

TWENTY-FOURTH REPORT
STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2001)

(THIRTEENTH LOK SABHA)

MINISTRY OF INFORMATION TECHNOLOGY

Presented to Lok Sabha on 18.4.2001
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LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2001)

Shri Somnath Chatterjee — *Chairman*

MEMBERS
Lok Sabha

2. Shri Ambareesha
3. Shri Mahendra Baitha
4. Shri Pawan Kumar Bansal
5. Prof. Dukha Bhagat
6. Shri Tara Chand Bhagora
7. Shri Nikhil Kumar Chaudhary
8. Shri Adhir Ranjan Chowdhary
9. Shri T. Govindan
10. Adv. Uttamrao Dhikale
11. Shri Jawahar Lal Jaiswal
12. Shri K. K. Kaliappan
13. Dr. C. Krishnan
14. Shri Bhartruhari Mahtab
15. Sardar Simranjit Singh Mann
16. Shri G. Ram Mohan
17. Shri A. K. Moorthy
18. Shri Karia Munda
19. Shri K. Balrama Krishna Murthy
20. Shri Sheeshram Singh Ravi
21. Shri K. A. Sangtam
22. Shri Saroj Tufani
23. Sardar Buta Singh
24. Shri Chandra Vijay Singh
25. Rajkumari Ratna Singh
26. Shri Vinay Kumar Sorake
27. Shrimati D.M. Vijaya Kumari
28. Shri Vinay Katiyar
29. Shri A. Krishnaswamy
30. Shri G. Ganga Reddy

Rajya Sabha

31. Dr. M. N. Das
32. Shri Balkavi Bairagi
33. Shri Shatrughan Sinha
34. Shri Narendra Mohan
35. Shri Balbir K. Punj
36. Dr. Y. Radhakrishna Murthy
37. Shri Munavvar Hasan
38. Shri P. N. Siva
39. Shri Kartar Singh Duggal
40. Miss Lata Mangeshkar
41. Shri R. N. Arya
42. Shri K. Rama Mohana Rao
43. Shrimati Kum Kum Rai
44. Dr. Dasari Narayana Rao
45. Shri Rajiv Shukla

SECRETARIAT

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

REPORT

Introductory

Ministry of Information Technology (MIT) was set up on 15, October, 1999 and is stated to be responsible for the overall Policy on Information Technology, promotion of knowledge based enterprises, Internet, e-Commerce, IT education and IT based education, development of electronics, development of micro-electronics and silicon facility, promotion of Information Technology and Standardization. The related schemes are implemented either through the agencies of MIT or through Public Sector Undertakings/societies under MIT and also through various sponsored programmes funded under R&D. National Informatic Centre (NIC) provides computer support to Central and State Government Departments and District Administrations. It has been submitted to the Committee that during the year 2001-2002, new programmes are proposed to be initiated by the Ministry, namely, special IT Projects, IT for Masses, Media Lab Asia, Miscellaneous Programmes in IT sector, Semi-conductor Layout Design 2000, Policy Formulation and Economic Analysis in IT sector and Community Information Centre. All these schemes are covered under Plan funds.

A. Financial outlay

2. The budget allocation for the year 2001-2002 is stated to be as under:—

	(Rs. in crores)		
	Plan	Non-Plan	Total
Revenue	319.40	27.20	346.60
Capital	105.60	—	105.60
Total	425.00	27.20	452.20

3. The Committee desired to know the outlay proposed by the Ministry of Information Technology. The Secretary, MIT replied that for the year 2001-2002 they had proposed a plan outlay of Rs. 1030 crore which was reduced to Rs. 425 crore by Planning Commission.

4. Asked about the contention of the Planning Commission in reducing the proposed outlay and the schemes which were affected due to such reduction, a representative of MIT submitted that the view of the Planning Commission was that as every Ministry has been told to spend about three per cent of its Budget on IT, the reduced plan outlay of MIT would be sufficient.

5. The Committee pointed out that if it was the contention of the Planning Commission, then Government should strengthen the IT sections of different Ministries instead of creating a separate Ministry and enquired whether the MIT has any knowledge what the other Ministries are doing in this regard. The representative of MIT replied that they closely coordinate with other Ministries in regard to the use of IT and for that a minimum agenda has been drawn up.

6. The Secretary, MIT added that they have not got any additional budgetary plan support because the additional amount allocated this year *vis-a-vis* the previous year is for programmes like Community Information Centre (CIC) etc. He, however, pointed out amounts have been allocated for each scheme.

7. In this context, a perusal of the materials furnished to the Committee revealed that for the year 2001-2002, budgetary provision made for some of the important schemes under various sub-heads is either token or minimal. The MIT had projected Rs. 168.33 crore for R&D programmes while the outlay approved is Rs. 132.27 crore. For Infrastructure Development Projects Rs. 137.10 crore has been approved against the demand of Rs. 213.50 crore. Similarly, for Human Resource Development the approved outlay has been Rs. 24.45 crore while the Ministry had proposed Rs. 36.16 crore. The important schemes which suffered because of reduced allocations are stated to be "SAMEER", Development of Strategic Electronics Equipment, C-Mat, ERDCs, Electronics in Health and Bio-technology, Technology Development for Indian languages, Promotion IR&D in IT, ERNET, STQC, National Information Infrastructure, CEDT, Employment generation including SC/ST and Electronics for Rural/Social/Agriculture/Water Sector, which have got reduced allocations. In this context, the Committee desired to know the plans and projections of the Ministry for different schemes and how a token budgetary provision would be of any use. The representative, MIT replied that they would take up the matter with the Ministry of Finance at RE stage if the latter agrees to MIT's recommendations, the position may improve. He categorically stated that though token provisions have been made for certain schemes MIT hopes to convince the Ministry of Finance and eventually will be able to secure funds.

8. From another statement furnished to the Committee, it has been found that during the year 2000-2001, MIT got allocation of Rs. 137.10 crore with a budgetary support of Rs. 85.30 crore against a proposed outlay of Rs. 213.50 crore for infrastructure development. For the year 2001-2002, MIT had proposed an outlay of Rs. 606.88 crore with net budgetary support of Rs. 598.97 crore for the same scheme and has been allotted Rs. 130.45 crore. In this regard, the Committee desired to know the reasons for such a steep increase in the plan outlay for infrastructure development and the steps taken by the Ministry to utilise the amount. The Secretary, MIT replied that the infrastructure development activity has received a spurt after the Ministry's decision to start Community Information Centre scheme. He elaborated that these Centres would be fully financed by the MIT.

9. To a specific query regarding the amount allocated and utilised by the Ministry during the year 2000-2001, it was stated that out of the Annual Plan allocation of Rs. 365 crore which was revised to Rs. 300 crore during the above said year, the Ministry was able to utilise Rs. 276 crore as on March, 22, 2001 and they were expecting to spend Rs. 10 to 12 crore more by the end of the financial year.

10. Asked about the schemes/projects which were sacrificed as a result of reduced allocation at the RE 2000-2001 stage, it has been replied that the major schemes on which substantial reduction was made are ERNET, IT venture capital and NII.

11. The Committee desired to know the progress of the Venture Capital scheme for which there was an announcement by the Prime Minister. The Secretary, MIT replied that in regard to venture capital there was an announcement that Rs. 100 crore worth of venture Capital funding would be provided through SIDBI and the Ministry remains committed to that. However, the off-take so far has been only Rs. 3 crore. He further clarified that out of the commitment of contribution of Rs. 30 crore to the fund, Ministry so far provided Rs. 3 crore.

12. The Committee asked if any provision has been made this year for the scheme and why there has been such a slow progress of the scheme so far. The Secretary, MIT replied that for the current year, a provision of Rs. 1 crore has been made. As regards slow progress of the scheme, he stated that there were not enough proposals with SIDBI which merited consideration. MIT is stated to be taking steps to make the scheme known to people.

13. As regards reduction in the plan outlay of National Information Infrastructure (NII), the Committee pointed out that Rs. 11 crore was provided in BE 2000-2001 for this scheme which was reduced to Rs. 8 crore at the RE stage and was further brought down to Rs. 5 crore. In this context, the Committee asked when IT infrastructure is so vital for the country to promote the use and for proliferation of IT, why the Plan outlay has been curtailed and what has been the achievement of the Ministry in this regard, and in reply, it has been stated that the Plan outlay on this scheme has been reduced because of the mandatory cut imposed by the Ministry of Finance.

14. It was further stated that nine projects have been started under this programme since March, 1998. Of these nine projects, which aimed at development of community information network to increase the effectiveness of civil services, information warehouses for State-level governance etc. only one has been completed so far.

15. **The Committee is concerned to note that against an Annual Plan outlay of Rs. 1030 crore proposed by the Ministry of Information Technology (MIT), the Planning Commission has allocated only Rs. 425 crore on the ground that each Ministry has been told to spend about 3 per cent of its budget on IT. The Committee is unable to appreciate this reasoning advanced by the Planning Commission in reducing MIT's proposed plan outlay for the year 2001-2002 in as much as the MIT has been created as a full fledged Ministry to fulfill national objective of development of the IT sector as a thrust area by taking advantage of the talent available within the country. That other ministries have been told to spend about 3 per cent of their budget on IT has no relevance since priorities and agenda of other ministries may altogether be different than the development of IT sector for which they may or may not spend the required amount as stipulated by the Planning Commission. Since MIT's sole objective is the promotion and all round growth of IT, it should not be denied the required funds for such development. The Committee accordingly recommends that the matter be adjudged in the right perspective at the highest level with the Planning Commission and the Ministry of Finance to ensure that the Ministry gets adequate resources for carrying out its programmes.**

16. The Committee notes that for Infrastructure Development Programme, the MIT had projected an outlay of Rs. 213.50 crore which has been curtailed to Rs. 137.10 crore. Similarly for Human Resource Development programmes Rs. 24.45 crore has been approved against the demand of Rs. 36.16 crore projected by the Ministry. R&D schemes have been allocated Rs. 132.27 crore against the projection of Rs. 168.33 crore. Obviously resources have been thinly spread over various programmes. The Committee is surprised to note the statement of the Secretary, MIT that there is no area where the Ministry has not received any fund. It is equally surprising when he stated that token provisions have been made in some areas to convince the Finance Ministry to get adequate funds. The Committee urges the Ministry to formulate concrete plans for important projects and projects its demands in a more convincing manner so that important schemes are not starved of funds and get adequate allocations at RE stage.

17. The Committee observes that for infrastructure development, MIT has proposed outlay of Rs. 598.97 crore during the year 2001-2002 whereas for the same scheme the Ministry had got Rs. 130.45 crore with budgetary support of Rs. 85.30 crore during 2001-2001. Although such a steep increase has been necessitated due to the opening up of Community Information Centres (CIC) all over the country, yet the Committee has not been convinced of the steps taken by the Ministry to properly utilise this fund. The Committee will, therefore, like to be assured of the steps taken and schemes formulated for utilisation of the funds allocated to the Ministry under this scheme. Needless to mention the Committee would like the Ministry to chalk out suitable and appropriate programme so that funds allocated to it do not remain underutilised.

18. The Committee finds that venture capital scheme of Rs. 100 crore announced by the Prime Minister has not made any head way. Out of the committed contribution of Rs. 30 crore to the fund by MIT, it could utilise only Rs. 3 crore so far. The reason for such slow progress has been attributed to non-availability of enough proposals with SIDBI which merit consideration. The Committee desires that reasons for inadequate response to venture capital scheme should be investigated and lacunae, if any, be removed.

19. The Committee is perturbed to note that the plan outlay for National Information Infrastructure (NII) during 2000-2001 was Rs. 11 crore which was reduced to Rs. 8 crore at the 2000-2001 RE stage and has been further whittled down to Rs. 5 crore in BE 2001-2002 on the ground of mandatory cut imposed by the Minister of Finance in this regard. The Committee fails to understand the rationale behind the "mandatory cut" when there is a vital need for development of infrastructure in the IT sector. Therefore, the matter needs to be taken up on urgent basis at the appropriate level.

20. The Committee observes that 9 projects which were started under NII programme since March, 1998, only one could be completed so far. In view of the significance of the projects which aim at development of Community Information Network, the Committee urges the Ministry to expedite the completion of other projects for overall development of IT sector.

21. The Committee finds that as a result of downsizing of the Annual Plan 2001-2002 of the MIT from Rs. 1030 crore, proposed by the Ministry of Information Technology to Rs. 425 crore many important schemes like "SAMEER", Development of Strategic Electronics Equipment, C-Mat, ERDCs, Electronics in Health and Biotechnology, Technology Development for Indian languages, Promotion of R&D in IT, ERNET, STQC, National Information Infrastructure, and CEDT have got substantially reduced allocations. Only token provisions have been made for many of these schemes. Considering the importance attached to these schemes/programmes, the Committee strongly recommend that required fund be provided at RE stage so that growth of IT is not retarded for lack of funds.

B. Human Resource Development (HRD)

(i) Research and Development (R&D)

22. The Committee has been informed that on the Human Resource Development (HRD) aspect, the responsibility of MIT is in two areas. One is in generating software courses and making them available for adoption by institutions in the Private Sector. The second responsibility is to generate technology which can help education in this sector, the principal thrust of the Ministry has been in assisting the industry to get some of their problems solved by encouraging R&D.

23. The Committee asked in what manner the Ministry assisted the industry. The Secretary, MIT replied in evidence that the assistance is in terms of upgrading their product, making their products marketable as well as to improve their technology. Financial assistance in some schemes/proposals was also rendered.

24. The Committee then desired to know whether this role of MIT as a 'facilitator' would yield the required result. The Secretary, MIT stated that the role of the Ministry has been just to develop core competencies in areas where there is a likelihood of introduction of manufacturing process.

25. To a query regarding the number of R&D centres of the Ministry and the budgetary provision made for R&D activities, the Secretary, Ministry of Information Technology replied that there are about 14 R&D centres with sub-centres and a provision of Rs. 76.32 crore has been made in this year's budget for R&D activities.

26. The Committee asked how can the Ministry expect to develop its R&D projects with a meagre budgetary allocation for such an important activity. The Secretary replied that the actual expenditure on R&D is more as some of the societies are also generating resources.

27. To another specific query the Secretary, MIT replied that R&D activities have been carried out by almost all the ten separate divisions of the Ministry. The Committee asked whether the Ministry has made any exercise to see how much funds would be given to each division. The Secretary replied that they have not yet done so. He added that the total R&D Budget is drawn up on the basis of the past performance of the Ministry and its requirement for the future.

(ii) Manpower

28. As regards the emerging technical manpower shortage in the coming years, the Committee was informed that the entire issue of demand and supply of trained IT professionals in the country was examined by the Task Force on HRD. In its interim Report, the Task Force has estimated that total size of IT industry in India would be over US\$ 87 billion by the year 2008. One of the key issues in achieving and sustaining the level of growth will be the availability of high quality IT professionals in adequate numbers.

29. The Ministry, in this regard, has reportedly worked out that 23.67 lakh (7.77 lakhs for IT hardware sector and 15.9 lakhs for IT enabled services and e-business) IT professionals would be required in the year 2008 to sustain the projected growth. In order to meet this requirement, the Task Force has made a special drive namely "Operation Knowledge" to increase intake/new courses in IT as a result of which 46,000 new seats have been added during 2000-2001. The Task Force has also recommended a series of initiatives to be taken to meet the paucity of quality IT manpower. The Task Force envisages an investment of Rs. 2000 crore over the next 3-4 years in this sector.

30. The Committee desired to know the role and involvement of MIT in all these exercises. The Secretary, MIT submitted that currently the entire subject of manpower development for IT sector is the responsibility of the Ministry of Human Resources Development with marginal support from MIT in the technical area. He further stated that although MIT was involved in the framing of recommendations of the Task Force and the Task Force itself was constituted at MIT's instance, yet the implementation of the recommendations of the Task Force has been entrusted with the Ministry of HRD despite MIT's insistence to undertake the entire responsibility.

31. Asked to state whether there has been interaction between the two Ministries on the issue, the Secretary, MIT replied that they have regular interaction with Ministry of HRD and as a matter of fact, as a follow-up action, after the conference of IT Ministers, the Task Force was set up.

32. As regards the number of students and teachers in IT related discipline, the Committee was informed that as on date 75,000 students are going into IT related disciplines out of the total number of 2,00,000 students. The target of the Task Force is to double the figure during 2001 and to triple it by 2003. It was further stated that under the norms the All India Council for Technical Education (AICTE), teacher-student ratio should be 1:15. However, due to the preference of the IT professionals to join the industry instead of becoming IT teachers, the ratio at present stands at 1:45. In absolute terms, the current shortage of teachers is stated to be about 5000. And when the number of students would be tripled by 2003, as envisaged by the Task Force, the shortage of teachers would be around 10,000, if the teachers are not inducted proportionately.

33. To a specific query about the reluctance on the part of IT professionals to joint as teachers, it was replied that the inadequate salary structure is the biggest deterrent in this regard.

34. The Committee asked the Chairman, AICTE about the shortage of teachers and Council's role in the spread of Technical education. In reply, he submitted that the shortage of faculty in IT sector has been 20 percent uptil now and this phenomenon has been continuing since the seventies. As regards AICTE's role in spreading technical education, the witness stated that the Council approves the courses and the intake as per its own norms. The Council is also involved in curriculum development and provides grants for R&D to its affiliated Engineering Colleges. The Chairman, AICTE further submitted that the Council has been asked by the Ministry of HRD to arrange for 2.2 million Engineers including Diploma Holders by the year 2008.

35. The Committee pointed out that in view of the fact that the AICTE itself does not run any institution, whether it will have to persuade others to set up Institutes for producing 2.2 million Engineers. It is having its own regulations on the basis of which it only gives approvals. He, however assured that with the present intake they would achieve the target by 2008.

36. To another query, the Chairman, AICTE stated that there are 838 institutes imparting technical education. The total intake last year was 2,32,229 out of which 1,08,000 belonged to IT related area.

37. The Committee enquired whether the Council has any information about the capitation fee charged by the Institutes, the Chairman, AICTE stated that last year the Council issued notices to 220 institutes for charging capitation fee. He emphatically stated that pursuant to the policy of AICTE, all those Institutes which charge capitation fee would be disaffiliated.

38. The Committee was further informed that the AICTE was taking 300 teachers per year. He elaborated that when the students are in 7th semester *i.e.* the final year are being appointed as teachers with a monthly scholarship of Rs. 10,000/-. Further, the Council at its own cost helps them get higher degrees like M. Tech., Ph. D. etc. The Chairman, AICTE agreed that an amount of Rs. 10,000/- p.m. is not attractive, but it was expected that who wanted to be a teacher, would be less concerned about high income.

39. Asked about the emerging scenario in engineering discipline, the Chairman AICTE submitted that conventional engineering branches are being neglected at the moment and if the recent recession in Mechanical, Electrical and Civil Engineers' market is allowed to continue, that will be a disaster for the country. He emphasized that the country can not develop on the basis of IT only, notwithstanding its significance. He summed up by stating that alongwith IT, equal emphasis should be laid on other subjects also.

(iii) Training

40. In one of its study visits to Bangalore during November, 2000 the Committee was apprised by the Chief Minister of Karnataka and Shri Narayana Murthy, the CEO of Infosys Technologies that there was acute shortage of quality teachers in Engineering colleges and for this reason standard of education in Engineering colleges was not of the desired standard. Drawing attention to these observations the Committee enquired about the remedial steps being considered by the MIT. In reply, Secretary, MIT shared the concern and stated that the Ministry is well aware of the fact that the IT sector needs good teachers and the Government has set up a Committee under the Chairmanship of the HRD Minister for the purpose. That Committee has submitted its interim report and the follow-up action has to be taken up by the HRD Ministry.

41. Turning its attention towards AICTE the Committee asked about the action taken in this matter by the AICTE. The Chairman, AICTE in reply stated that the Council has devised a programme according to which it is putting about 200 teachers for training during the current year and that number will be increased to 500 in the next year.

42. The Committee finds that a budgetary provision of only Rs. 76.32 crore has been made for as many as 14 R&D centres of MIT. Even though the actual expenditure on R&D is likely to be much more, as some resources are generated by the centres themselves also, yet the Committee feel that allocations for such an important scheme should be appropriately enhanced at RE stage and suitable schemes for the same be formulated by the MIT. The Committee, therefore, desires the Ministry to take steps accordingly.

43. The Committee is surprised to note that although the implementation of the R&D work is carried out by almost all the 10 separate divisions of the Ministry, specific allotment of funds has not so far been earmarked. Keeping in mind the importance of R&D in human resource development, it is imperative that the implementing agencies of the scheme get adequate funds. The Committee, therefore, impresses upon the Ministry to chalk out a programme in this regard so that R&D aspect does not get neglected. Moreover, the role of the Ministry as a facilitator to develop core competence in R&D sector requires to be strengthened to yield the required result.

44. The Committee notes that the Task Force which was constituted under the Chairmanship of HRD Minister to examine the entire issue of demand and supply of trained IT professionals for the future, has estimated that the total size of IT industry in India will be over US\$ 100 billion with a requirement of 23.67 lakh IT professionals by the year 2008. In order to meet this requirement, the Task Force has launched a special drive *viz.* "Operation Knowledge" to increase the intake/new courses in IT. As a result 46,000 new seats have been added during 2000-01. In this context, the Task Force has also recommended a series of initiatives to address the problems of quality in IT manpower. The Committee notes that the implementation of the recommendations of the task force has been wholly entrusted with the Ministry of Human Resource Development. The Committee, however, feels that this responsibility should also be shouldered by the Ministry of Information Technology and both the Ministries should act in proper coordination and with unity of purpose to fulfil the objective.

45. The Committee notes with concern that the IT teacher-student ratio at present stands at 1:45 whereas it should ideally be at 1:15 under the AICTE norms. In absolute terms, the current shortage of teachers is about 5,000 and if the number of students increases to 2,25,000 by the year 2003, as envisaged by the Task Force, then the shortage of teachers would almost be doubled to 10,000. The shortage of teachers of this magnitude is a matter of grave concern which merits urgent attention. The Committee feel that concerted efforts from both the Ministries of IT and HRD are warranted to take suitable remedial steps so that the situation does not deteriorate in the coming years. The Committee specifically desires both the Ministries to undertake an indepth study to gauge the reluctance of IT professionals to take to teaching in Engineering colleges and take appropriate measures.

46. The Committee notes that AICTE's role in spreading technical education is to approve the courses and the in-take of students as per its own norms. The Committee further notes that AICTE has been advised by the Ministry of HRD to roll out 2.2 million engineers including diploma holders by the year 2008. The Committee is surprised that when AICTE does not run any institution of its own, how it will be able to roll out the projected number of engineers by 2008. Although the Chairman, AICTE was confident that with the present intake, the Council will achieve the target, yet, the Committee in the absence of any concrete proposal or scheme in this regard finds it difficult to subscribe to his optimism. Needless to mention the matter is required to be taken up more seriously, than done hitherto.

47. The Committee notes that AICTE is recruiting every year 300 final year students as teachers on a monthly remuneration of Rs. 10,000. The Chairman, AICTE statement that teaching requires a different type of attitude for a person who should not be much worried about money sounds more philosophical than practical. The Committee feels that when a final year IT student has wider and more ample scope to join the industry on a very handsome salary, he will be apparently reluctant to join the teaching profession on a meagre scholarship of Rs. 10,000 per month. Therefore, in order to attract sufficient number of IT teachers, the remuneration and other incentives have to be substantially enhanced. The Committee recommends MIT to take up the matter at the appropriate level.

48. The Committee is deeply concerned to note that the conventional Engineering branches like Electrical, Mechanical etc. are being neglected at present as submitted by the Chairman, AICTE. It is surprising to note that of the total intake of 2,32,229 engineering students enrolled last year, 1,08,000 belonged to IT related areas which comes to roughly 47 percent. The imbalance in this regard, is required to be suitably rectified with appropriate policy measures.

C. Hardware in Electronics

49. The Committee was informed that the Ministry intended to play an important role in the development of electronic hardware and for that it has been looking into the demands of the industry. As the hardware industry is mainly dependent upon international competitiveness and the prevalent tariff structure, the Ministry is trying its level best to see that the industry is helped in the tariff structure.

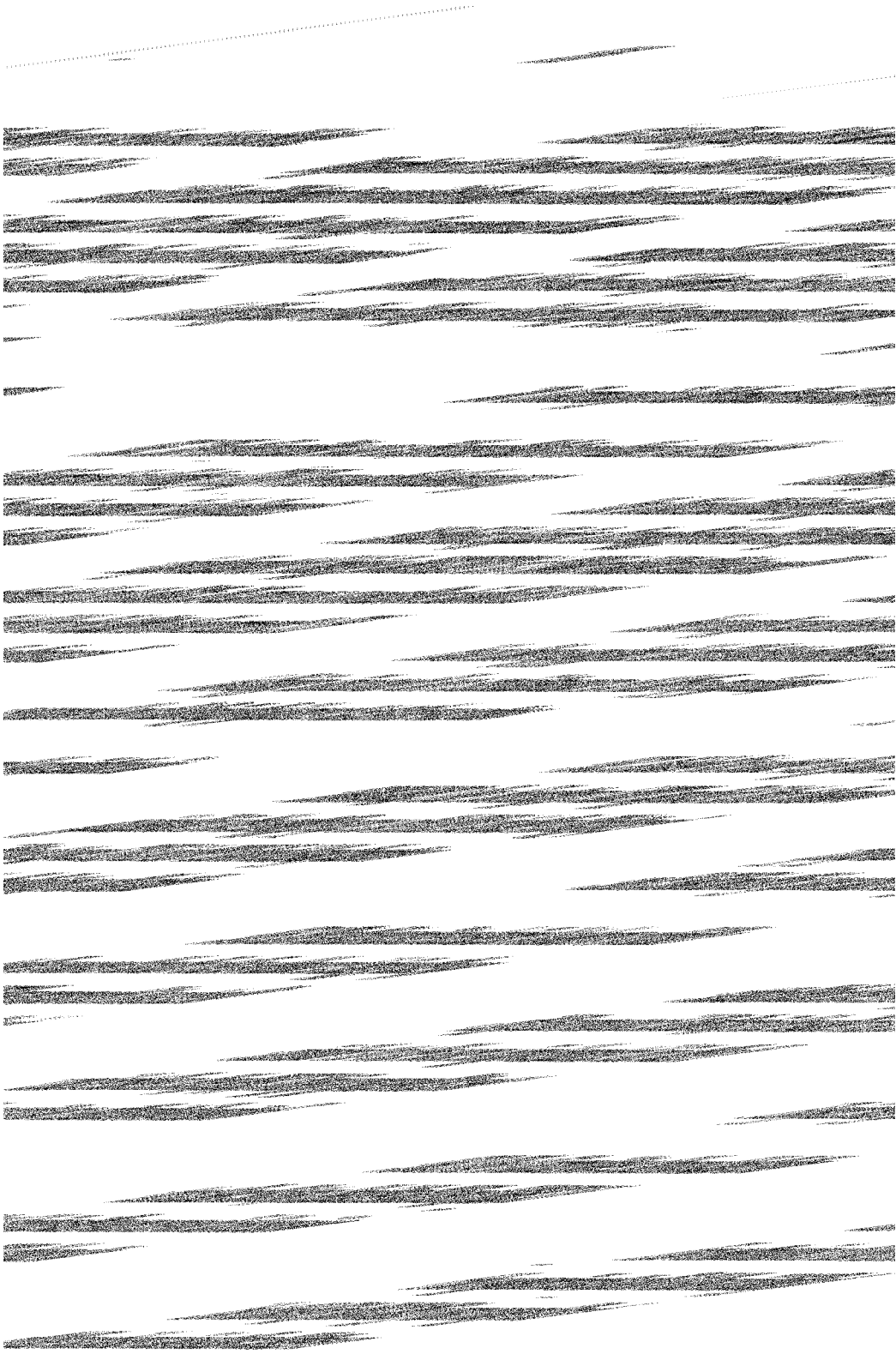
50. The Committee pointed out that although the Ministry has done a commendable job in the software sector, its performance in the electronic hardware sector has not been upto the mark as is evident from the fact that the hardware production has not been encouraged in the country and the position is unlikely to improve unless the prices come down. In this context the Committee desired to know the measures taken by the Ministry. The Secretary, MIT agreeing with the observation of the Committee submitted that hardware prices were very high in the country and for that reason they are not likely to reach directly to the vast majority of population. As a part of the exercise to bring down the hardware prices, the Ministry has taken up the matter with the Ministry of Finance to see whether by giving appropriate fiscal incentives it would be possible for the industry in bringing down the prices.

51. Asked to elaborate, the Secretary stated that pursuant to an International Telecom Agreement, it has been decided to reduce the duties on finished products to zero per cent internationally by 2003 instead of 2005 as earlier agreed to. Under such conditions, if inputs or components that are required to manufacture products, have a much higher rate of duty (some of the inputs in the hardware sector carry as much as 35 percent duty), then it would certainly erode the competitiveness of the sector.

52. The Secretary, MIT further stated that if duty-structure for components comes down, then prices of manufactured good will automatically come down. The matter has been taken up with the Department of Revenue and discussions are being held with the representatives of the Industry who have assured of necessary support and expansion of the hardware market in India in the event of the removal of anomaly in the duty structure.

53. To a specific query about the present budget proposals to encourage the hardware industry, the representative of MIT submitted that the present proposals have not helped anyway in encouraging the hardware industry and therefore the Ministry of Information Technology is again taking up the matter with the Ministry of Finance to see that the position is improved before the Budget is passed.

54. The Committee is greatly concerned to note that the prices of hardware products are very high in the country due to anomaly in the duty structure, under which customs duties on finished products is much lower than the duties on inputs/components which attract as high as 35 percent duty. This anomaly has been an important impediment in the growth of indigenous hardware industry which has been eroding competitiveness in this sector.



60. To a specific query of the Committee regarding procurement of equipments for setting up 457 CICs in N.E., the representatives of the Ministry submitted that the Planning Commission has advised the Ministry to follow a transparent tender procedure for placing the equipment order. Accordingly, MIT would place the equipment order in suitably to negotiate the best price.

61. The Committee notes that during the year 2000-2001, 30 Community Information Centre (CIC), were set up at a cost of Rs. 15 crore in 7 North-Eastern States and Sikkim. This year the scheme is being extended to Jammu and Kashmir with 20 CICs at a cost of Rs. 14 crore. During the year 457 new CICs are planned to be opened in all the North-Eastern States at a cost of Rs. 67 crore. Although it is a commendable measure, the Committee finds that the fund allocated for new CICs is grossly inadequate, as 30 CICs were set up last year at a cost of Rs. 15 crore, whereas this year 457 CICs are planned to be set up with Rs. 67 crore only. The Committee will like to be apprised of the factual position and be assured that target will be accomplished during the year.

62. The Committee notes that the MIT has decided to follow a transparent tender procedure for procurement of equipments so that the scheme does not suffer for want of timely procurement of equipments. The Committee desires that based on the experience gained, the CIC scheme should be extended to other States expeditiously to expand IT knowledge in different regions.

E. Software Technology Parks of India (STPI)

63. STPI scheme under MIT has been providing incubation and High Speed Data Communications (HSDC) facilities and a single window interface for promoting Information Technology schemes besides services to the software exporters. Nineteen STPI Centres have been set up across the country in the last ten years and more than 6000 Units are registered with them. STPIs are managed by different societies and the centres are intended to act as facilitators in triggering IT growth in the regions.

64. The Committee asked about the methodology adopted by the Ministry to open STPI in various States. In reply, a representative of MIT submitted in evidence that all the State Governments have been informed that if they felt the need of a STPI in their respective States, they have to construct a building measuring 3000 square feet and have to deposit a sum of Rs. one crore. The Ministry on its part will give Rs. 50 lakh. Thus, it is entirely upto the States to decide whether they wanted to set up an STPI, and if they made the infrastructure available, the Ministry can help them with funds as above.

65. To a specific query regarding setting up STPI in North-East Region, the Committee was informed that Sikkim, Tripura and Meghalaya have taken the initiative in this regard.

66. During the course of one of its study tours, the Committee obtained the impression that zone-wise registered companies rather than STPI infrastructure would serve better in development of IT at a rapid pace and it would be in the interest of IT industry if there was competition amongst various STPIs and the companies so formed. In this context, the Committee desired to hear the views of the Ministry.

67. In reply, it was stated that STPIs have already created a brand image inside the country as well as globally. Inside the country, several other competitors like VSNL and Private ISPs are also operating. In the liberalized scenario, the competition would further grow and a number of international players may also join the race. Therefore, to meet the competition and to grow, it is essential for STPI to remain as a single entity with its infrastructure spread all over the country and share the same among all its centres to serve and promote the industry.

68. During the same study tour, the Committee learnt that for faster development of IT, STPI needs higher bandwidth and thereby greater access to optical Fibre. The Committee enquired whether the Ministry has made any proposal to the Government in this regard. In a written note, it has been stated that while the requirement of bandwidth is increasing at a very fast pace, its availability through satellite is presently limited and the cost is also high. STPI is providing data communication through its satellite earth stations and has no access to fibre cable. Due to the growth of IT services in export segment, the software industry would need more and more bandwidth at competitive rates.

69. It was further stated that as other operators have access to fibre cables, it is imperative that STPI also has access to the same. In this regard, STPI has put up a proposal to MIT to have the fibre landing facility with funding of Rs. 100 crore. The Planning Commission has, however, not allocated funds for the same.

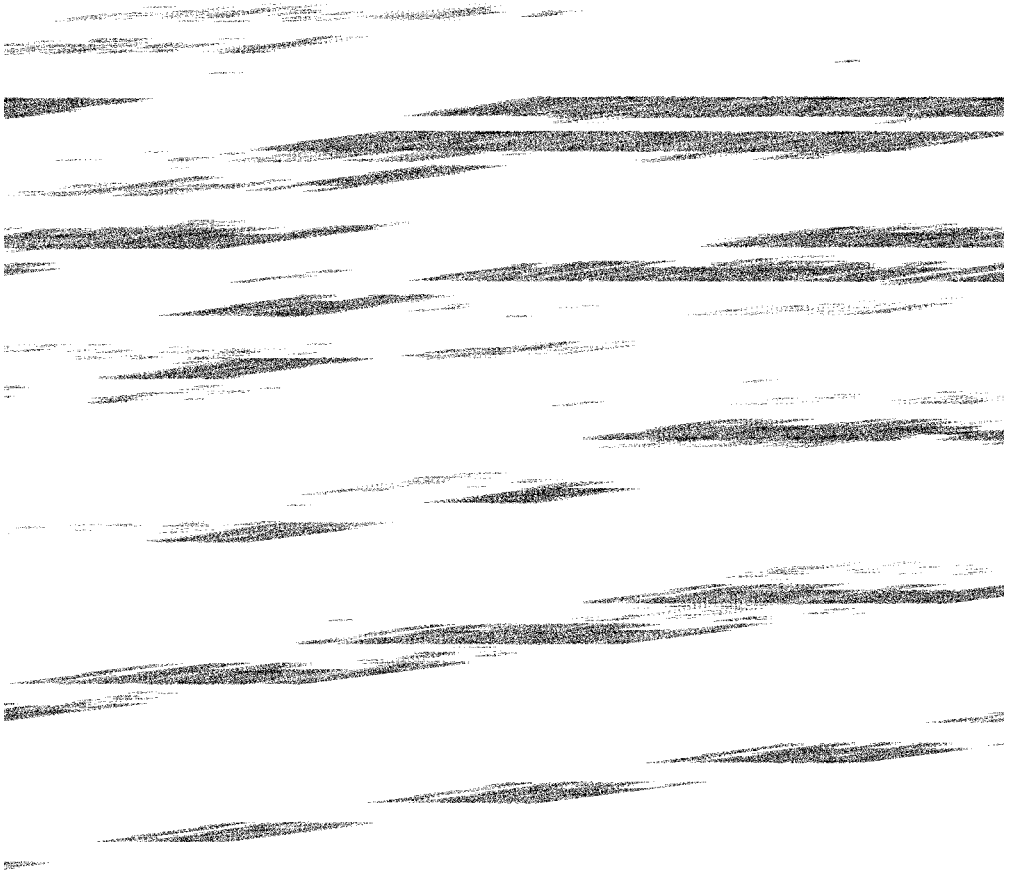
70. The Committee notes that 19 Software Technology Parks of India (STPI) have been set up across the country in the last ten years and more than 6000 units are registered under the STP scheme. In this regard, the Committee finds that the initiative for opening a STPI in a particular State has been left entirely to the concerned State. In view of the significance of the role played by STPI in the development of IT, the Committee would like that the procedure for opening of STPI in various States should be streamlined so that every region in the country is benefited.

71. The Committee notes that STPI has been providing data communication through its Satellite Earth Stations and it has no access to fibre cables. It is imperative to note that while the requirement of bandwidth is increasing at a very first pace, it's availability through satellite is presently limited and the cost is also high. Needless to mention, due to the growth of IT services in export segment, the software industry would need more and more bandwidth at competitive rates. In other words, STPI badly needs access to fibre cables like other operators but it is unfortunate that a proposal to the tune of Rs. 100 crore in this regard has been turned down by the Planning Commission. The Committee urges MIT to take up the matter on a priority basis with the Planning Commission and the Ministry of Finance in this regard.

F. Society for Microwave Electronic Engineering and Research (SAMEER)

72. During study tour the Committee was informed that more than 80 percent of the outlay of 'SAMEER' is expended on wages and salary bills of the staff and hardly any amount is left for R&D activities of the Research Centre. In this context, the Committee desired to hear the views of MIT. In reply it was stated that the net budgetary support for SAMEER for the financial year 2000-01 was Rs. 10.60 crore (Plan-Rs. 8 crore and Non-plan-Rs. 2.60). In addition to that, SAMEER projected a receipt of Rs. 9.74 crore from sponsored projects and other services. Similarly for the financial year 2001-2002, net budgetary support from the Ministry will be Rs. 14.70 crore (Plan-Rs. 12 crore and Non-plan-Rs. 2.70 crore). Moreover, other receipts of Rs. 18.11 crore from the sponsored projects and other services has been projected by 'SAMEER'. The salary component of SAMEER during 2000-2001 has been estimated to be around Rs. 6.60 crore out of the total sum of Rs. 20.34 crore (NBS+EBR). It was also stated that SAMEER continues to make efforts to enhance the EBR to become more self-reliant.

73. The Committee desired to know the attrition rate in SAMEER and steps taken by the Ministry to check the same. It was replied that out of the total scientific man power strength of 137 in SAMEER, 56 such staff have left the organisation during the last 5 years. The Ministry also stated that efforts are made on continuous basis to replenish the staff through fresh induction.



**Representatives of the Ministry of
Information and Broadcasting**

1. Shri Pawan Chopra — Secretary (I&B)
2. Shri Anil Baijal — Addl. Secretary, and CEO,
Prasar Bharati
3. Smt. Aruna Makhan — Addl. Secretary & Financial
Adviser (I&B)
4. Shri Sudhir Sharma — Joint Secretary (P&A)
5. Shri Rakesh Mohan — Joint Secretary (B), (I&B)
6. Shri Sudhir Bhandari — Chief Controller of Accounts
7. Smt. Mona Sharma — Director (PP&A)
8. Ms. Esther Kar — Director (IP)
9. Shri S.C. Tewary — Director (BP&L)
10. Shri R.C. Mishra — Executive Director (SP) DDN
11. Shri B.K. De — E-in-Chief (DDN)
12. Shri K.M. Paul — E-in-Chief
13. Shri T.R. Malakar — DDG:DDN
14. Smt. N.J. Krishna — PIO
15. Shri Vivekanand Ray — PR, RNI
16. Shri Sahab Singh — DG, DAVP
17. Smt. Surinder Kaur — Dir. Publications Division
18. Shri Prem Matiani — Dir. S & DD
19. Shri O.P. Jora — Dir. Photo Division
20. Smt. Malati Sahai — Dir. DFF
21. Shri Suresh Chopra — Dir. DFP

Representatives of the Ministry of Information Technology

1. Shri Vinay Kohli — Secretary
2. Shri S. Lakshminarayanan — Joint Secretary
3. Mrs. P.M. Singh — Joint Secretary
4. Shri Gautam Soni — Advisor
5. Dr. U.P. Phadke — Advisor
6. Dr. Krishan Kant — Sr. Director

7. Dr. Om Vikas — Sr. Director
8. Shri S. Basu — Sr. Director
9. Shri W.R. Deshpande — Sr. Director
10. Shri Gulshan Rai — Sr. Director
11. Shri R.C. Sachdeva — Director
12. Shri Rajiv Rastogi — Director

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

6. Thereafter, the Chairman welcomed the representatives of the Ministry of Information Technology to the sitting of the Committee. The representatives of that Ministry highlighted the thrust areas of the Demands for Grants (2001-2002) and attended to the queries of the Members on the subject as well.

7. The Chairman thanked the representatives of the Ministry of Information Technology for appearing before the Committee and providing valuable information that the Committee desired in connection with examination of the subject.

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

9. The witnesses then withdrew.

The Committee, then, adjourned.

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

The Committee sat on Thursday, March 22, 2001 from 1500 hours to 1720 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Pawan Kumar Bansal
3. Shri Tara Chand Bhagora
4. Shri Nikhil Kumar Chaudhary
5. Adv. Uttamrao Dhikale
6. Dr. C. Krishnan
7. Shri Bhartruhari Mahtab
8. Sardar Simranjit Singh Mann
9. Shri K.A. Sangtam
10. Shri Saroj Tufani
11. Rajkumari Ratna Singh
12. Shri Vinay Kumar Sorake

Rajya Sabha

13. Dr. M.N. Das
14. Shri Balkavi Bairagi
15. Shri Shatrughan Sinha
16. Shri Narendra Mohan
17. Dr. Y. Radhakrishna Murthy
18. Shri Kartar Singh Duggal
19. Shri K. Rama Mohana Rao

SECRETARIAT

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

Representatives of the Ministry of Information Technology

1. Shri Vinay Kohli — **Secretary**
2. Shri S. Lakshminarayanan — **Joint Secretary**
3. Shri J.S. Mani — **JS & Financial Advisor**
4. Shri P.M. Singh — **Joint Secretary**
5. Shri Subir Hari Singh — **Joint Secretary**
6. Shri A. Gairola — **Dy. Dir. General, NIC**
7. Dr. U.P. Phadke — **Advisor**
8. Dr. Gulshan Rai — **Sr. Director**
9. Dr. S.L. Sarnot — **DG (STQC)**
10. Shri S.N. Zindal — **DG (STPI)**
11. Shri Rajiv Rastogi — **Director**
12. Shri Om Vikas — **Sr. Director**
13. Shri J.K. Tyagi — **Dy. Financial Advisor**
14. Shri Gautam Bhattacharya — **Dy. Director**
15. Shri B.B. Bahl — **Joint Director**
16. Shri Zail Singh — **Sr. Director (Tech.) NIC**

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

3. The Committee, then, sought certain clarifications on the issues relating to the Demands for Grants (2001-2002) of the Ministry of Information Technology and the representatives of the Ministry responded to the queries of the Members.

4. The Chairman, then, thanked the representatives of the Ministry of Information Technology for appearing before the Committee and for furnishing valuable information that the Committee desired in connection with the examination of Demands for Grants (2001-2002).

The witnesses then withdrew.

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

The Committee, then, adjourned.

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

The Committee sat on Thursday, April 3, 2001 from 1100 hours to 1230 hours in Committee Room '63', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Mahendra Baitha
3. Shri Pawan Kumar Bansal
4. Prof. Dukha Bhagat
5. Shri Tara Chand Bhagora
6. Shri T. Govindan
7. Shri Bhartruhari Mahtab
8. Shri G. Ram Mohan
9. Shri Karia Munda
10. Shri Sheeshram Singh Ravi
11. Shri Vinay Kumar Sorake

Rajya Sabha

12. Dr. Y. Radhakrishnan Murthy
13. Shri Kartar Singh Duggal
14. Shri K. Ram Mohan Rao

SECRETARIAT

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

Representatives of the Ministry of Information Technology

1. Shri Vinay Kohli — Secretary
2. Shri S. Lakshminarayanan — Joint Secretary
3. Shri J.S. Maini — JS&FIN. Advisor
4. Smt. P.M. Singh — Joint Secretary
5. Shri Gautam Soni — Advisor
6. Dr. A.K. Chakravorty — Advisor
7. Shri Subir Hari Singh — Joint Secretary
8. Dr. U.P. Phadke — Advisor
9. Dr. S.L. Sarnot — DG (STQC)
10. Shri N. Vijayaditya — DG (NIC)
11. Shri S.N. Zindal — DG (STPI)
12. Dr. Om Vikas — Director
13. Shri W.R. Deshpande — Sr. Director
14. Shri R.C. Sachdeva — Director
15. Shri Rajiv Rastogi — Director
16. Shri J.K. Tyagi — Dy. Financial Advisor
17. Shri Gautam Bhattacharya — Dy. Director
18. Shri B.B. Bahl — Joint Director
19. Shri Zail Singh — Sr. Director (Tech), NIC

Representatives of All India Council for Technical Education

1. Prof. R.C. Nirjar — Chairman
2. Prof. B.G. Sangameshwara — Advisor

2. At the outset, the Chairman welcomed the Secretary, Ministry of Information Technology, All India Council for Technical Education and other officials accompanying them.

3. The Chairman took strong exception to the absence of the Secretary, Ministry of Human Resource Development or any other senior officer to represent the Ministry in the meeting. He conveyed the displeasure of the Committee to Shri Pawan Kumar Agarwal, Director, who appeared before the Committee as witness and directed him to withdraw from the sitting of the Committee.

The witness then withdrew.

4. The Committee sought certain clarifications on issues relating to Human Resource Development in Information Technology and Demands for Grants (2001-2002) relating to Ministry of Information Technology. The representatives of, Ministry of Information Technology and Chairman, AICTE responded to the queries of the Members.

5. The Chairman, then, thanked the representatives of the Ministry of Information Technology and the AICTE for appearing before the Committee and for furnishing valuable information that the Committee desired in connection with the examination of Demands for Grants (2001-2002).

The witnesses, then, withdrew.

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

The Committee, then, adjourned.

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

The Committee sat on Tuesday, April 17, 2001 from 0930 hours to 1000 hours in Committee Room '53', Parliament House Annexe, New Delhi.

PRESENT

Shri Somnath Chatterjee — *Chairman*

MEMBERS

Lok Sabha

2. Shri Mahendra Baitha
3. Shri Pawan Kumar Bansal
4. Dr. C. Krishnan
5. Sardar Simranjit Singh Mann
6. Shri G. Ram Mohan
7. Shri Karia Munda
8. Shri K.A. Sangtam
9. Sardar Buta Singh
10. Rajkumari Ratna Singh
11. Shri Vinay Kumar Sorake
12. Shri Vinay Katiyar

Rajya Sabha

13. Dr. M.N. Das
14. Shri Balkavi Bairagi
15. Shri Narendra Mohan
16. Dr. Y. Radhakrishna Murthy
17. Shri Kartar Singh Duggal
18. Shri K. Ram Mohan Rao

SECRETARIAT

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

2. The Committee took up for consideration the Draft Twenty-Fourth Report (Thirteenth Lok Sabha) on Demands for Grants relating to Ministry of Information Technology and adopted the same with some amendments/modifications as shown in the Appendix.

3. The Committee, then, authorized the Chairman to finalise and present the Report to the House in light of the factual verification received from the Ministry.

The Committee, then, adjourned.

APPENDIX

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

Page No.	Para No.	Line No.	For	Read
5	15	6	"for the simple reason"	"in as much as"
7	19	3	After "and"	Add "has been"
13	2	2	"budget"	"work"
14	43	3	After "number"	Add "of students"
-do-	-do-	3 (from below)	"position"	"situation"
15	48	3	Delete "out of"	
17	Delete Para No.	54		
22	71	4 (from below)	Delete "worth"	Add "to the tune of"