acquire state of the art technology, finalize the proposal for VRS, take business opportunities by actively participating in Make in India, Smart City and Digital India projects of the Government of India, according of Defence status PSU to ITI, extension of reservation quota in Government procurement, etc. The Committee note that CCEA in its meeting held on 1st January, 2016 has approved extension of reservation quota policy for ITI for a period of two years in the procurements to be made by BSNL, MTNL and BBNL also. The Committee are however concerned to note that disbursement of fund especially under Capex is extremely low as only Rs. 272 crore has so far been released by the Government. Under grant-in-aid, an amount of Rs.1159.02 crore has been released so far towards 1997 wage revision arrears, establishment cost and for payment of statutory dues to the employees of the company. The Committee find it unfortunate to note that ITI which is India's first Public Sector Undertaking established with the vision on attaining self-reliance in the field of telecommunication needs of the country is today incurring heavy losses and is seeking Government support even for payment of salaries and wages. Not only this, the Committee note that huge amount of funds is also required by ITI to clear its other liabilities. The Committee feel that the best way to pull out ITI from all these liabilities is to bring it back to profit mode so that it can start bearing its own liabilities instead of relying only on the Government. However, the Committee note that there has been shortage in allocating fund to ITI especially under Capex. During 2016-17, ITI had requested for additional fund support of Rs. 661 crore at RE, however Government had not allocated any additional amount under plan scheme. In 2017-18, an amount of Rs 555 crore had been requested for implementation of various projects identified under revival plan which have huge market potential both in Government sectors as well as private sectors, however, only Rs 200 crore has been allocated at BE 2017-18. The Committee note that in Raebareli plant, investment has been made for manufacturing of HDPE pipeline and G-PON equipment which have huge demand for Bharatnet project of the Government as well

as in Private sectors. Due to this ITI is able to execute order worth Rs.206 crore received from BBNL and APO has been received from BSNL for Rs. 130 crore for G-PON equipments. Considering that some of ITI products have huge demand in the market and huge requirement of telecom and electronic equipment in the country, the Committee desire that requisite allocation of funds under Capex should be made to ITI so that it can upgrade the necessary infrastructure required for manufacturing these products and play market leader in supplying these products in the country. The Committee also recommend that urgent steps must be taken by the Department/ITI to ensure that necessary steps could be taken so that ITI can play an active role in Make in India, Digital India and Smart City projects of the Government of India as it is equipped with good manpower and infrastructure. The Committee recommend that ITI may additionally examine the feasibility of manufacturing Set-ToP Boxes (STBs) etc. in this regard. Since ITI also have requisite capability in manufacturing of defence encryption, the Committee desire that the Ministry of Defence may be approached for getting orders for defence encryption equipment by ITI which will also ensure security.

Reply of the Government

Even though CCEA has approved RQ policy on ITI on 1st June 2016, so far ITI has not received RQ orders from BSNL, MTNL and BBNL and is pursuing for the same from these organizations.

ITI is committed to the major initiatives of Government of India such as 'Make In India', 'Digital India' and projects on 'Smart City' which are expected to unfold numerous business opportunities for ITI in the coming days. ITI is manufacturing and supplying G-PON equipment with C-DOT technology to BBNL for the prestigious 'Bharatnet' project of Government of India. It has also received orders from BSNL and Railtel for this product. In its initiative under Digital India programme, ITI has ventured in to the business of Digital Wallet which is digital cash on mobile/Tablet/Kiosk/PC and is hosted in our Data Center. ITI is also providing ADHAAR authentication services by playing the role of Authentication User Service. ITI has been appointed as one of the four Nodal Agencies by Government of Uttarkhand to undertake various IT projects like setting WiFi infrastructure, Video Conferencing infrastructure and other e-Governance related services. ITI is focusing on IoT and Smart City projects to enhance the revenue streams.

ITI has initiated action to start manufacturing of Set top boxes in one of its plants and has tied up with a technology provider for this purpose. Necessary capital investments have been made to take up manufacturing. Samples of the boxes have already been made.

On the Defense business front, ITI has participated in the mega tender of ASCON phase IV which is a project worth more than Rs.5000 Crore. ITI has been technically qualified and commercial offers are yet to be opened by Indian Army. ITI is

hopeful of getting this order. ITI has also participated in the encryption tenders of NFS and has been technically cleared by the Defence evaluation team. ITI is vigorously perusing for more orders from the Ministry of Defence for encryption equipments.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

Telecommunications Consultant India Limited (TCIL)

(Recommendation Sl. No. 16)

The Committee note that main sources of income of TCIL are from consultancy and maintenance/Service contracts & turnkey projects, whereas items of expenditure are on purchase of material, sub – contracts expenditure, employees benefit expense, etc. Change in business model from cash contract to BOT/deferred payment projects, high dependence on OEM manufacturers, lack of funding for Telecom projects by multilateral funding agencies are cited as some of the challenges faced to increase revenue earning. During the year 2015-16, the total income of the company was Rs. 1358.21 crore and the total expenditure was Rs. 1315.84 crore. In the year 2016-17, the total income and expenditure of the company provisional upto December, 2016 were Rs. 713.40 crore and Rs. 662.58 crore respectively. For the year 2017-18, an amount of Rs. 1599.13 crore has been fixed as projected revenue and Rs. 1551.51 crore as projected expenditure. To achieve the revenue targets, TCIL is taking measures, such as aggressive bidding in India and abroad, trying to enter in New Markets and increase in volume with low margin. The Committee have also been informed that TCIL being 100 percent Government-owned company, assistances are required from the Government in getting approvals for formation of joint ventures/subsidiaries abroad falling outside TCIL's delegated powers in a time-bound manner, facilitate provision of officers on continuous basis from DOT/BSNL/MTNL/other Ministries on deputation to TCIL for execution of projects and facilitate award of work in field of Telecom and IT from DoT/MeitY/MEA/BSNL/BBNL/MTNL on nomination basis. The Committee desire that adequate measures must be taken by the Department to ensure that TCIL continues to grow and earn profit in the coming years also. In this regard, the Committee recommend that the Department should look into the assistances required by TCIL and address the issues in timely manner.

Reply of the Government

Department has been timely addressing the issues as and when raised by TCIL and provided support to the assistances required by the company. In case of receipt of request for formation of Joint ventures/subsidiaries abroad falling outside TCIL's delegated powers, this department take actions to facilitate TCIL to form such SPVs in consultation with the concerned department/authorities. This department has

facilitated TCIL by obtaining the approval of Cabinet for the formation of 2 SPVs (Bina-Kurwai-Sironj Road project & Lakhnadone-Ghansore Road project) for construction of roads in Madhya Pradesh in the past. Recently, this department has been processing the proposal of formation of 100% owned 'C' Corporation of TCIL in USA.

2. To meet growing funds requirement of TCIL, DoT has infused fresh equity of Rs.16 Crores during the year 2015-16 and a working capital loan of Rs.95 crores has also been sanctioned to TCIL.

3. This department obtained and conveyed to TCIL the approval of Cabinet for deputation of Group 'A' officers from DoT & other Ministries with Telecommunication & Information Technology background to TCIL without the rule of immediate absorption for a period of 3 years from 01.10.2013 upto 30.09.2016. A similar proposal of TCIL for obtaining the approval Cabinet for a further period of 3 years w.e.f. 01.10.2016 is under process.

4. In order to make TCIL more profitable and unlock its inherent potential, this department has facilitated TCIL in setting growth oriented and inspirational MoU targets for the year 2017-18 and time to time reviewing the developments of important projects. The department extends all intermediate support as and when required by TCIL and address the issues in timely manner.

(Ministry of Communications/Department of Telecommunications O. M. No. 16-3/2017-B dated 30.06.2017)

CHAPTER III

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

-Nil-

CHAPTER IV

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

Universal Service Obligation Fund

(Recommendation Sl. No. 3)

The Committee note that the resources for meeting the Universal Service Obligation (USO) are generated through a Universal Access Levy (UAL) which is a percentage of the revenue earned by the Operators under various licenses. The Universal Service levy presently is 5 percent of the Adjusted Gross Revenue (AGR) earned by all the Operators. During the financial years 2002-03 to 2016-17, Universal Service Levy (USL) amounting to Rs. 82,781.02 crore has been collected. The final allotment of Rs. 34933.92 crore, received through Parliamentary approvals was transferred to USO Fund in the respective years and the entire allocation so made and transferred to USO fund, was optimally utilized in the respective years. The balance of UAL amount available as potential fund under USO is Rs. 47,847.10 crore till date. On the issue of allocation of funds to USOF, Ministry of Finance have clearly stated that as per Clause 9B of Indian Telegraph Act, 2003 “the sums of money received towards the Universal Service Obligation under Section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation. Accordingly, the Central Government may credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligations. It does not say all such proceeds will be credited to the Fund. Further, keeping money locked in Public account may not be the most prudent way to utilize resources. In view of this, the Ministry of Finance is not committing any violation of legal provision.” The Committee have been informed that the issue of entire proceeds under UAL not being credited to Universal Service Obligation Fund (USOF) has been repeatedly raised in the Report of the Comptroller and Auditor General of India on Accounts of the Union Government for the year 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 and was also raised in the Forty-ninth Report (15th Lok Sabha) of the PAC, but the status remains the same. The Committee note that Ministry of Finance through Budget Branch of DoT has again been requested to consider the above *i.e.* full amount collected as UAL can be credited to the USO Fund vide their office letter dated 22.12.2015 and reminders thereon. However, the reply in this regard is still awaited. The Committee are of the view that maintaining such a huge amount as balance of UAL under USO is defeating the very purpose for which the fund has been created. Considering that there is need for huge investment for expansion of

telecom services in rural areas and the increasing emphasis given by the Government for taking e-governance to the masses, the Committee strongly recommend that the Department should pursue the matter with the Ministry of Finance at highest level to allocate full amount collected as UAL to the USO Fund. The Committee also recommend that the entire management of the USOF should also be transferred to the DoT, under the supervision of the Telecom Commission. The Committee would also like to know if there is any proposal in the Department to amend the relevant provisions of Indian Telegraph Act to ensure transfer of entire proceeds under UAL to USOF. The Committee would like to be apprised of the steps taken in this regard.

Reply of the Government

It is submitted that Universal Service Obligation Fund (USOF) was created with effect from 01-04-2002 by an amendment to the Indian Telegraph Act, 1885, in December 2003 to provide access to basic [the word 'basic' deleted vide The Indian Telegraph (Amendment) Act, 2006] telegraph services to people in the rural and remote areas at affordable and reasonable prices. The Rules for administration of the Fund have also been notified on 26.3.2004. Subsequently, in 2006 the USOF Rules were amended to enlarge the scope of activities that can be carried out under the USO Fund to include provision of Mobile Infrastructure Services, Broadband Services, General Infrastructure such as Optical Fibre Cable for rural and remote areas and Pilot projects for induction of new technological developments in the rural telecom sector.

Clause 9B of the Indian Telegraph (Amendment) Act, 2003 lays down that *"The sums of money received towards the Universal Obligation under Section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation."*

The resources for meeting the Universal Service Obligation (USO) are generated through a Universal Access Levy (UAL) which is a percentage of the revenue earned by the operators under various licenses. The Universal Service levy presently is 5% of the Adjusted Gross Revenue earned by all the operators.

During the financial years 2002-03 to 2016-17, Universal Access Levy (UAL) amounting to Rs. 85,639.72 crore was collected. The total allotment amounting to Rs. 37,310.50 crore, received through Parliamentary approvals was transferred to USO Fund in the respective years and the entire allocation so made and transferred to USO

Fund, was optimally utilized in the respective years. As on 31.05.2017, the balance of UAL amount available as potential fund under USO is Rs. 48,537.63 Crore.

Ministry of Finance had allocated Rs. 6948.64 Crore towards reimbursement of licence fees and spectrum charges to BSNL for the period 2002-03 to 2005-06 for fulfilling rural obligation which has been taken into account for arriving at the available balance.

The issue of entire proceeds under UAL not being credited to Universal Service Obligation Fund (USOF) has been raised under paragraph 7 and 8 of 49th Report of PAC. The committee in its report has observed that *“proceeds from the USO Fund are made available for USO activities in general and for provision and expansion of rural telephony in particular, in accord with the provisions of the Indian Telegraph (Amendment) Act, 2003”* and directed to take up the matter with Ministry of Finance. Accordingly, matter was taken up with the Ministry of Finance communicating the concerns of Public Accounts Committee (PAC). The Ministry of Finance vide their letter no. F-2(35)-B (AC)/2009 dated 03rd May 2012 had submitted that the funds transferred to USOF are only available for USO activities and expansion of rural telephony in accordance with the provisions of the Indian Telegraph (Amendment) Act, 2003.

With regard to transfer of Universal Access Levy (UAL) to the USO Fund kept in the Public Account of India, comments of Finance Ministry are as under:

“(a) In terms of Indian Telegraph (Amendment) Act, 2003, Government may credit such proceeds to the Universal Service Obligation Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation. Keeping this in view, funds are being provided in the Demands for Grants of Department of Telecommunications for transfer to USOF. Further, provisions for transfer to USOF are made based on the requirement and ability of the Department to spend in any financial year. This practice is being followed over the year. It may be noted that the unutilized funds kept in the Public account add to the liability of the Government. It may also be recalled that while approving the amendment to IT Act, 1885, Cabinet has directed the Department of Telecommunications to consult Ministry of Finance while finalizing the amount to be transferred to USOF.

(b) Department of telecommunications has, recently, obtained the approval of Cabinet for implementation of a new scheme called ‘National Optical Fiber Network’ (NOFN) for providing broadband connectivity to Panchayats with a financial outlay of Rs. 20100 crore over a period of 3(three) years by utilizing the USO Fund. Thus, the bulk of the accruals to USOF over the years would be utilized in financing and implementing NOFN.

Keeping the above points in view, Department of Telecommunication is requested to apprise PAC of the rationale in not keeping the entire accruals in the Public Account idly.”

The issue of understatement of balances in USO fund has been clarified vide the Ministry of Finance letter no. F-2(35)-B (AC)/2009 dated 03rd May 2012 stated above. However, on suggestion of Audit Office, the Department of Telecommunications had again taken up the matter with Ministry of Finance. The Ministry of Finance vide their letter No. F-2(35)-B (AC)/2009 dated 28-01-2014 have intimated as below:

“Government has a commitment of Rs. 20,100.00 crore for implementation of ‘National Optical Fiber Network’ to be financed out of Universal Service Obligation Fund. As and when the scheme takes off, Government is bound to provide funds for this scheme through USO Fund. Cabinet Secretariat, vide its letter no. 20/CM/2003 dated 23-07-2003, directed that Department of Telecommunications may consult Ministry of Finance while finalizing the amount to be transferred to USO Fund. Even the Clause 9B of Indian Telegraph Act, 2003 which states “the sums of money received towards the Universal Service Obligation under Section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligation. Accordingly, the Central Government may credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the Universal Service Obligations. It does not say all such proceeds will be credited to the Fund. Further, keeping money locked in Public account may not be the most prudent way to utilize resources. In view of this, the Ministry of Finance is not committing any violation of legal provision.”

As the issue is being raised repeatedly in the Report of the Comptroller and Auditor General of India on Accounts of the Union Government for the year 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 and was also raised in the Forty-ninth Report (15th Lok Sabha) of the PAC and has not been settled yet, Ministry of Finance through Budget Branch of DoT has again been requested to consider the above i.e. full amount collected as UAL can be credited to the USO Fund vide this office letter dated 22.12.2015 followed by reminders dated 11.07.2016 and dated 07.12.2016. Reply in this regard is still awaited. The observation of the Standing Committee has been communicated to Ministry of Finance on 23.05.2017 to expedite the issue of UAL being credited fully to USO Fund.

The transfer of entire collections under Universal Access Levy (UAL) to the USO Fund does not happen automatically. Instead, credit to the USO Fund is the amount as received through Parliamentary approvals as per the provisions of the Indian Telegraph (Amendment) Act, 2003. Hence, the action of the Department of Telecommunications

is in consonance with the extant provisions of the Indian Telegraph (Amendment) Act, 2003.

In view of the above facts, the action of the Department is in consonance with extant provision of the Indian Telegraph (Amendment) Act, 2003 and reference received from Ministry of Finance.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

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

Telecom Engineering Centre

(Recommendation Sl. No. 9)

The Committee note that TEC which is the Technical Wing of the Department is entrusted with responsibilities, such as formulation, testing and certification of telecom equipment, etc. The Committee have noted continuous under performance by TEC during the last two years. In 2015-16, an amount of Rs.4.95 crore was allocated at BE, which was reduced to Rs.1.50 crore at RE and the actual utilization made was only Rs.1 lakh. During 2016-17, against an amount of Rs 58.49 crore proposed by the Department, an amount of Rs.10 crore was allocated at BE. This was further reduced to Rs.4.24 crore at RE and the actual achievement made till February 2017 was Rs.0.13 crore only under 'Setting Up of SAR Lab at TEC New Delhi/Mumbai'. The Committee while examining the Demands for Grants of the Department during the previous year had pointed out non utilization of funds for implementation of various schemes/activities under TEC. The result is that Security Lab to cater to the telecom industry's need for security testing of various network element and equipment has still not been set up so far in the country. Even the Specific Absorption Rate (SAR) Lab set up in Delhi for verification of SAR values of mobile handsets and hand held devices has still not been made fully functional and the project estimate for setting up of second SAR lab at Mumbai is still in the process of approval. Apart from these, various other labs such as NGN lab, Green Passport lab, etc. are pending due to non finalization of tender document. It is only under procurement of EMF Measuring Instruments that Purchase order has been issued for 35 sets of EMF Measuring Instruments and payment is expected to be released by 31st March 2017. The Committee also note that under Security Lab, since no bids were received for the initial tender floated on 9.11.2015, tender document was reviewed and tender re-floated in October 2016 and is presently under technical evaluation. The Committee note that during the year 2017-18, the Department have proposed an amount of Rs. 17.95 crore against which

Rs.15 crore has been allocated at BE. The Committee take a serious view for the gross underutilization of earmarked funds by the Department and the delay occurred in the implementation of Schemes under TEC are beyond comprehensions as these are related to safety and security of the nations. The Committee, therefore, strongly recommend that there should be no further delay in the implementation during the current year and all necessary steps must be taken at the right earnest so that the allocation of funds made at BE could be efficiently utilized. The Committee would like to be informed of the progress made in the implementation of the schemes by TEC.

Reply of the Government

Status of Fund Utilization in 2016-17:

With the payment of Rs. 2.4 Crore for EMF Measuring Test sets, the total fund utilization was Rs. 2.53 Crore against Rs. 4.24 Crore of RE for 2016-17.

Status of Labs:

v) NGN Lab: NGN Lab is working and testing of devices is under progress.

vi) Security Test Lab: Notice Inviting Tender (NIT) for the Security lab was floated on 09.11.2015 and Tender was opened on 26.04.2016. Since no bids were received, tender could not be processed.

Subsequently tender was reviewed and refloated on 10.10.2016. The Tender was opened on 31.12.2016. 4 bidders had participated in the tender. After techno commercial evolution, it was found that none of the bids were techno-commercially responsive. Hence, the tender was cancelled. Case of floating of fresh tender is in process.

vii) SAR Lab, Mumbai: SAR Lab Project is being reviewed.

viii) SAR Lab at New Delhi: SAR Lab at New Delhi could not be fully commissioned due to certain deficiencies pending at the supplier's end. In this regard Arbitrator has been appointed on 25.10.2016 and hearings are being held.

Other Labs:

CPE Lab: Tender floated on 31.03.2017. Pre-Bid Conference Committee (PBCC) held on 10.04.2017. PBCC minutes & corrigendum with amendments uploaded on CPP Portal. Tender is scheduled to be opened on 12.07.2017.

Regional Test Labs: Tender has been merged with CPE lab. Tender floated on 31.03.2017. Pre-Bid Conference Committee (PBCC) held on 10.04.2017. PBCC minutes & corrigendum with amendments uploaded on CPP Portal. Tender is scheduled to be opened on 12.07.2017.

Green Passport (GP) Lab: Green Passport Lab tender was floated and opened on 19.04.2017 but no bidder participated. Revised tender document is under preparation.

Status of supply of EMF Measuring Equipment:

EMF Measuring Equipment: Purchase order of 35 sets was issued, all 35 sets have been delivered by the supplier to the ultimate consignees and 80% payment (Rs. 2.4 Crore) has been released in March 2017 against the delivery.

Performance test report of already supplied 35 sets of EMF instruments is received. Process of issuing IInd purchase order of remaining 34 sets is in progress.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

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

Revival of BSNL and MTNL

(Recommendation Sl. No. 13)

During the examination of Demands for Grants (2014-15) of the Department of Telecommunications, the Committee had been clearly informed by the Department that the Government were in the process of revival and revitalization of BSNL and MTNL through various short-medium-and long-term measures. The Committee had recommended to the Department that these should be translated into action for the much needed revival and revitalization of BSNL and MTNL. As a part of this revival process, BSNL and MTNL have been given various assistances in the form of refund of surrendered BWA (Broadband Wireless Access) spectrum in two service areas held by MTNL and in 6 service areas held by BSNL, waiver of notional loan with BSNL, financial support given to MTNL on account of liability arising from levy of Minimum Alternate Tax (MAT), refund of CDMA spectrum charges to MTNL and BSNL, and taking over the pension liability of MTNL. One of the long-term measures contemplated by the Government included the merger of BSNL and MTNL, with the objective to position these PSUs to emerge as market leaders in telecommunication market. However, instead of revitalization of these two companies, what is seen today is that the two companies are dogged by various issues like poor quality of service, lack of investment, continuous losses, even to the extent of borrowing money for day to day operations in case of MTNL, huge employee cost, etc without any scope for revitalization. In spite of the numerous assistances given by the Government, these two companies are still unable to stand on its own feet and numerous assistances are still required by them. While Government have resource constraint, from the way the two companies have

been burdened due to transfer of around 3 lakh Government employees who were part of the Department of Telecom Services and Department of Telecom Operations till 2000 to BSNL and MTNL along with liabilities of Rs.1000 crore per month wage bills, it is imperative that the Government extend support to them in this respect. As their skills have become obsolete with the introduction of new technology as they were mainly employed for repairing landlines, the Committee are of the view that the Department may look into possibility of skilling these employees for gainful utilization of their services. If it is not possible, the best way is to extend VRS to those employees who can no longer be skilled, since extending VRS will help to advance the liability and reduce the employee cost. However, the proposal for VRS could not be approved by the Cabinet due to financial constraints. The Committee recommend that the Department should come out with a revised VRS proposal. On the plan for merger of BSNL and MTNL, the same would be taken to Cabinet before June. Due to fierce competition in the market, the Committee note that there are talks of consolidation and merger of telecom operators in the country. As per the competition index for telecom in India, competition increases till there are five players and it levels off after that. The Committee are unable to appreciate the reasons for continuous functioning of BSNL and MTNL under heavy losses and desire that the Department should prepare a final concrete action plan for the revival of the two companies and the proposals place before the competent authority for approval at the earliest. With regard to merger of BSNL and MTNL, the Committee recommend that the case of merger of Air India and Indian Airlines should be carefully examined while developing a merger plan and the same should be implemented only with the objective to make them strong. The Committee would like to be apprised of all the progress made in these regard.

Reply of the Government

Regarding skilling of employees, it is submitted that BSNL is providing in-services training courses to its employees (executives/non-executives) in latest technologies and other areas like Sales & Marketing, Customer Care, Behavioural etc for enhancing and updating knowledge and skill for gainful utilization of their services. Further vendor trainings are also being provided to BSNL employees by vendor at BSNL's training centres as per terms and conditions of tenders.

A proposal for VRS to 20% employees of MTNL has been prepared and is under process.

Since the CPSEs are loss making, the Department is taking steps as per DPE guidelines.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

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

CHAPTER V

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

Mobile services in uncovered villages

(Recommendation Sl. No. 6)

The Committee note that there are about 55,000 villages in the country that do not have mobile coverage. The Committee also note that a scheme to extend financial support from USO Fund for provisioning of mobile communication services in inhabited uncovered villages of the country not having mobile coverage is under consideration. The Telecom Commission had accorded 'in-principle' approval for the scheme in its meeting held on 13.06.2014 and directed that Detailed Project Report (DPR) be prepared for the same. While 8000-9000 villages will be provided connectivity in Northeast initially, the remaining 40,000 villages would be the next priority for which the Department have to seek approval. It is due to shortage of resources and implementation capacity that it could not be taken up. Since the rural tele-density is languishing behind at 52.97 percent against the urban tele-density of 164.13 percent, the need for increasing telecom service in rural areas can hardly be overemphasized. In this regard, the Committee recommend that the Detailed Project Report (DPR) for providing mobile connectivity to all the 55,000 villages in the country be prepared and the project implemented without any further delay. The Committee also recommend that priority should be given to hilly and other inaccessible areas.

Reply of the Government

The Government has planned to cover all uncovered villages, in a phased manner, with financial subsidy support from the Universal Service Obligation Fund (USOF). Government has priorities to connect with telephone facility the rural and remote, hilly and inaccessible areas of the Country such as North Eastern States, Islands, Himalayan States, Western Border States and more importantly Left Wing Extremist (LWE) effected area in the first phase. At present, the lists of all such villages without mobile connectivity received from Telecom Service Providers (TSPs) are being verified through States. DoT has provided a web portal to all State Governments and has requested for providing the data regarding availability of mobile services along-with name of Telecom Service Provider (TSPs). To speed up the process, Department is also holding regular meetings with the State Governments. The information/ data is still awaited from respective State Governments. Once, the data is received, work for providing mobile connectivity in those States would be taken up.

It is informed that Government has provided mobile services by installing BTSs at 2186 locations in LWE affected States covering over 3200 villages under this scheme.

Government has also approved scheme to provide mobile connectivity in about 9000 villages of North East Region, ANI & Lakshadweep.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

Internet and Broadband Services

(Recommendation Sl. No. 7)

The Department have informed the Committee that as on 30.09.2016, there were 175.18 million narrowband and 192.30 million broadband subscribers in the country. It is a matter of concern to note that broadband penetration in the country, as on November, 2016, is about 18 per 100 populations and India is at 132 position out of 196 countries in fixed broadband subscription and at 156 position out of 195 countries in mobile broadband subscription per 100 subscribers. Not only this, the Committee also note that average broadband speed in the country is very low when compared with other countries. The average broadband speed in India is 4.1 Mbps, whereas it is 5.7 Mbps in China, 6 Mbps in Srilanka, 9.7 Mbps in France, 13.7 Mbps in Germany, 14.9 Mbps in United Kingdom, 16.3 Mbps in USA, 18 Mbps in Japan, 26.3 Mbps in South Korea, etc. Some of the reasons for slow broadband proliferation are affordability based on socio economic condition, lack of demand due to poor computer literacy in rural and remote areas, lack of availability of contents in local/regional languages, access gap due to non-availability of telecom infrastructure particularly optical fibre in the most part of the country, lack of investment by telecom service providers due to poor return on investment in rural and remote areas. The Committee also note that the tele-density has increased very rapidly in India because of extremely low rate of mobile charges. The average revenue per user for Global System for Mobile (GSM) communications subscriber is only about Rs. 120 per month. As against this, broadband charges per month are approximately Rs. 500 per month, which is still high as a proportion of per capita income of the people. The Committee further note that the Government are presently implementing schemes like BharatNet for providing broadband in rural and remote areas and broadband through Wi-Fi medium is also being used by setting up of hotspots in campuses, buildings, institutions, etc. It is also expected that spectrum allotted to service providers through auctions held between 2012 to 2016 which will help in proliferation of broadband through various technologies like 3G, 4G, Wi-max etc. The Committee are of the view that low proliferation of broadband and low broadband speed are acting as a great hindrance to achieving the goal of Digital India Programme of the Government of India. In view of this, the Committee feel that there is an urgent need to increase broadband

proliferation and average broadband speed in the country. The Committee desire that the Department should fill the gaps in achieving the desired level of broadband penetration in the country and do all needful work for establishing core network to ensure the desired results. The Committee also recommend to undertake study to identify various initiatives taken by countries which had attained high broadband proliferation and speed for their implementation in the country.

The Committee also note that there are about 100 million Cable TV subscribers in the country, out of which only 1.06 million are receiving broadband services through Cable network. The Committee have also been informed that an Inter-Ministerial Committee has been constituted under the Chairmanship of Cabinet Secretary to take a view on convergence of Cable TV network for providing broadband services. Since Cable TV network can be utilized for extending high quality broadband service, the Committee recommend that the Inter-Ministerial Committee may be requested to submit their report at the earliest. The Committee would like to be apprised of all the issues involved in providing broadband services through Cable TV and the progress made in this regard.

Reply of the Government

1. Broadband utilizing Cable TV Network: - An Inter-Ministerial Committee was constituted on issues relating to delivering broadband through cable network in India. The Committee in its meeting held on 4th July, 2016 decided to constitute a sub-committee comprising of Joint Secretary level representatives from DoT, DeitY, MoI&B and TRAI under DoT to study the issues involved in broadband through cable TV network, analyze and make recommendations for the way forward within 4 weeks. The sub-committee held series of meeting to deliberate the issue and submitted its report.
2. One of the key issues deliberated by the sub-committee was issue related to AGR. On this issue, it was a demand from the cable TV industry to exclude the cable revenues from the definition of AGR to encourage cable operators to provide broadband services. However, the sub-committee felt no separate benefit including exclusion of revenues earned from the non-telecom activities from the AGR can be allowed to cable operators as the same may impact the ongoing legal cases of the Government which have great revenue implications for the Government. TRAI did not agree with this recommendation of the sub-committee, accordingly the recommendation of the TRAI was recorded in the annexure of the sub-committee report.

BharatNet

Government is implementing BharatNet to provide broadband connectivity to all (approx. 2,50,000) Gram Panchayats (GPs) in the country. Phase-I of the project to connect 1,00,000 GPs is being implemented. The status of implementation of BharatNet as on 18.06.2017 is as below:

Items	Planned	Achieved
Pipe laid (GPs)	1,00,000	1,04,598
Pipe laid (Kms.)	2,23,000	2,34,951
OFC pulled (GPs)	1,00,000	92,331
OFC pulled (Kms.)	2,23,000	2,08,830
Connectivity (GPs)	1,00,000	20,977

Districts Completed

1. Kerala: 14 districts
2. Puducherry: 2 districts
3. Chandigarh: 1 district
4. Karnataka: Bengaluru urban, Mandya, Hasan, Chamrag Nagar
5. Manipur: Vishnupur
6. Assam: Kamrup Metro
7. Tripura: Unokoti
8. Chattisgarh: Balrampur
9. Gujarat: Anand
10. Jharkhand: Ramgarh
11. UP –W: G.B. Nagar
12. Haryana: Faridabad

On 14.12.2016, the Telecom Commission approved provision of community Wi-Fi infrastructure for setting up Wi-Fi hotspots in each GP, for provision of services to citizens in rural areas with funding from USOF. These are targeted to be completed by December, 2018.

USOF has taken the following initiatives in this regard:

a) USOF scheme for setting up of 25,000 public Wi-Fi hotspots using the infrastructure of BSNL's telephone exchanges in rural areas.

The objective of the scheme is to set up Public Wi-Fi hotspots with one Access Point at 25,000 Telephone Exchanges of BSNL in rural areas at an estimated cost of Rs. 943 crore, with the provision for enhancement to two Access Points after three months of usage for up to 2500 Wi-Fi hotspots.

The scheme is targeted to be implemented within six months from the date of signing agreement, which is under process.

b) Setting up of Wi-Fi Choupals at 5,000 Gram Panchayats using BharatNet infrastructure.

The objective is to set up "Wi-Fi Choupal" in 5,000 GPs by CSC-SPV under MeitY, covering 18 States. The scheme covers all the GPs of Kerala and Puducherry, where BharatNet Connectivity has reached all the GPs.

Total estimated CAPEX is Rs. 100 crore. However, the operating expenses (OPEX) are proposed to be borne by the CSC SPV, based on collection of user charges from the users, which would be determined by CSC-SPV. The roll-out period is targeted to be six months.

c) Wi-Fi delivery model at 200 rural Railway Stations by M/s RailTel using their own backhaul.

Pilot by RailTel aims to setup Wi-Fi hotspots to test technology and/or commercial model for last mile architecture at 200 rural railway stations at an approx. capital cost of Rs.16.74 crore and annual operating cost of Rs. 11.03 crore. Two access points would be provided on the station and two access points would be provided outside the station. A Kiosk would be set up in the waiting/concourse area with two computer terminals. RailTel's pilot proposal is for one year, with the option of extension for one year based on an independent evaluation study and its findings.

d) Wi-Fi hotspots at 200 Gram Panchayats by BSNL using BharatNet backhaul.

BSNL pilot is to provide last mile connectivity for broadband services through Wi-Fi in 200 Gram Panchayats (GPs) at an Estimated Cost of Rs. 15 crore, inclusive of operation and maintenance for one year.

e) Wi-Fi hotspots at 50 Gram Panchayats by Indian Institute of Technology, Bombay using BharatNet backhaul.

Under this pilot project, Wi-Fi hotspots to test technology and/or commercial model for provision of last mile services proposed to be setup in 50 Gram Panchayats using BharatNet backhaul. The objective of this pilot is to test a technology model using Centralised Control of Wi-Fi hotspots through cloud and its scalability on Pan India basis, apart from business model.

The project is at a total estimated cost of Rs 1.46 crore. The duration of the Project would be 8 months.

These projects will be funded from Universal Service Obligation Fund (USOF).

After deployment of pilots, Impact Assessment Study will be conducted to ascertain the efficacy and utility of the pilot projects which would provide inputs for further deployment and expansion of last mile solutions by Public and Private sector to provide services in GPs and villages.

Inter- Ministerial Committee in its first meeting held on 04.07.2016 recommended to constitute a sub-committee to study the issues involved in broadband through Cable TV network, analyse and make recommendations for the way forward.

Sub-Committee identified and recommended on the following major hurdles in delivering broadband through Cable TV Network:

1. Right of Way.
2. Infrastructure status to multi-service operator/ local cable operator.
3. Issue of Adjusted Gross Revenue (AGR).

Inter-Ministerial Committee in its meeting held on 27.2.2017 recommended that Ministry of Information and Broadcasting (I&B) may address the Right of Way issue under section 4 B of Cable TV Network (Regulations) Act, 1995. DoT may examine the various options regarding AGR and work out appropriate solution such that broadband services through Cable TV Networks are promoted without disturbing the level playing field vis-à-vis other broadband providers.

In the meeting M/o I&B informed that inclusion of Cable TV Network in the Harmonized Master List of Infrastructure Sub Sector was under consideration in Department of Economic Affairs.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

Defence Spectrum: Optical Fibre Cable based Network for Defence Services

(Recommendation Sl. No. 8)

The Committee note that Optical Fibre Cable based Network for Defence Services is an alternate exclusive, dedicated OFC based communication network for Defence services for release of spectrum and is being implemented at the cost of Rs.13,334 crore. Upto 31 March 2017, Department have incurred progressive expenditure of Rs.5530 crore. During the year 2016-17, against the proposed amount of Rs.8230 crore, an amount of Rs.2710 crore had been allocated at BE. This was increased to Rs.3210 crore at RE and complete expenditure had been made by 15th February, 2017. The Committee have been informed that there has been shortfall in achieving the targets during 2016-17 due to delay in finalisation of tenders by BSNL because of pending Court cases and pending Right of Way (RoW) permissions from various Central/State agencies and hindrances in regions like Jammu & Kashmir and North Eastern states have also delayed the progress of the project. The Committee have been informed that issues relating to pending court cases have been resolved. From the information provided by the Department, the Committee note that BSNL have issued the Purchase Order/Advance Purchase Order for three tenders out of which one tender Proof of concept/Technical Specification Evaluation Certificate is under progress. Four tenders have already been finalised. One tender is under evaluation and likely to be finalised before end of March, 2017. One tender is in the initial stage and likely to be floated. The Committee also note that issues relating to RoW permissions from State Governments/Agencies and extreme weather conditions and hilly terrain in area like Jammu & Kashmir and Northeast regions are the major difficulties encountered in the implementation of the project. A matter of concern for the Committee is to note that during the year 2017-18, against an amount of Rs. 10,300 crore proposed by the Department for the implementation of the scheme, an amount of Rs. 3000 crore only has been allocated at BE. Since the project is expected to be completed by September, 2017, the Committee are of the view that an allocation of only Rs. 3000 crore at BE will not be sufficient at all to achieve the target during 2017-18. Since the project has been considerably delayed and there has been cost overrun, the Committee recommend that all necessary measures must be taken so that various components of the schemes may be completed within the expected

deadline. The Committee also recommend that the Department should also take up the matter with the Ministry of Finance for allocation of requisite funds.

Reply of the Government

The funds required under NFS Project for 2017-18 is Rs. 8200 Crores while in BE only Rs.3000 Crores has been allocated. The recommendations of the Committee supports the Department's proposal. The matter would be taken up with Ministry of Finance for additional funds under RE.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

Mahanagar Telephone Nigam Limited (MTNL)

(Recommendation Sl. No. 12)

The Committee note that MTNL which was once the lifeline between Delhi and Mumbai is today languishing under heavy burden of debt and is borrowing money to meet its day to day requirements. As on 31st December 2016, the total financial liabilities of MTNL was 14,809.94 crore. A look at the financial performance of the company indicates that during 2015-16, the total income of the company was Rs.3512.71 crore and the total expenditure was Rs.6531.19 crore leaving a gap of Rs.2838.48 crore as total deficit. During 2016-17, upto September 2016, company had earned an amount of Rs.1752.91 crore and incurred expenditure of Rs.3239.25 crore and the total deficit was Rs.1486.34 crore. The projected revenue and expenditure of the company for the year 2017-18 is Rs.3200 crore and Rs.6499.54 crore respectively. The Committee note that the deplorable financial position of MTNL was despite the various financial assistance given by the Government, such as refund of Rs. 4533.97 crore through bonds for surrendering Broadband Wireless Access spectrum held by MTNL in two service areas, taking over by the Government of pension liability of MTNL for its staff who got absorbed from DoT which has helped in reducing employee cost from 132% to around 83% of income, financial support of Rs. 492.26 crore on account of liability arising from levy of Minimum Alternate Tax (MAT).

Over and above the assistance given, MTNL needs Government assistance for mobilization of funds to meet capex requirement of its' projects for up-gradation/expansion of networks, reduction HR Cost through a targeted VRS scheme or Salary support on diminishing basis for the targeted Govt. recruited employees, monetization of surplus land and building by allowing MTNL to lease/sell/rent its available premises/lands for their effective and gainful utilization, refund of Interest on BWA payments, extension of CMTS license along with waiver of one time spectrum charges till 10th January 2021, after expiry of current spectrum allotment period, and Govt.

support for extension of administratively allotted spectrum with license for further period of 20 years in 900 MHz & 1800 MHz band in a case neutral transactions. The financial cost for implementing some of these proposals will be Rs. 2547 crore (upto 31st Dec'16) for interest on BWA Spectrum, Rs 2000 crore – Rs. 2500 crore for Capex requirement of the projects for up-gradation/expansion of networks, Rs. 1067 crore for (Liability of DOT) extending VRS Scheme for 20 percent of employees (26559 employees to retire in next 10 years i.e. 5312 no. of employees in a first phase) or Rs. 2591 crore as salary support. The Committee have been informed that MTNL is continuously pursuing at various levels in DoT/Govt. on these pending issues relating to its revival. The Committee are of the view that there is no easy solution in sight for revival of MTNL, but at the same time it will not be a prudent decision to let MTNL continue to function in this manner any longer. Under the given circumstances, it is very clear that without Govt. assistance, it will not be possible to revive MTNL. The Committee, therefore, recommend that the Department should take proactive measures at the earliest and chalk out a proper strategy for revival of MTNL so that it can be brought back to its past glory.

Reply of the Government

Presently, MTNL is under a serious debt burden of Rs. 19,597 Crore (as on 31st December 2016 including Rs. 4534 Cr. GOI liability) and is borrowing money to meet its day to day requirements and is unable to mobilize funds required for the developmental projects.

Earlier, Government has taken several measures to revive MTNL and provide some financial relief so that it could undertake expansion plans. These measures include treatment of pensionary liabilities of Government employees absorbed in MTNL and who opted for combined service pension on parity with similar employees in BSNL, financial support of Rs.4533.97 crore on surrender of Broadband Wireless Access (BWA) spectrum and financial support of Rs.492 crore, towards payment of Minimum Alternate Tax (MAT). Besides above, Government guarantee for raising debt through Bonds for an amount of Rs.3000 crore was also given in favour of Mahanagar Telephone Nigam Limited (MTNL).

It is worthwhile to mention here that as per unaudited accounts for the 3rd quarter ending 31st December, 2016, of MTNL, its net loss was Rs.2306 crore and its net worth has been turned negative to Rs.-2702 crore. Based on the financial results of MTNL for the financial year 2016-17, MTNL has been classified as “Incipient Sick CPSE” as per Department of Public Enterprises (DPE) Guidelines.

Accordingly, as per DPE guidelines vide OM No.DPE/5(1)/2014-Fin.(Part-IX) dated 29.10.2015, Department of Telecommunications has to formulate revival/restructuring/closure road map for MTNL. Accordingly, Department of Telecommunications has started the process for MTNL.

(Ministry of Communications/Department of Telecommunications O.M. No. 16-3/2017-B dated 30.06.2017)

New Delhi;
10 August, 2017
19 Shravana, 1939 (Saka)

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

**MINUTES OF THE TWENTY- THIRD SITTING OF THE STANDING COMMITTEE ON
INFORMATION TECHNOLOGY (2016-17) HELD ON 10th AUGUST, 2017**

The Committee sat on Thursday, the 10th August, 2017 from 1030 hours to 1100 hours in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur – Chairperson

MEMBERS

Lok Sabha

2. Shri L. K. Advani
3. Shri Harish Dwivedi
4. Dr. Sunil Baliram Gaikwad
5. Shri J. Jayavardhan
6. Shri Virender Kashyap
7. Shri Raosaheb Danve Patil
8. Shri D.K. Suresh
9. Smt. R. Vanaroja

Rajya Sabha

10. Shri P. Bhattacharya
11. Shri Santiuse Kujur
12. Smt. Kahkashan Perween
13. Dr. K. V. P. Ramachandra Rao
14. Dr. Vinay P. Sahasrabuddhe

SECRETARIAT

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|----|-----------------------|---|----------------------|
| 1. | Shri R.S. Kambo | - | Additional Secretary |
| 2. | Shri Y.M. Kandpal | - | Director |
| 3. | Smt. Geeta Parmar | - | Deputy Secretary |
| 4. | 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 three Draft Action Taken Reports:-

- I. xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxx
xx
- II. Action Taken Report on the Thirty-Fifth Report on 'Demands for Grants (2017-18)' of the Department of Telecommunications; and
- III. xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxxxx.....xxx

3. The Committee, thereafter, took up for consideration the above said Reports and after due deliberation adopted the same without any modifications.

4. The Committee, then, authorised the Chairperson to finalise and present the Action Taken Reports to the House during the current session of Parliament.

The Committee, then, adjourned

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/
RECOMMENDATIONS CONTAINED IN THEIR THIRTY-FIFTH REPORT**

(SIXTEENTH LOK SABHA)

[Vide Paragraph No. 5 of Introduction]

- (i) Observations/Recommendations which have been accepted by the Government

Rec. Sl. Nos.:- 1, 2, 4, 5, 10, 11, 14, 15 and 16

Total 09

Percentage 56.25

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government

Rec. Sl. No.: Nil

Total Nil

Percentage 0.00

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration

Rec. Sl. Nos.:- 3, 9 and 13

Total 03

Percentage 18.75

- (iv) Observations/Recommendations in respect of which the replies of the Government are of interim in nature

Rec. Sl. Nos.:- 6, 7, 8 and 12

Total 04

Percentage 25