

## CHAPTER-I

### REPORT

This Report of the Standing Committee on Information Technology deals with the action taken by Government on the Recommendations/Observations of the Committee contained in its Twenty-Second Report (Thirteenth Lok Sabha) on “Demands for Grants (2001-02)” pertaining to Department of Telecommunications.

2. The Twenty-Second Report was presented to Lok Sabha on 17.4.2001 and laid on the Table of Rajya Sabha on 18.4.2001. It contained 37 Recommendations/Observations.

3. Action Taken Notes in respect of all the Recommendations /Observations contained in the Report have been received and categorised as under:

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

Paragraph Nos:- 11, 12, 21, 25, 33, 41, 42, 43, 51, 52, 69, 70, 71, 72, 73, 82, 84, 99,  
104, 119, 120, 121, 133, 140 & 146

Total : 25

Chapter – II

(ii) Recommendations/Observations which the Committee does not desire to pursue in view of the reply of the Government:-

Paragraph Nos:- 22, 23, 83, 92, 118, 132, 135 & 141

Total : 8

Chapter – III

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

Paragraph Nos:- 24, 28 & 68

Total : 3

Chapter - IV

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

Paragraph Nos:- 134

Total : 1

Chapter - V

4. **The Committee trusts that utmost importance would be given to the implementation of the recommendations accepted by the Government. In cases, where it is not possible for the Department to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desires that Action Taken Notes on the Recommendations/Observations contained in Chapter-I and final Action Taken Notes on Chapter-V of this Report should be furnished to it at an early date.**

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

#### **Over-optimistic Assessment**

**(Paragraph No. 24)**

6. The Committee in its 22<sup>nd</sup> Report viewed as over optimistic the assessment of the Department that the Fixed Service Providers (FSPs) after being awarded licences would be able to establish switches (points of presence) in 15 percent of the Short Distance Charging Areas (SDCAs) in the first two years of operation and 40 percent in the next two years. Keeping in view the dismal performance of the private Fixed Service Providers in providing telephone facilities, the Committee had expressed reservations on the basis on which such calculations were made.

7. The Department has replied that in the competitive environment where faster roll out is an essential requirement, calculations of setting up of points of presence in 15% of Short Distance Charging Areas in the first two years of operation and 40% in the next three years may not be over-optimistic. This has so far been agreed to by the various companies seeking licence.

8. **The Committee is dissatisfied with the reply of the Department. It is true that in a competitive environment faster roll out is an essential requirement and**

the companies seeking licence have so far agreed to the same. But going by the track record of the private basic service providers who have agreed to fulfil their contractual obligations so many times in the past but every time coming out with most unsatisfactory and dismal performance, the Committee apprehends that the Fixed Service Providers would not be able to set up points of presence even in 15 percent of the Short Distance Charging Areas in the first two years of operation and 40 percent in the subsequent three years. The responsibility, therefore, lies with the Department to see that its calculations are not over-estimated.

**Permission to Defaulters to Bid for Cellular Licence**

**(Paragraph No. 28)**

9. In its 22<sup>nd</sup> Report the Committee was surprised to observe that certain companies like Koshika and JT Mobiles had been allowed to bid for the fourth cellular licence despite being defaulters in paying their earlier licence fees. The Committee asked for an explanation from the Department as to how defaulting companies were allowed to bid for fresh licences.

10. The Department in its Action Taken Notes has stated that Clause-16 has been specifically inserted in the tender document to ensure that any outstanding dues (which will be covered under any other payment specified) will have to be paid before grant of licence. However, there is no bar for the defaulting companies to participate in the bidding process. But in case of basic services, LoI stipulates that there should not be any outstanding dues against the applicant company. The Department has further stated that similar conditions shall be built-in in the cellular LoI also.

11. **The Committee fails to understand why at all companies which have not cleared their outstanding dues should be allowed to participate in fresh bidding processes. Letters of Intent (LoIs) in case of basic service licences stipulate that there should not be any outstanding dues against the applicant company whereas such provisions in the cellular LoIs are yet to be provided. Such discrepancies need to be removed expeditiously and the Committee reiterates its earlier recommendation that it may not be prudent to allow companies, whether cellular or basic service, to participate in the bid for fresh licences without clearing all their outstanding dues.**

## Provision of VPTs

### (Paragraph No. 68)

12. The Committee had observed in its earlier Report that out of a target of 70,000 VPTs set for the year 2001-2002, BSNL could achieve only 32,000 VPTs due to non-receipt of WLL equipments. Taking a strong exception to the same plea being repeated every year for non-achievement of targets in VPTs, the Committee desired to be assured in more concrete terms of the seriousness of the Corporation in achieving the national objective.

13. The Department in its Action Taken Notes has stated that out of 607, 491 revenue villages in the country, 408, 922 villages have already been provided with telephone facilities till March, 2001. Out of the remaining 198, 469 villages, the share of BSNL is 143, 255 while the share of private Fixed Service Providers is 55,142. It has also been stated that BSNL stands by the commitment made by the Government in providing telephone facility to the remaining uncovered villages in a time-bound programme and to provide telephone on demand as envisaged in NTP-99 subject to availability of funds. The Committee has further been informed that supply of WLL systems has already been commenced and the same are under installation at many places.

**14. The Committee is constrained to note that the matter of providing VPTs has not been getting the desired attention due to the one and only reason *i.e.* non-receipt of equipment. Despite the Committee's repeated observations and the Department's repeated assurances to procure equipments in time, the desired results have not yet been achieved. Now BSNL is putting another condition that 'subject to availability of funds' it would provide telephone facility to the remaining uncovered villages in a time-bound programme. In the light of the fact that there can be no proper development unless and until basic telephone facilities are efficiently and expeditiously provided in the rural and remote areas, the Committee urges upon the Department to ensure timely procurement of equipments for provision of VPTs as well as adequate funds for BSNL to enable it to stand by its commitment. Further, common people are not concerned about the so-called policy of the Government, what they require is the availability of minimum basic services and therefore whether the private Fixed Service Providers fulfil their contractual obligations or not, it becomes the imperative duty of the Department to provide VPTs in the remaining 1,98,469 villages in a given time frame.**