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**STANDING COMMITTEE ON  
INFORMATION TECHNOLOGY  
(2019-20)**

**SEVENTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS  
(2019-20)**

**FIRST REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*December, 2019/ Agrahayana, 1941 (Saka)*

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**STANDING COMMITTEE ON**  
**INFORMATION TECHNOLOGY**  
**(2019-20)**

**(SEVENTEENH LOK SABHA)**

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

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**(2019-20)**

*Presented to Lok Sabha on 10 December, 2019*

*Laid in Rajya Sabha on 10 December, 2019*



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*December, 2019/ Agrahayana, 1941 (Saka)*

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**COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2019-20)**

**Dr. Shashi Tharoor - Chairperson**

**Lok Sabha**

2. Smt. Locket Chatterjee
3. Shri Karti P. Chidambaram
4. Shri Sunny Deol
5. Dr. Nishikant Dubey
6. Shri Vijay Kumar Dubey
7. Choudhary Mehboob Ali Kaiser
8. Smt. Raksha Nikhil Khadse
9. Dr. Sukanta Majumdar
10. Shri Dhairyasheel Sambhajirao Mane
11. Ms. Mahua Moitra
12. Shri P. R. Natarajan
13. Shri Santosh Pandey
14. Shri Nisith Pramanik
15. Col. Rajyavardhan Singh Rathore
16. Dr. Gaddam Ranjith Reddy
17. Shri M V V Satyanarayana
18. Shri Sanjay Seth
19. Shri L.S. Tejasvi Surya
20. Dr. T. Sumathy (A) Thamizhachi Thangapandian
21. Shri Bhanu Pratap Singh Verma

**Rajya Sabha**

22. Dr. Anil Agrawal
23. Dr. Subhash Chandra
24. Shri Y. S. Chowdary
25. Shri Suresh Gopi
26. Shri Md. Nadimul Haque
27. Shri Syed Nasir Hussain
28. Dr. Narendra Jadhav
29. Shri D. Kupendra Reddy
30. Shri Ronald Sapa Tlau
31. Shri Beni Prasad Verma

**Secretariat**

- |    |                       |   |                      |
|----|-----------------------|---|----------------------|
| 1. | Shri Ganapati Bhat    | - | Additional Secretary |
| 2. | Shri Y.M. Kandpal     | - | Director             |
| 3. | Dr. Sagarika Dash     | - | Additional Director  |
| 4. | Shri Shangreiso Zimik | - | Deputy Secretary     |

## Abbreviations

BE	:	Budget Estimate
BSNL	:	Bharat Sanchar Nigam Limited
CAPEX	:	Capital Expenditure
CCEA	:	Cabinet Committee on Economic Affairs
CCI	:	Cabinet Committee on Infrastructure
CEWiT	:	Centre of Excellence in Wireless Technology
CSC-SPV	:	Community Service Centre – Special Purpose Vehicle
CSSS	:	Champion Services Sectors Scheme
CTDP	:	Comprehensive Telecom Development Plan
DoT	:	Department of Telecommunications
DWDM	:	Dense Wavelength Division Multiplexing
ER	:	Essential Requirements
HPIL	:	Hemisphere Properties India Ltd.
IEBR	:	Internal and Extra Budgetary Resources
ITA	:	Information Technology Agreement
LWE	:	Left Wing Extremism
MCEU	:	Multi Capacity Encryption Units
MeitY	:	Ministry of Electronics & Information Technology
MHA	:	Ministry of Home Affairs
MPLS	:	Multi Protocol Label Switching
MTCTE	:	Mandatory Testing and Certification of Telecom Equipment
MTNL	:	Mahanagar Telephone Nigam Limited
NDCP	:	National Digital Communication Policy
NER	:	North-Eastern Region
NFS	:	Network for Spectrum
NOFN	:	National Optical Fiber Network
NTP	:	New Telecom Policy
OFC	:	Optical Fiber Cable
OLT	:	Optical Line Terminal
ONT	:	Optical Network Terminal
PSU	:	Public Sector Undertaking
RE	:	Revised Estimate
SAMEER	:	Society for Applied Microwave Electronics Engineering & Research
SCS	:	Simplified Certification Scheme
SLA	:	Service Level Agreement
TEC	:	Telecommunications Engineering Centre
TSPs	:	Telecom Service Providers
TTSC	:	Telecom Testing & Security Certificate Centre
UAL	:	Universal Access Levy
UNMS	:	Unified Network Management system
USOF	:	Universal Service Obligation Fund

## INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2019-20), having been authorized by the Committee to submit the Report on their behalf, present this First Report on Demands for Grants (2019-20) of the Ministry of Communications (Department of Telecommunications).

2. The Standing Committee on Information Technology (2019-20) was constituted on 13<sup>th</sup> September, 2019. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the Ministry/Department concerned and make a Report on the same to the Houses.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications (Department of Telecommunications) for the year 2019-20 which were laid on the Table of the House on 17<sup>th</sup> July 2019. The Committee took evidence of the representatives of the Ministry of Communications (Department of Telecommunications) on 11<sup>th</sup> October, 2019.

4. The Report was considered and adopted by the Committee at their sitting held on 27<sup>th</sup> November, 2019.

5. The Committee wish to express their thanks to the officers of the Ministry of Communications (Department of Telecommunications) for appearing before the Committee and furnishing the information that the Committee desired in connection with the examination of the Demands for Grants.

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

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

**New Delhi;  
06 December, 2019  
15 Agrahayana, 1941 (Saka)**

**DR. SHASHI THAROOR,  
Chairperson,  
Standing Committee on  
Information Technology.**

# **Report**

## **Part-I**

### **I. Introductory**

The Department of Telecommunications (DoT) are inter-alia responsible for Telecom Policy; Licensing and Coordination matters relating to telegraph, telephones, telecom wireless data; international cooperation in matters connected with telecommunications, promotion of standardization, R&D in telecommunications; and promotion of private investment in the sector. DoT is also responsible for frequency management in the field of radio communication in close coordination with the international bodies. DoT enforces wireless regulatory measures by monitoring wireless transmission of all users in the country.

2. India is currently the world's second-largest telecommunications market with a subscriber base of 1.18 billion. India's growing mobile economy now constitutes about 98% of all telephone subscriptions. The mobile industry has witnessed exponential growth over the last few years driven by affordable tariffs, wider availability, roll out of Mobile Number Portability (MNP), expanding 3G and 4G coverage, evolving consumption patterns and supportive policy and regulatory environment. As per a GSMA report, the mobile industry supports about 6.5% of India's GDP. The figure accounts for both the direct economic activity generated by mobile operators and an indirect effect on the rest of the economy resulting from increased use of mobile technology by individuals and firms. Telecom industry contribution to GDP is expected to reach 8.2% by 2020.

3. The Government has placed considerable emphasis on growth of internet and broadband in the country as part its Digital India campaign. Mobile has now emerged as the main platform for internet access in India, bringing connectivity to many previously unconnected populations. Efforts are being made to address the digital divide by extending inclusive internet access to every Indian, as mobile technology looks to empower the masses and become the critical means of accessing a broad range of public services.

4. As per GSMA Reports, mobile technologies and services generated 4.6% of GDP globally in 2018, a contribution that amounted to \$3.9 trillion of economic value added. By 2023, this contribution will reach \$4.8 trillion, or 4.8% of GDP, as countries around the globe increasingly benefit from the improvements in productivity and efficiency brought about by increased take-up of mobile services and M2M/IoT solutions. In 2018, the wider mobile ecosystem also supported a total of 32 million jobs (directly and indirectly) and made a substantial contribution to the funding of the public sector, with almost \$510 billion raised through general taxation (before regulatory and spectrum fees). Further ahead, 5G technologies are expected to contribute \$2.2 trillion to the global economy over the next 15 years, with key sectors such as manufacturing, utilities and professional/financial services benefiting the most from the new technology.

**II. Implementation status of recommendations of the Committee contained in the Forty-seventh Report on Demands for Grants (2018-19) of the Ministry of Communications (Department of Telecommunications).**

5. The Forty-seventh Report of the Standing Committee on Information Technology on Demands for Grants (2018-19) of the Ministry of Communications (Department of Telecommunications)



was presented to Parliament on 13<sup>th</sup> March, 2018. The Department of Telecommunications furnished their Action Taken Notes on the observations/recommendations contained in the Forty-seventh Report on 7<sup>th</sup> August, 2018. The Fifty-fifth Report on Action Taken by the Government on the Forty-seventh Report was presented to Lok Sabha on 2<sup>nd</sup> January, 2019. Out of 17 recommendations contained in the said report, 10 recommendations were accepted by the Government. The Committee had commented on 04 recommendations and replies to 03 recommendations had been found to be of interim nature on which final replies have been sought from the Ministry. The final Action Taken Statement on the recommendations contained in the Fifty-fifth Report will be laid in Parliament in due course.

### **III. Budget analysis**

6. The Department of Telecommunications (DoT) presented Demand No. 13 for the Financial Year 2019-20 on 17<sup>th</sup> July, 2019. The Budget Estimate (BE), Revised Estimate (RE) and Actual Expenditure under Revenue and Capital Sections for the year 2017-18, 2018-19 and BE, RE and Actual Expenditure till 30.10.2019 for the year 2019-20 are as under:-

**(Rs. In crore)**

		2017-18			2018-19			2019-20*		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
BE	Gross	35192.65	3386.00	38578.65	33052.53	5002.75	38055.28	30693.64	9719.72	40413.36
	Recoveries	11636.18	0.00	11636.18	10000.00	0.00	10000.00	8350.00	4725.00	13075.00
	Receipts	255.00	0.00	255.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	23301.47	3386.00	26687.47	23052.53	5002.75	28055.28	22343.64	4994.72	27338.36
RE	Gross	26636.81	4995.54	31632.35	24530.48	5956.75	30487.23	26554.49	16387.42	42941.91
	Recoveries	7000.00	0.00	7000.00	5000.00	2500.00	7500.00	5000.00	8000.00	13000.00
	Receipts	255.00	0.00	255.00	1410.86	0.00	1410.86	0.00	0.00	0.00

	Net	19381.81	4995.54	24377.35	18119.62	3456.75	21576.37	21554.49	8387.42	29941.91
Actual	Gross	26848.39	4206.32	31054.71	24691.73	4041.45	28733.18	8173.55	2802.16	10975.71
	Recoveries	6999.20	0.31	6999.51	4788.62	1927.21	6715.83	117.13	0.00	117.13
	Receipts	255.00	0.00	255.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	19594.19	4206.01	23800.20	19903.11	2114.24	22017.35	8056.42	2802.16	10858.58

\* Actual upto 30th Oct 2019 as information already provided.

\*RE 2019-20 figures are as proposed by DoT to Ministry of Finance

7. Explaining the reasons for showing 'Recoveries' and 'Receipts' under Revenue Section, the Department in the Written reply have stated that the reasons for showing 'Recoveries' and 'Receipts' under Revenue section are to arrive at 'Net of Revenue Section'. Further, it is stated that the recoveries are on account of 'Deduct amount met from Universal Service Obligation Fund". The accounting treatment given for USOF wherein amount collected from Universal Access Levy (UAL) is first credited to Consolidated Fund of India and from Consolidated Fund of India the required amount by appropriation is being credited to USOF for utilization exclusively for USOF schemes and accordingly amount met from USOF is shown as Recoveries under Revenue section.

8. The Committee also enquired about the reasons for showing 'Recoveries' under the Capital Section. To this, the Department replied that in the Budget Brief 2019-20, the reasons for showing 'Recoveries' under Capital section are to arrive at 'Net of Capital Section'. Further, it is stated that while providing funds in SBE under the head 'OFC based Network for Defence Services', Ministry of Finance had provided Rs. 4725 cr. initially under "Transfer to Central Road and Infrastructure Fund" and the same amount under 'OFC based Network for Defence Services' and then 'Less- amount

met from Central Roads and Infrastructure Fund'. The accounting procedure under Capital section is initiated by the Ministry of Finance w.e.f. RE 2018-19 and BE 2019-20.

**(i) Revenue Section**

9. Proposed Outlay, Budget Estimates, Revised Estimates and Actual from the year 2015-16 to 2018-19 and Proposed Outlay and Budget Estimates during 2019-20 are as under:-

**(Rs. In crore)**

Revenue Section	2015-16	2016-17	2017-18	2018-19	2019-20
Proposed	22968.15	23305.56	27614.54	36865.29	32470.57
BE	13284.10	18355.96	35192.65	33052.53	30693.64
RE	21052.85	28598.33	26636.81	24530.48	---
Actual	21263.01	27740.18	26848.39	24691.73	---
% of expenditure w.r.t. RE	101.00%	97.00%	100.79%	100.66%	---

10. Head wise details of the expenditure at BE, RE and Actual for the year 2018-19 areas under:-

**(Rs. in crore)**

Major Head	Head Name	BE 2018-19	RE 2018-19	Expenditure 2018-19
3451	Secretariat Economic Services	6.85	5.09	4.74
	Directorate Genl. Admn.	167.53	154.62	314.31
	Telecom Engineering Centre	40.77	40.87	44.38
	Administrator, US Fund	9.65	6.74	6.27
	TERM Cells	120.00	134.76	141.04
	Controller of Communication Accounts	137.00	150.87	271.51
	Centralized Monitoring System	35.00	14.37	14.59
	NTPRITI	0.00	0.00	0.00
	Controller General of Communication Account	0.00	0.00	0.00
	Charged	0.00	78.82	78.82
	Total	516.80	586.14	875.66
2071	Pension & Other Retirement Benefits-DoT	11675.86	11675.86	11991.15

2552	North Eastern Area	1026.00	528.63	0.00
2230	Labour Employment and Skill Development	4.57	3.82	2.84
3275	Wireless and Planning Coordination	13.79	13.43	12.61
	Monitoring Services	38.80	37.30	34.00
	Compensation to Service Prov. For USO			
	Bharat Net Subsidies	6995.00	3425.37	3930.54
	Other schemes of USOF Subsidies	1575.00	857.00	472.71
	Total Compensation to Service Pro.	8570.00	4282.37	4403.25
	Tribal Area Sub Plan			
	Compensation to Service Prov.-Subsidies for USOF	430.00	215.00	384.97
	C-DoT- Grant in aid General	12.00	11.18	12.00
	Total -Tribal Area Sub Plan	442.00	226.18	396.97
	Transfer to Reserve Fund	10000.00	5000.00	4788.22
	TDIP	4.00	3.72	3.70
	Payment of Interest on MTNL Bonds	384.00	384.00	382.41
	Viability Gap Funding to BSNL for providing telecom connectivity during Shri Amarnath Yatra	1.00	1.00	1.00
	Waiver of loan interest granted to BSNL	0.00	427.68	427.68
	Waiver of loan granted to BSNL	0.00	983.18	983.18
	Special assistance for Swachhta Action Plan	5.00	7.00	7.00
	International Co-operation	27.90	28.30	24.15
	C-DoT	222.00	222.82	248.00
	ITI, Bangalore	5.01	5.00	0.00
	TRAI-Tfr to TRAI Gen. Fund Inter account tfr	85.00	85.00	85.00
	TDSAT	18.14	17.14	17.01
	Training NICF	12.66	11.91	7.91
	Training to ITS/BWS Officers	0.00	0.00	0.00
	Total 3275	19829.30	11736.03	11822.08
	Total Revenue Section (Gross)	33052.53	24530.48	24691.73
	Recoveries	10000.00	5000.00	4788.62
	Total Revenue Section (Net)	23052.53	19530.48	19903.11

11. With regard to the reduced allocation made at RE stage during 2018-19, the Department have stated that it was mainly on account of reduction of funds under USOF to the tune of Rs.5000 Cr.

12. When asked about the reasons for Nil utilization under the Major head 2552 for North Eastern areas, the Department have stated that as per instruction of Ministry of Finance, Budget

provisions towards objects/schemes for development of North Eastern Region and Sikkim have, hitherto, been provided as 'lump sum' under the Major Head '2552-North Eastern Region' for Revenue expenditure. It has also been instructed that after approval of the budget by Parliament, the expenditure provisions can be transferred to the functional head for incurring expenditure through re-appropriation. Accordingly, after transferring the amount to the functional head, the actual expenditure up to March, 2019 is depicted as 'Nil'.

13. Allocation of fund at BE 2018-19 and BE 2019-20 under Revenue Head and reasons for variation between the two are as under:-

<b>(Rs. in crore)</b>						
Sl. No.	Head Name	Major Head	BE 2018-19	BE 2019-20	Variation	Reasons for variation
1	Secretariat Economic Services	3451	516.80	525.47	8.67	Normal additionality for Establishment charges
2	Pension & Other Retirement Benefits-DoT	2071	11675.86	12209.58	533.72	Normal additionality for Pension charges
3	Labour Employment and Skill Development	2230	4.57	4.46	-0.11	Nominal variation
4	Wireless and Planning Coordination	3275	13.79	13.97	0.18	
	Monitoring Services	3275	38.80	38.87	0.07	
	Compensation to Service Prov. For USO	3275	10000.00	8350.00	-1650.00	Due to non-finalization of Tenders in various States
	TDIP	3275	4.00	20.20	16.20	The additional requirement was for Other Administrative Exp.
	Payment of Interest on MTNL Bonds	3275	384.00	384.00	0.00	Nil
	Viability Gap Funding to BSNL for providing telecom connectivity during Shri Amarnath Yatra	3275	1.00	1.00	0.00	Nil

Special assistance for Swachhta Action Plan (SAP)		5.00	8.00	3.00	Additional provision for implementation of Swachhta Action Plan
International Co-operation	3275	27.90	28.30	0.40	Nominal variation
CDOT		260.00	273.00	13.00	Expenditure planned for equipment
ITI, Bangalore	3275	5.01	300.00	294.99	Redemption of preferential share capital of BSNL/MTNL
TRAI-Tfr to TRAI Gen. Fund Inter account tfr		85.00	90.00	5.00	
TDSAT	3275	18.14	18.06	-0.08	Nominal variation
Training NICF	3275	12.66	12.50	-0.16	
Training to ITS/BWS Officers	3275	0.00	16.16	16.16	Increase in no. of the probationers for imparting training
Provision for champion Service Sector Scheme for innovation and incubation of Future Technology of Telecom Sector	3275	0.00	50.07	50.07	Provision for the scheme in BE 2019-20
Total	3275	10855.30	9604.13	-1251.17	
Total Revenue Section		23052.53	22343.64	-708.89	

## (ii) Capital Section

14. Proposed Outlay, Budget Estimates, Revised Estimates and Actual from the year 2015-16 to 2017-18 and Proposed Outlay and Budget Estimates during 2019-20 are as under:-

	(Rs. in crore)				
Capital Section	2015-16	2016-17	2017-18	2018-19	2019-20
Proposed	5914.40 (RE)	6833.04 (RE)	6839.13 (RE)	5595.51 (RE)	12535.28
BE	2590.50	2858.70	3386.00	5002.75	9719.72
RE	2325.81	3345.54	4995.54	5956.75	---
Actual	2321.81	3327.60	4206.32	4041.44	---
% of expenditure w.r.t. RE	99.83%	99.46%	84.20%	67.85%	---

15. The Department have submitted the details of Proposed outlay (RE), BE, RE and Actual for various schemes under Capital Section during 2018-19 as under:-

<b>(Rs. in crore)</b>					
Sl. No.	Schemes	Proposed 2018-19	BE 2018-19	RE 2018-19	Actual 2018-19
	OFC based Network for Defence Services	4500.00	4500.00	5000.00	3854.42
	ITI Revival (Equity Investment)	100.00	100.00	50.00	55.00
	Wireless Planning and Co-ordination	39.79	1.00	1.00	0.00
	Wireless Monitoring Service	48.80	35.00	13.00	6.64
	Telecom Engineering Centre	14.12	14.12	7.40	0.65
	Physical Infrastructure for NICF	111.15	111.15	51.99	19.69
	Construction of DoT Building	0.00	50.00	0.01	0.00
	Telecom Testing and Security Certification Centre (TTSC)	27.00	27.00	15.60	15.78
	Telecom Computer Emergency Response Team (T-Cert)	15.00	15.00	15.00	15.00
	Central Equipment Identity Register (CEIR)	15.00	15.00	15.00	15.00
	Indigenous 5G Connectivity Test Bed	134.48	134.48	36.75	59.27
	Loans to HPIL	0.00	0.00	51.00	0.00
	Investment in Public Sector and other Undertakings--Indian Overseas Communications--Corporation Investment	0.00	0.00	700.00	0.00
	<b>TOTAL</b>	<b>5005.34</b>	5002.75	5956.75	4041.45

16. When the Committee desired to know about the shortfall in achieving the targets during 2018-19, the Department have stated that no substantive shortfall in achieving the targets has been reported due to reduced allocation at RE except in respect of 'Telecom Testing and Security Certification Centre'. The major components affected due to reduced allocation at RE are non-commissioning of all the test equipment & measurement systems,

completion of training/capacity building and workforce hiring. These remaining works will be completed in FY 2019-20.

17. During the year 2018-19 under the Capital Section as against the RE allocation of Rs.5956.75 crore, the utilization was Rs.4041.44 crore. On being asked about the reasons for under utilization, the Department have stated that under OFC Based Network for Defence Services during 2018-19, Revised Estimate (RE) was Rs.2500 crore, out of which Rs.572 crore (22%) was surrendered. Under HPIL an amount of Rs 751 crore could not be utilized and surrendered to Ministry of Finance due to transfer of HPIL Scheme to Ministry of Housing and Urban Affairs.

18. A comparative statement of allocation of funds under BE for the year 2018-19 and BE for the year 2019-20 for various Schemes under Capital Section is as under:-

**(Rs. in crore)**

Sl. No.	Schemes	BE 2018-19	BE 2019-20	Increase/Decrease	Reasons for Variation
1	OFC based Network for Defence Services	4500.00	9450.00	4950.00	While providing funds under the head Ministry of Finance had provided Rs. 4725 cr. in SBE initially under "Transfer to Central Road and Infrastructure Fund" and the same amount under 'OFC based Network for Defence Services' and then 'Less-amount Met from Central Roads and Infrastructure Fund'. The accounting procedure under Capital section is initiated by the Ministry of Finance w.e.f. RE 2018-19 and BE 2019-20.
2	ITI Revival (Equity Investment)	100.00	105.00	5.00	Revival Plan
3	Construction of DoT Building	50.00	0.05	-49.95	The project is yet to commenced.



4	Wireless Planning and Co-ordination	1.00	1.00	0.00	Nil
5	Wireless Monitoring Service	35.00	24.67	-10.33	Civil work could not be started due to administrative reasons.
6	Telecom Engineering Centre	14.12	20.11	5.99	Re-tendering of project; to be executed in 2019-20
7	Physical Infrastructure for NICF	111.15	50.20	-60.95	Less requirement of funds to CPWD, 3rd party and procurement of furniture.
8	Telecom Testing and Security Certification Centre	27.00	0.10	-26.90	Delay in project execution.
9	Telecom Computer Emergency Response Team	15.00	15.00	0.00	Nil
10	Central Equipment Identity Register (CEIR)	15.00	15.00	0.00	Nil
11	Indigenous 5G Connectivity Test Bed	134.48	38.59	-95.89	A common tendering process is undertaken across institutes for identical equipment being procured which is taking longer.
	TOTAL	5002.75	9719.72	4716.97	

19. With regard to adequacy of fund during 2019-20, the Department have informed that requisite additional funds will be asked for at the Revised Estimates stage 2019-20. The amount will be requisitioned for from the Ministry of Finance in Ist or subsequent batch (if required) of Supplementary Demands for Grants.

20. The Department have been allocated an amount of Rs.9719.72 crore at BE for the year 2019-20 under the Capital Section. When the Committee desired to know how the Department will ensure effective utilization, the Department have replied that Rs. 9719.72 crore is the gross amount allocated before deducting recoveries. The net amount after deducting recoveries of Rs. 4725 (amount transferred to Central Road and Infrastructure Fund) is Rs. 4994.72. Out of this, the actual expenditure till 30/10/2019 is Rs. 2802.16 crore. The Department plans to fully utilize the whole amount and execute the capital projects.

#### **IV. Overall status of implementation of schemes (Gross Budgetary Support)**

21. Details of Proposed outlay (RE), BE, RE and Actual for various schemes during 2018-19 are as under:-

**(Rs. in crore)**

Sl. No.	Schemes	Proposed 2018-19	BE 2018-19	RE 2018-19	Actual 2018-19
<b>REVENUE SECTION</b>					
1	Compensation to Service Providers for creation and augmentation of Telecom Infrastructure - USOF				
	(i) Bharat Net	8175.00	8175.00	4000.00	4315.51
	(ii) USOF	1825.00	1825.00	1000.00	472.71
2	C-DOT	260.00	260.00	260.00	260.00
3	Telecom Disputes Settlement & Appellate Tribunal (TDSAT)	18.14	18.14	17.14	17.01
4	HRM for IP&TAFS - NICF	12.66	12.66	11.91	7.91
5	TRAI	85.00	85.00	85.00	85.00
6	Wireless Planning and Co-ordination	15.74	13.79	13.43	12.61
7	Wireless Monitoring Service	43.45	38.80	37.30	33.99
8	TDIP	4.00	4.00	3.72	3.70
9	Viability Gap funding to BSNL for providing Telecom Connectivity during Shri Amarnathji Yatra	1.00	1.00	1.00	1.00
10	Special Assistance for Swachhta Action Plan (SAP)	5.00	5.00	7.00	7.00
11	Labour Employment and Skill Development	4.57	4.57	3.82	2.84
12	Financial relief to ITI	199.00	5.01	5.00	0.00
13	Financial support to MTNL payment of interest on Bonds	384.00	384.00	384.00	382.41
14	International Co-operation	28.30	27.90	28.30	24.15
<b>CAPITAL SECTION</b>					
16	OFC based Network for Defence Services	4500.00	4500.00	5000.00	3854.42
17	ITI Revival (Equity Investment)	100.00	100.00	50.00	55.00
18	Wireless Planning and Co-ordination	39.79	1.00	1.00	0.00
19	Wireless Monitoring Service	48.80	35.00	13.00	6.64
20	Telecom Engineering Centre	14.12	14.12	7.40	0.65
21	Physical Infrastructure for NICF	111.15	111.15	51.99	19.69
22	Construction of DoT Building	0.00	50.00	0.01	0.00
23	Telecom Testing and Security Certification Centre (TTSC)	27.00	27.00	15.60	15.78
24	Telecom Computer Emergency Response Team (T-Cert)	15.00	15.00	15.00	15.00

25	Central Equipment Identity Register (CEIR)	15.00	15.00	15.00	15.00
26	Indigenous 5G Connectivity Test Bed	134.48	134.48	36.75	59.27
27	Loans to HPIL	0.00	0.00	51.00	0.00
28	Investment in Public Sector and other Undertakings--Indian Overseas Communications--Corporation Investment	0.00	0.00	700.00	0.00
	TOTAL	16066.20	15862.62	11814.37	9667.29

22. Details of Proposed outlay, BE, RE and Actual for various schemes during 2019-20 are as under:-

**(Rs. in crore)**

Sl. No.	Name of Scheme	Proposed 2019-20	BE 2019-20	RE 2019-20 prop. By Min/Dep	Actual 2019-20 (Up to 30.10.19)
Central Sector Schemes (CS)					
	GBS				
1	Compensation to Service providers				
	BharatNet	6000.00	6000.00	3000.00	457.74
	Other than BharatNet	2350.00	2350.00	2000.00	426.22
	Transfer to USOF Fund	8350.00	8350.00	5000.00	100.00
	Deduct-Amount met from USOF (Recoveries)	8350.00	-8350.00	-5000.00	-174.11
2	Defence Spectrum - Optical Fibre Cable Based Network for Defence Services	11769.00	4725.00	8000.00	2627.40
	Fund transferred to CRIF	11769.00	4725.00	8000.00	0.00
	Deduct - Amount met from CRIF (Recovery)	-11769.00	-4725.00	-8000.00	0.00
3	Wireless Planning & Coordination (WPC)	1.00	14.97	16.97	6.62
4	Monitoring Services (WMO)	35.00	63.64	73.67	25.16
5	Telecom Engineering Centre (TEC)	50.00	20.11	11.79	0.58
6	Human Resource Management - National Institute of Communication Finance (NICF)	60.20	78.86	137.08	30.30
7	Technology Development & Investment Promotion (TDIP)	29.25	20.20	20.20	2.75
8	Establishment of Satellite Gateway Assistance to BSNL	0.00	0.00	12.00	0
9	Construction of New Building for DoT	0.05	0.05	0.05	0
10	Viability Gap funding to BSNL for providing Telecom Connectivity during Shri Amarnathji Yatra	1.00	1.00	1.00	0.00
11	Telecom Testing & Security Certificate Centre (TTSC)	0.00	0.10	6.50	0.10
12	Telecom Computer Emergency Response Team (T-Cert)	28.09	15.00	15.25	0.00

13	Central Equipment Identity Register (CEIR)	53.53	15.00	19.34	0.00
14	SASEC - Information Highway Project	0.00	0	0.00	0.00
15	Special Assistance to Swachhta Action Plan (SASAP)	10.00	8.00	4.50	0.00
16	5-G Connectivity Test Bed	82.24	38.59	82.24	38.59
17	Champion Service Sector Scheme	0.00	50.07	50.07	0.00
	Total	37169.36	13400.59	13450.66	3541.35

## V. Universal Service Obligation Fund

23. The New Telecom Policy (NTP) 99 envisaged provision of access to telecom services to people in the rural and remote areas at affordable and reasonable prices. The resources for meeting the Universal Service Obligation (USO) are generated through a Universal Service Levy (USL), which is a percentage of the revenue earned by the operators under various licenses. Keeping in line with the NTP 99, the Universal Service Support Policy came into effect from 01.04.2002. The Universal Service Levy presently is 5% of the Adjusted Gross Revenue earned by all the operators except pure value added service providers like internet, voice mail, e-mail etc.

24. Proposed outlay, Budget Estimates, Revised Estimates and Actual utilization of funds under USOF Schemes during 2018-19 are as under:-

<b>(Rs. in crore)</b>					
Sl. No.	Schemes	2018-19 Proposed	2018-19 BE	2018-19 RE	2018-19 Actual
	BharatNet (NOFN)	8000.00	8000.00	4145.54	4145.54
	Wi-Fi connectivity	450.00	450.00	6.80	6.80
	Left Wing Extremism (LWE)	924.00	524.00	414.30	414.30
	Comprehensive Telecom Development Plan for NE Region	400.00	400.00	0	0
	Transmission Media Plan NER	100.00	100.00	0	0
	Comprehensive Telecom Development Plan for Islands	489.23	443.29	189	189
	Other Schemes	83.48	83.48	32.58	32.58

Total	10446.71	10000.77	4788.22	4788.22
Total (rounded to)	10450.00	10000.00	4788.22	4788.22

25. When asked about the reasons for massive reduction of fund from BE to RE under USOF, the Department have stated that at BE 2018-19, Rs. 10000 crore (including Rs. 8175 crore for BharatNet) was received. The implementation of BharatNet Phase-II was in nascent stage at BE. Under the State-led model, only 4 States were able to finalize their tenders and only in 1 State (Chhattisgarh) work was awarded till RE stage. As per timelines in RFP document, minimum 12 months are considered for implementation of the project from the award of work. The tender for last mile connectivity for BharatNet was also cancelled.

26. For other USOF schemes, the RE was decided taking into account the actual implementation and progress of the schemes. The tender for Submarine OFC connectivity between Chennai and Andaman & Nicobar Islands was unique and took longer time for finalization. The project in NER were held up on account of Court case (Arunachal Pradesh and Two Districts of Assam) and higher tender discovered cost in comparison to DPR (Meghalaya). The Selection of appropriate technology for Mobile Coverage in uncovered villages took longer time. This issue of technology has since been decided as per the recommendation of the meeting held in NITI Aayog.

27. The details of fund allocation for various schemes under USOF during 2019-20 are as under:-

<b>(Rs. in Crore)</b>			
Sl. No.	Schemes	2019-20 Proposed	2019-20 BE
	BharatNet	6000.00	6000.00

	Provision of Mobile Services in Left Wing Extremism Areas (Phase-I)	300.00	300.00
	Provision of Mobile Services in Left Wing Extremism Areas (Phase-II)	500.00	500.00
	Provision of 25,000 'Wi-Fi Hotspots' at BSNL Tele Phone Exchanges	175.00	175.00
	Provisions for Special Pilot Projects	25.00	25.00
	Mobile Service in uncovered villages of Arunachal Pradesh and 2 districts of Assam (by BSNL)	500.00	500.00
	Mobile Service in uncovered villages in rest of NER and seamless coverage along National highway (by USOF) including Meghalaya (Rs. 100 crore for Meghalaya)	500.00	500.00
	Provision of Submarine OFC connectivity-A&N Islands	200.00	200.00
	Other Schemes	150.00	150.00
	Total	8350.00	8350.00

28. The Committee enquired about the status of utilization of funds for various schemes under USOF for the year 2019-20 to which the Department have provided the information asunder:-

<b>(Rs. in crore)</b>			
Sl. No.	Schemes	RE 2019-20 (Proposed)	RE 2019-20 (Actuals) till date
	BharatNet *BharatNet Ph-II 2000 CSC, BharatNet O&M, 2Aps 1000	*3000	457.74
	Provision of Mobile Services in Left Wing Extremism Areas (Phase-I)	430	207.95
	Provision of Mobile Services in Left Wing Extremism Areas (Phase-II)	150	0
	Provision of 25,000 'Wi-Fi Hotspots' at BSNL Tele Phone Exchanges	180	79.25
	Provisions for Special Pilot Projects	25	0
	Mobile Service in uncovered villages of Arunachal Pradesh and 2 districts of Assam (by BSNL)	0	0
	Mobile Service in uncovered villages in rest of NER and seamless coverage along National highway (by Airtel)	600	60.03
	Mobile Service in Meghalaya	0	0
	Provision of Submarine OFC connectivity-A&N Islands	350	0
	Mobile Services in 361 Uncovered Villages of Ladakh & Kargil area in J&K Border areas and other priority areas	100	0
	Other Schemes	170	79.24
	Total	5000	884.21

29. To a query of the Committee regarding the priority schemes during 2019-20 and the plans of the Department to achieve the targets, the Department have stated that USOF is mandated to achieve the target in accordance with National Digital Communication Policy (NDCP) 2018. This policy envisages provision of mobile coverage for all uncovered villages. At the same time it envisages to give broadband connectivity to all Gram Panchayats/ Villages. Other major priority schemes under USOF are Left Wing Extremism (LWE) affected Areas (LWE Phase-II), Comprehensive Telecom Development Plan for Islands and North East Regions. In addition the uncovered villages are proposed to be covered in phases.

30. When the Committee desired to know if any new schemes are proposed under USOF, the Department informed that approval for one new scheme "Providing mobile connectivity in 361 villages of uncovered border areas, Ladakh and Kargil Region and other priority areas" has been accorded by Digital Communications Commission and RFP is being floated soon. The provision of Submarine OFC Cable connectivity between Lakshadweep Islands and Kochi is under process on similar lines of connectivity between Andaman Nicobar Islands and Chennai. Further, for provision of Mobile coverage in uncovered villages a separate scheme for aspirational districts is proposed.

31. The Department also informed that in order to speed up the implementation of BharatNet and its optimal utilization a migration to Public Private Partnership (PPP) Model in accordance with the recommendation of a High Powered Committee chaired by CEO, NITI Aayog is approved by the DCC. The Cabinet Note is under preparation.

32. On the issue of connectivity to uncovered villages, Secretary, DoT informed the Committee during evidence as under:-

"I think the biggest challenge of the Department today is proliferation of broadband and covering the entire country with broadband. It is because, broadband, as we are all aware, would empower the citizens, improve ease of doing business and promote transparency. We have different pockets in India which we call as uncovered areas where the telecommunication network is yet to reach the citizens. We have been reporting to the Parliament that the number of villages which are uncovered are 43000. We have now updated this figure and this figure is about 28000 villages. The coverage is expanding rapidly. The private sector operators are also expanding the network. So, the villages which are uncovered are being covered."

**(i) Status of implementation/utilization of BharatNet**

33. 'BharatNet' is being implemented to provide broadband connectivity to all Gram Panchayats (approx. 2.5 lakh GPs) in the country. Under the project, network infrastructure is being established 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 Union Cabinet accorded its approval on 25.10.2011 for "the creation of a National Optical Fiber Network (NOFN) to connect 2,50,000 (approx.) through Optical Fiber Cable (OFC) by utilizing Universal Services Obligation Fund (USOF).

34. On 19.07.2017, the Union Cabinet approved a modified strategy for implementation of BharatNet in three Phases:-

Phase-I	1, 00,000 GPs under implementation, being executed by 3 CPSEs viz. BSNL, RailTel and PGCIL.
Phase-II	The remaining 1,50,000 GPs (approx.) are targeted to be implemented by March 2019.
Phase-III	To upgrade the network to meet the future requirements.



35. The details of allocation of fund under BharatNet from 2015-16 to 2019-20 are as under:-

<b>(Rs. in crore)</b>					
Year	2015-16	2016-17	2017-18	2018-19	2019-20
Proposed	9334.71	5000.00	10402.51	8000.00	6000.00
BE	1254.97	1055.93	10000.00	8175.00	6000.00
RE	2415.10	5600.00	6000.00	4145.54	3000
					<b>(Proposed)</b>
Actuals	2415.10	5600.00	6000.00	4145.54	457.74 (till 30.10.19)
%w.r.t. RE	100%	100%	100%	100%	--

36. On the shortfall in achieving the targets, the Department have stated that as per Cabinet approval, the target for BharatNet completion, i.e. connecting all the 2,50,000 GPs, was March 2019. However, since project is of mega nature widely dispersed across the country, only 1.18 lakh GPs could be connected by March 2019. For Phase II, the modified implementation strategy was approved by Cabinet in July 2017 in which work was to be executed through three models viz.. State-led model, CPSU-led model and Private-sector led model and the target for completion of the entire project was March 2019.

37. The status of the three models is as follows:-

**State-led Model**: The DPRs of the states were approved during September 2017 to December 2017. However, the rates received in the tenders were higher than the approved DPR costs and hence revised DPRs for 7 States (Andhra Pradesh, Chhattisgarh, Gujarat, Jharkhand, Maharashtra, Telangana and Odisha) were submitted by the States and it has led to delay. Hence, the work could be awarded in the six States only after October 2018, and some states awarded work by March 2019.

**CPSU –led model – BSNL**: The DPRs for BSNL were approved in May 2018. However, the rates received through tenders were higher than the approved DPR costs and hence work in only UP (E) and MP for 22864 GPs were approved for execution. Remaining GPs of Phase II in UP(E ), UP(W), Assam, Rajasthan, WB, J&K, MP for which tendered discovered rates were much higher than approved DPR costs, could not be taken up for

implementation. These are now likely to be considered under PPP model.

**CPSU –led model – PGCIL:** The rates received through tender were very high for Himachal Pradesh and Uttarakhand and work could not be taken up for implementation, and the same is now considered to be taken up in PPP model.

**Private- led model:** The Tenders for Punjab and Bihar were approved in August 2018 and work of Phase II in these States is likely to be completed by March 2020.

38. On the overall status of implementation/achievements of Bharat Net, the Department have furnished the information as under:-

Sl. No.	Item	Target	Achievement
1	Funds utilized	--	19,516.37
2	OFC laid in Kms	6,23,420	3,68,773
3	No. of Gram Panchayats Connected	2,00,000	1,38,529
4	No. of GPs service ready	2,00,000	1,26,223
5	No. of GPs with Wi-Fi hotspots functional	2,00,000	15,500
6	Status of utilization of BharatNet	2,00,000	FTTH Connections -27,856 SWAN integration- 5,179 GPs Dark Fibre :around 2500 Kms Bandwidth provisioning- 2,058 GPs

39. Explaining the reasons for such poor status of utilization of BharatNet network at GPs level, the Department have stated that the Wi-Fi hotspots have been provided based on demand from various users including the demand from State Governments, etc. BharatNet is created with linear architecture with GPON technology, whereas the users now seek high dependability with 99.99% uptime. The network architecture, the connectivity to old BSNL fiber in part of the network, operation and maintenance through BSNL, etc are a few of the reasons which held back optimal utilization of the network.

40. However, from 1.7.2019, the O&M of the OFC network along with first line maintenance and custodianship of the equipment at GP level and 2 Wi Fi Access Points in each GP has been entrusted to Community Service Centre – Special Purpose Vehicle (CSC-SPV), an agency under Ministry of Electronics & Information Technology (MeitY). Under Phase-II of the project, under the State Led Model, the State implementing agency has been given the responsibility of operation & maintenance of the network for 7 years. Also, discussions are underway with BSNL to provide Service Level Agreement (SLA) for the fiber network. All these are expected to improve upon the uptime of the network which, in turn, will increase network utilization.

41. During evidence, Secretary, DoT informed the Committee as under:-

“Sir, Bharat-Net is our flagship scheme is laying fibre from the block to the Gram Panchayat. The progress should be improved. I am not here to defend and say that we have done a great job to complete it within the timelines. We need to improve on it. Also, we need to further improve for operation and maintenance and from the last mile point which we call ONT as distinct from OLT from where it starts. One is Optical Network Terminal (ONT) and Optical Line Terminal (OLT). There we have to take connectivity to the last mile in terms of the public institutions like health and wellness centres, police stations, schools, Panchayat *ghars* etc. and also have some kind of a provision for direct connection to individual households which is not yet a part of this scheme.”

**(ii) Comprehensive Telecom Development Plan for North East Region (NER)**

42. A Comprehensive Telecom Development Plan (CTDP) for the North-Eastern Region (NER) is being implemented to install 6673 mobile towers at 8621 identified uncovered villages, 321 mobile towers along National Highways, and strengthening of transmission network in the NER. On 10.9.2014, the Government has approved a "Comprehensive Telecom Development Plan" at an estimated cost of Rs. 5336 Crores to be funded from Universal Service Obligation Fund (USOF).

43. As part of the CTDP for the NER, Mobile Services are being provided in the uncovered villages in NER and for seamless coverage along National Highway [in Assam except 2 Districts, Sikkim, Manipur, Mizoram, Nagaland, Tripura and Arunachal Pradesh (NH only)] through M/s Bharti Airtel Limited & M/s Bharti Hexacom Limited by setting up 2004 towers (1694 towers for 2128 uncovered villages + 310 for National Highways). Telecom Commission has approved to award the project on 08.09.2017 at a cost of Rs 1656 crore and the Agreements have been signed on 08.12.2017. The Project is targeted to be completed by October, 2019.

44. When asked about the steps taken to achieve the project within the given deadline, the Department have informed the Committee that the implementation of the project is closely being monitored at the highest level and review meetings are being convened periodically. Through coordination with the State Govt.,

efforts are being made to resolve the various issues related to them such as clearance from the forest Department for setting up tower sites in such area, provision of electricity connection to tower sites, acquisition of the tower sites, etc., the matter has been taken up with the State Governments through DO letter by the Secretary and the Administrator, USOF. The field offices of DoT i.e. LSAs/CCAs are also coordinating with the State Governments and Bharti Airtel Ltd./Bharti Hexacom Ltd. for expediting the project. Periodic meetings are held by Administrator, USOF with LSAs/CCAs and Bharti Airtel Ltd./Bharti Hexacom Ltd. to resolve various issues of implementing agencies. As of 22-10-2019, total of 878 towers have been installed and 732 towers are radiating.

**(iii) Setting up of towers in Left Wing Extremism (LWE) affected areas**

45. Under the Scheme of setting up of towers in Left Wing Extremism Affected areas, an amount of Rs.524 crore was allocated at BE stage which was reduced to Rs. 414.30 crore at RE stage and the Actual Expenditure stood at Rs.414.30 crore. During the year 2019-20 an amount of Rs. 500 crore has been allocated under the Scheme. Under LWE Phase-I out of total 2355 towers, 2343 towers are radiating. 12 towers are not radiating due to damage by Naxalites. Permission for sites have not been provided by the State Government. The project accordingly has been foreclosed. All the sites are radiating under LWE Project Phase-I. Project has been completed during 2018-19. During the year, 2018-19 total no. of 375 VSAT sites upgraded to 2 Mbps.

46. For LWE Phase-II the Cabinet on 21<sup>st</sup>December, 2017 has approved LWE Phase-II project proposal for provision of mobile connectivity, by using 2G+4G technology in the areas affected by Left Wing Extremism [LWE], through 4072 MHA identified tower sites. The estimated project cost of the proposal was Rs 7,330 Crore plus applicable taxes, consisting of CAPEX and OPEX for 5 years for 4072 tower locations. Ministry of Home Affair (MHA) provided a list of 4072 locations for provision of mobile services in the LWE affected areas on 27<sup>th</sup> October, 2017. However, the list has since been revised by MHA. The revised estimate for these revised tower locations is Rs.5024 Crore. The implementing agency is to be selected through competitive bidding. The State wise revised list of number of mobile towers in LWE areas under:-

S No.	State	Sanctioned/ Originally proposed	Revised as per MHA
1	Andhra Pradesh	429	427
2	Bihar	412	106
3	Chhattisgarh	1028	1028
4	Jharkhand	1054	1008
5	Madhya Pradesh	26	36
6	Maharashtra	136	104
7	Odisha	483	252
8	Telangana	207	207
9	Uttar Pradesh	179	179
10	West Bengal	118	118
	Total	4072	3465

47. The estimated cost of LWE Phase-II project is Rs. 145 Lakh for each Mobile tower site comprising of 40 Mtr tower height (including BTS for 2G & 4G), Battery Backup of 72 hrs and 4 km radial coverage (Total out-lay: Rs. 5024 crores). Now the revised

estimate of Rs. 5024 crore for 3465 locations has been approved. The list is being further revised and updated based on list of uncovered villages. The RFP is under preparation.

48. When the Committee desired to know the timeline of the project, the Department have informed that as per direction of MHA, a survey of coverage status was carried out for these tower locations and RFP with revised tower locations is under process. As per cabinet approval, project has to be completed within 18 months from the date of agreement with successful bidder. LWE-II project may be completed by March 2021.

## **VI. DoT Projects**

### **(i) Defence Spectrum: Optical Fibre Cable based Network for Defence Services**

49. Cabinet Committee on Infrastructure (CCI) in its meeting held on 3<sup>rd</sup> December, 2009 approved the alternate communication network for Defence services for release of spectrum. This network is being mainly implemented by Bharat Sanchar Nigam Limited (BSNL) and a small part of Delhi and Mumbai Air Force Network by Mahanagar Telephone Nigam Limited (MTNL). The exclusive & dedicated OFC based network was to be set up costing Rs.9175.16 Crores. This amount included Rs.1077.16 Crores for Air Force and Rs.8098 Crores for Army & Navy. As per CCI approval, the Air Force Network was to be completed by 30<sup>th</sup> June, 2010 and for Army & Navy to be completed by 31<sup>st</sup> December 2012. The Air Force Network has been dedicated to the Nation by Indian Air Force on 14<sup>th</sup> September 2010. CCI in its meeting held on 3<sup>rd</sup> July 2012, has given the enhanced financial approval of Rs. 13,334 crore. Further,

Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 16<sup>th</sup> May 2018, has given the enhanced financial approval of Rs. 24,664 crore. The revised timeline of completion of the project is May, 2020.

50. The details of Budget estimates, Revised Estimates and Actual Expenditure for the last five years (2014-15 to 2018-19) are as follows:-

**(All fig in Rs Cr)**

Year	Budget Estimate	Revised estimate	Actual expenditure
2019-20	4725	8000 (proposed)	2627.40 (till 30.10.2019)
2018-19	4500	2500	1973 (527 surrendered)
2017-18	3237	3237	3237
2016-17	3100	3100	3100
2015-16	1900	1900	1900
2014-15	358	358	358

51. Regarding reduction in allocation at RE stage and under utilization of funds during 2018-19, the Department have stated that this was because the project cost was to be enhanced and Cabinet approval on enhancement of project cost from Rs.13334 Cr to Rs.24664 Cr was obtained in May, 2018.As per the decision of Cabinet, the tender for MPLS (Multi Protocol Label Switching) Army was cancelled and to be retendered. The finalization of this tender took almost six months as this part of equipment was very complex and the estimated cost of this component was Rs. 3000 Cr.

52. Network for Spectrum (NFS) has been divided into ten components. These are OFC part comprising of OFC for Army and Triservices and OFC for Navy. Equipment part consists of Dense



Wavelength Division Multiplexing (DWDM), Geographical Information System based OFC Network Management System (GOFNMS), Microwave, Satellite, Multi Capacity Encryption Units (MCEU), IP-MPLS (Internet Protocol – Multi Protocol Label Switching) (Navy), IP-MPLS (Army), and Unified Network Management system (UNMS).

53. For OFC part, out of around 60,000 km of cable, nearly 94% has been laid. For equipment part, Advanced Purchase Order/ Purchase Order has been placed by BSNL for all the components except one i.e. UNMS for which tender is being finalised by BSNL.

54. As per the Cabinet approval, the target date of completion is May, 2020. However, seeing the complex nature of the project, limited working season and difficult terrain in Arunachal Pradesh/Sikkim/Leh, this project is expected to be completed by December, 2020.

**(ii) Telecom Engineering Centre (TEC)**

55. Telecommunications Engineering Centre is the technical arm of DoT covering Transmission Next Generation Network, Smart Network, Telecom Security M2M/IoT, Green Passport and various other aspects of future technology network with a view to formulate new specifications and update the existing ones to keep pace with the global technological developments. The BE, RE and Actual Expenditure for 2017-18, 2018-19 and BE for 2019-20 is as under:-

**(Rs. in crore)**

TEC	2017-18	2018-19	2019-20
Proposed	17.95	7.20	13.25
BE	15.00	44.10	50.37
RE	4.73	7.20	-
Actual	2.33	0.65	0.58
% w.r.t RE	49.26%	9.02%	

56. Details of physical and financial targets and achievements for components of TEC alongwith the shortfall in achieving the targets are as under:-

**(Rs. In Crore)**

Schemes/ Activities	2018-19 BE	2018-19 RE	2018-19 Actual	Reason of Shortfall
Setting Up of NGN (Transport) Lab	1.00	0.80	0	Validation of NGN Lab is still pending. Outstanding payment is due to the vendor of NGN Project. Case is under arbitration and is being pursued.
Setting Up of SAR Lab at TEC New Delhi/Mumbai	5.50	0.00	0	Case of SAR Lab Delhi is under arbitration, award in the case of SAR Lab Delhi received, but the department is filing an appeal in the Competent Court against arbitral award.
Procurement of EMF Measuring Instrument	1.00	1.20	0.600	All EMF instruments received and case for its AMC is under process.
Setting Up of Security Lab	3.50	0.00	0	Tender floated and opened but cancelled due to non-responsiveness of all bidders. Revised Tender Document is under approval.
Setting Up of CPE&TL Lab	2.50	0.10	0.009	(Revision of Project Estimate, Finalization and approval of Tender document, Floating of Tender, Evaluation and finalization of Tender) - All these works under way and expected to place PO by May 2020.
Setting Up of Access Lab	14.00	0.10	0	Finalization of Draft Tender Document.
Setting Up of Green Passport Lab (Phase-I)	0.60	0.10	0	Tender was cancelled. Now, Tender Document is under revision.
Setting Up of Regional Test Labs at RTECs	7.50	0.10	0.360	Tender was cancelled due to non-responsiveness of bidders. Tender Document is under revision.
Setting up of NGN Control Lab	8.50	4.80	0	PO has been placed. Equipment supply and installation will be done November 2019.
<b>Total</b>	<b>44.10</b>	<b>7.20</b>	<b>0.969</b>	

57. Proposed outlay and Budget Estimates for activities under TEC for 2019-20 are as under:-

S. No.	Schemes/Activities	2019-20 Proposed	2019-20 BE
1.	Setting Up of NGN (Transport) Lab	0.80	0.50
2.	Setting Up of SAR Lab at TEC New Delhi/Mumbai	0.50	0.10
3.	Procurement of EMF Measuring Instrument	1.00	1.00
4.	Setting Up of Security Lab	4.27	2.46
5.	Setting Up of CPE&TL Lab	4.63	2.50
6.	Setting Up of Access Lab	14.00	5.00
7.	Setting Up of Green Passport Lab (Phase-I)	0.40	0.40
8.	Setting Up of Regional Test Labs at RTECs	12.79	5.00
9.	Setting up of NGN Control Lab	11.98	3.00
10	Setting Up of Cyber Security Lab	0.30	0.05
11	Knowledge Responsibility and Management Centre at ATIPRIT	0.50	0.10
	Total	51.17	20.11

58. The Committee have been informed that allocation of funds at BE 2019-20 will be sufficient and the requirement of additional funds, if required, will be requisitioned at RE stage/supplementary Demands for Grants.

**(iii) Setting up of Telecommunications Security Lab**

59. TEC is setting up Telecommunication Security Testing Lab, which can cater to the telecom industries need for security testing of various network elements and CPEs. PE was approved on 24.10.2015. Tender was floated on 9.11.2015 and opened on 26.04.2016. Since no bid was received, tender could not be processed. Subsequently Pre Tender Conference was held and tender was reviewed and re-floated in October 2016 and opened on 30.12.2016 but again cancelled on 12.05.2016 due to non-responsiveness of bidders. Tender was again floated on 12.09.2018 but has been cancelled due to non responsiveness of all bidders. Now revised tender document is under preparation.

60. When the Committee desired to know the reasons for non-responsiveness of bidders and the measures taken to address the issues, the Department have stated in post evidence reply that the tender for Setting up of Security Test lab could not be finalised due to non-responsiveness from bidders and due to non-compliance of tender requirements. Therefore, the tender conditions are being reviewed by the committee to ensure wider participation from the bidders. The open house feedback session has been conducted by TEC in August 2019 to take inputs on technical specifications of tender document and for addressing their concern. Based on the feedback, the estimate is being revised. Alternate procurement strategy including procurement through GEM for some available items is also being explored to expedite the setting up of Security Test lab. Therefore, to address the above issues, technical specification has been updated in the tender document and process of revision of estimate is under progress.

61. Regarding difficulties faced by telecom industries due to non-setting up of security lab, it was replied that License conditions mandate that Telecom Service Provider (TSP) should submit the test reports from internationally accredited test labs. Govt. of India has mandated that it will be compulsory for the telecom equipment to be tested and certified prior to it's import, use or sale into the country. Testing of telecom equipment will be done against Essential Requirements (ER) consisting of EMI/EMC, Safety, Technical/Regulatory and Security requirements. The Security requirements are being prepared by DoT and the testing of Telecom Network Equipment will be done as per these security requirements.

62. Elaborating further on the issue, the Department have stated that the Security Test Lab being established at TEC shall be one such Lab carrying out the testing of Telecom network equipment to ensure that the Telecom Network Elements are free from security vulnerabilities. Since license provides for test reports from internationally accredited test labs, no difficulties are being faced by the industry currently. However, the domestic Security Test lab is also required to be set up on priority to conduct security testing in the country against Security requirements being developed by DoT.

63. Emphasizing on the need for establishing the Security Test Lab in the country, Secretary, DoT stated before the Committee as under:-

“Security equipment testing in India is not of the world standard. We need to promote this and we are working on this also.”

**(iv) 5G Connectivity Test Bed**

64. DoT approved financial grant for the multi-institute collaborative project to set up 'Indigenous 5G Test Bed' (Building an end to end 5G Test Bed) in India. The project was approved on 22<sup>nd</sup> March, 2018 at an estimated cost of Rs. 224.01 crore and to be completed within 36 months. Institutes involved in the projects are IIT Madras, IIT Delhi, IIT Hyderabad, IIT Bombay, IIT Kanpur, IISc Bangalore, Society for Applied Microwave Electronics Engineering & Research (SAMEER) and Centre of Excellence in Wireless Technology (CEWiT).The project envisages setting up of end-to-end Open 5G Test Bed for Indian companies & academia in distributed architecture model. The project will support distributed development and deployment of the test bed and enable integrated usage of the same.

65. The Test Bed will be realized in stages over 4 versions. The Version 0 (to validate all the hardware design components and the base on which the other versions will be built) which was to be ready by May 1, 2019 is already completed. The Version 1 will be ready by January 1, 2020. The Version 2, which will have most of the functions of the Test bed, will be ready by September 1, 2020 and the Version 3 (Final Deliverable) will be ready by April 1, 2021.

66. Proposed outlay, BE, RE and Actual during 2017-18, 2018-19 and 2019-20 are as follow:-

<b>(Rs. in crore)</b>			
	2017-18	2018-19	2019-20
Proposed	Nil	141.51	82.2379
BE	Nil	134.48	38.59
RE	35.00 (2nd Supplementary)	36.75	82.23 <b>(Proposed)</b>
Actual	35.00	59.2721	Approval for payment of Rs 46.73 Crore received. Accordingly, release of payment under process.

67. Explaining about the scheme, Secretary, DoT during evidence stated as under:-

“This is our indigenous effort where we have made a consortium of a number of IITs and academic institutions with a distributed architecture in which different institutes are doing different things. It is led by IIT-Chennai and CEWiT. This is an attempt where indigenous technology on ‘5G’ is sought to be promoted. So, ‘5G’ eco-system has a number of sub-parts for design, fabrication, manufacture, radio network access etc. Different entrepreneurs and start-ups in India may be progressing in different parts of this Testbed. We are giving them an opportunity to test and validate their products. Sir, this is a white box in the sense that anybody can enter this architecture anywhere and know what is happening, unlike a black box where if we import a technology for test, we do not know what goes inside processing. Here it is open.”

68. Considering that there is a massive gap between the amount proposed and allocation made at BE during 2019-20, the Committee desired to know about the activities that will be affected due to the reduced allocation. To this query, the Department have stated that the 'Indigenous 5G Test Bed' is a multi-institute project in collaboration with premier IITs to set up end-to-end open 5G Test Bed in India. Fund requirement for BE 2019-20 for indigenous 5G Test Bed connectivity project was Rs.8223.29 (in lakhs). However, the fund allotted in BE 2019-20 is Rs.3859 (in lakhs).

69. The project is time bound with deliverables linked with release of funds by DoT. Any shortage of funds is likely to adversely affect the progress of the project and impact the timely completion of the same.

70. Asked about the achievements made, the Department have informed that significant progress has been made by institutes in system design, hardware design and algorithm design in all locations. The Version 0 (V0) of the Test Bed is completed in time. All institutes have started working on the Version 1 (V1) requirements document and the focus is on reviews, integration and testing of the V1 system.

71. Regarding advantage of 5G over 4G, the Department have informed that the advent of 5G is the dawn of a new technology revolution that will change the way people, businesses, and devices are connected with each other. 5G technology has the potential for ushering a major transformation in India by enabling a rapid expansion of the role of information technology across manufacturing, education, healthcare, agriculture, financial, social and other sectors.

72. The advantages of 5G over 4G in terms of key capabilities are:-

Key Capabilities	4G	5G
Peak Data Rate (Gbit/s)	1	20
User Experienced Data Rate (Mbit/s)	10	100
Spectrum Efficiency	1x	3x
Latency (ms)	10	1
Connection Density (devices/km <sup>2</sup> )	1 lakh	10 lakh

73. On the 5G Test Bed Secretary, DoT submitted during evidence as under:-

“In 4G, the peak data transfer rate is 1 gigabit per second. In 5G, it is 20 times more at 20 gigabit per second. That is the peak rate which is possible. As regards user experience, because that is what we actually get, while in 4G it is 10 megabit per second, it is 100 megabit per second in 5G. So, 5G will give a user experience which is ten times more than 4G. So, in terms of download capacity and speed, it becomes ten times faster.”

74. Elaborating further on the issue, he added:-

“The spectrum efficiency of 5G is three times more. That means, with the same bandwidth we can have three times more data compared to 4G. Latency would be when I make a phone call to somebody else, time taken for my voice to reach that person and time taken by that person’s voice to come to me. The latency in 4G is 10 milliseconds. In 5G, it is one millisecond. The advantage of this is that the communication is so fast and the time lag is so little that we can even do remote surgery.”



## **VII. Promotion of domestic manufacturing of telecom equipment**

75. India is highly dependent on import of telecom equipment to meet their demand in the country. Import figures of telecom equipment over the last 3 years are as under:

Year	Import of telecom equipment (in Rs. Crores)
2016-17	1,13,057
2017-18	1,41,168
2018-19	1,24,992

76. Details of top 10 countries from whom India has imported telecom equipment over the last 3 years are as under:-

**(Rs.in crore)**

2016-17		2017-18		2018-19	
CHINA P RP	77,191	CHINA P RP	101,524	CHINA P RP	53,380
KOREA RP	9,106	KOREA RP	7,229	HONG KONG	24,821
HONG KONG	4,944	VIETNAM SOC REP	6,728	VIETNAM SOC REP	16,028
VIETNAM SOC REP	3,756	HONG KONG	4,801	SINGAPORE	6,192
SINGAPORE	3,042	SINGAPORE	3,235	MEXICO	4,134
MALAYSIA	2,511	U S A	2,880	KOREA RP	3,362
MEXICO	2,431	MEXICO	2,760	U S A	3,311
U S A	2,137	MALAYSIA	2,292	TAIWAN	2,038
TAIWAN	1,027	THAILAND	1,127	MALAYSIA	1,899
JAPAN	921	ISRAEL	1,121	FRANCE	1,400

77. When the Committee desired to know the basic challenges confronting domestic telecom equipment manufacturing eco-system, the Department have informed that ITA related issues - India has been signatory of Information Technology Agreement (ITA), 1997 which brought most of electronic and telecom equipment at zero duty. This has resulted in telecom goods being imported at cheaper rates against which the domestic telecom equipment manufacturers stand little ground, Low R&D investment and IPR creation, Lack of market access for indigenous manufacturers, Lack of participation in

standardization, Lack of technical regulations, and Need for better co-ordination between Academia, Research and Innovation for leveraging the vast manufacturing potential of our country.

78. Elaborating on the status, Secretary, DoT during evidence stated as under:-

“In the context of 5G and even in the context of 4G, while we are making handsets and providing services, chip design is not happening in India and even if some chips are being designed, the actual fabrication is not happening here. Based on the chip, the telecom products have to be increasingly manufactured in India. We have four to five major telecom producers in terms of telecom products, namely, Ericsson, Nokia, Samsung etc. They have the entire market. Some of these have now set up plants in India. We have to promote indigenous production and ‘Make in India’ and this is a challenge.”

79. To promote domestic telecom manufacturing in the country, the Government has taken several measures, some of which are as under:

- i. **Imposing tariff:** India is a signatory to Information Technology Agreement (ITA) in WTO (signed in 1996) under which BCD has been brought down progressively to zero for 217 items since 2005. As a result of which, most of the telecom and ICT products are now bound at zero duty. Over the last 5 years, Government has identified non-ITA items and has imposed basic custom duty @ 10-20% on them.
- ii. **Preference to Make in India (PMI) products:** In line with DIPP’s Public Procurement (make in India), Order 2017 to encourage ‘Make in India’ and promote domestic manufacturing/production of goods and service in the Country, DoT has notified the Public Procurement (Preference to Make in India) Order, 2017 for telecom products, services and works for telecom sector, dated 29.08.2018. PMI will make available market access to domestic companies and huge domestic market will enable them scaling up their production and also being competitive.

- iii. **National Digital Communications Policy 2018 (NDCP 2018)**: The Department dated 26 Sep 2018 has released the NDCP 2018. It is an overarching document that encompasses the complete telecom sector and enunciates several policy initiatives for promoting domestic manufacturing, R&D, innovation etc.
- iv. **TEPC & TSDSI**: For promotion of export of telecom equipment and services, Telecom Equipment & Services Export Promotion Council (TEPC) has been set up. Government has set up Telecom Standards Development Society (TSDSI) for taking lead into standards of telecom and IT products. We have been able to influence development of standards and working for incorporation of Indian IPRs in global 5G standards.
- v. Under the **Champion Services Sectors Scheme (CSSS)** of Department of Commerce, Government has approved following proposals for promoting development in telecom sector, such as a) Scheme for Brand-building of India as Telecom Manufacturing and Services Destination (Rs. 46.2 crore over 3 years), and b) Scheme for Setting up of Digital Communications Innovation Square (Rs. 104 crores over 3 years).
- vi. **Mandatory Testing and Certification of telecom equipment**:  
The Department of Telecommunications has notified the Indian Telegraph (Amendment) Rules, 2017 on 5th September, 2017 on mandatory testing and certification of all telecom equipment. With this amendment, all the telecom equipment, imported or sold in India, shall have to undergo prior mandatory testing and certification for conformity against prescribed specifications by the Telegraph Authority. In order to do mandatory testing and certification in a phased manner, Mandatory Testing and Certification of Telecom Equipment (MTCTE) of telecommunications equipment has been made mandatory w.e.f. 1st Oct 2019 viz a) Telecom Equipment covered under SCS (Simplified Certification Scheme)- 2-Wire Telecom Equipment (Executive Telephone System, NSD/ISD Payphone, Electronic Telephone Instrument, Key Telephone Systems, 2- Line Feature Phone, Coin Box Telephone, Terminals for connecting to PSTN, CLIP Phone), Modem, G3 Fax Machine, ISDN CPE. B) Telecom Equipment covered under GCS (General Certification Scheme), Cordless Telephone, PABX.

**VIII. Review of functioning of PSUs: BSNL, MTNL and ITI**  
**(i) Bharat Sanchar Nigam Limited (BSNL)**

80. Total income, total expenditure and Net profit/loss of BSNL from 2015-16 to 2018-19 and total income and expenditure target for 2019-20 are as follows:-

**(Rs. in crore)**

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Total Income target	-	-	-	-	-
Total Income	32411	31533	25071	19321	18332#
Total Expenditure	37270	36327	33809	34225	42585*
Net Profit/Loss	-4859	-4794	-8738	-14904	-25753

\* Assumption of VRS,

#	CFA Segment – Wireline	Rs.6877 crore
	CM Segment – Wireless	Rs.7539 crore
	EB Segment – Enterprise	Rs.3323 crore
	Other (Monetisation of assets etc.)	Rs.93 crore
	Total	Rs.17832 crore
	Other Income	Rs.1000 crore
	Total Income	Rs.18832 crore

81. Market share of BSNL in Wireline, Wireless and Broadband for the last three years are as under:-

	2016-17	2017-18	2018-19
Wireline	56.15	53.78	51.47
Wireless	8.66	9.44	9.96
Broadband*	--	--	--

Note: market share in its Licensed Service Areas (LSAs)

\* Details of market share in Broadband not maintained separately.

82. When asked about the Revenue target during 2018-19 and achievements made the Department have informed that (as against the target of Rs.26000 crore) total actual revenue from operators was Rs.17761 crore. The reason for shortfall was due to sharp decline in the ARPU across all services and intense competition, forcing BSNL to keep the tariff low. When asked about the challenges being faced by BSNL in revenue earning, the Department

informed that lack of 4G network, lack of cash flows are hindering capital outlay and expansions and high competitive intensity is forcing BSNL to keep tariff low for wireless and FTTH services. Also, there is rapid decline in landline business due to changing market needs.

**(ii) Mahanagar Telephone Nigam Limited (MTNL)**

83. Total income targets, total income, expenditure, net profit/loss from the year 2015-16 to 2018-19 and total income target and expenditure for 2019-20 are as under:-

<b>(Rs. in crore)</b>					
Year	2015-16	2016-17	2017-18	2018-19	2019-20
Total Income target	3825.89	3561.86	2812.40	2850.00	2372.00
Total Income	3,512.71	3,552.46	3,116.42	2,606.71	--
Total Expenditure	5,834.44	6,493.53	6,089.87	5,996.91	6384.50
Net Profit/Loss	- 2,005.74	-2,941.08	-2,973.45	-3,390.20	--

84. As on 31.03.2019, market share of MTNL in Wireline, Wireless and Broadband are as under:-

	2016-17	2017-18	2018-19
Wireline	55.27	54.13	52.51
Wireless	4.15	4.01	3.83
Broadband*	--	--	--

Note: market share in its Licensed Service Areas (LSAs)

\* Details of market share in Broadband not maintained separately.

85. The Committee enquired about the total liabilities and assets of BSNL&MTNL, net worth and outstanding debt, etc. The Department have furnished the details as under:-

<b>Rs. in Crore (as on 31.03.2019)</b>		
Details	BSNL	MTNL
Total Asset	135482	14,677.44
Total Liability	35729	24,412.38
Net worth	74734	-9,734.94
Outstanding Debt	-15983 (Excluding overdraft)	19,750.35 (Excluding DoT Bonds of Rs.4533.97 cr)

### **(iii) Revival Plan for BSNL&MTNL**

86. The Department have informed the Committee that BSNL and MTNL have been incurring losses continuously since financial year 2009-10. BSNL and MTNL are in such a bad shape today due to stiff competition in mobile segment, high employee cost which is more than 75% to revenue in case of BSNL and MTNL against the market ratio of 5-7%, and absence of 4G services (except in few places for BSNL) in the data-centric telecom market.

87. The Department further informed that 4G services, VRS to employees and monetization of land/building assets along with debt restructuring are the major issues of immediate intervention for revival of BSNL and MTNL. A comprehensive revival plan for BSNL and MTNL has been approved by Cabinet. Upon implementation of the approved revival plan, both the PSUs viz., BSNL and MTNL will be able to register growth and will soon come out of losses.

88. Keeping in view the precarious financial position of BSNL and MTNL, the Committee desired to know justification for continuous existence of two companies and the future course of action. To this, the Department submitted that the PSUs have played a pre-eminent role in provision of telecom services in the country, particularly in rural, remote, backward and hilly areas. Contribution of BSNL and MTNL to broadband penetration in the country is significant. The importance of PSUs in meeting the strategic and security needs of the nation can also not be understated. The NTP-2012 recognizes that these PSUs will continue to play such important role.

89. Reacting to the concerns expressed by Committee regarding the financial health of BSNL and MTNL and their continued existence, Secretary, DoT submitted during evidence as under:-

“I am happy to share with the Committee that there is no thinking on the part of the Department of Telecommunication to abandon these companies. We are in the process of making their revival plan and this has been going on for some time. Now, the revival plan will have various components.”

90. Regarding the option of reviving the two PSUs without any assistance from the Government, the Department stated that in case of MTNL, monetization of land/building assets can play a vital role in revival of MTNL without any government assistance. In case of BSNL, monetization of land/building assets and tower assets may be utilized for revival of BSNL without any assistance from Government.

**(iv) Indian Telephone Industries (ITI) Limited**

91. On the present status of revival of ITI, the Department informed that under revival plan ITI was provided Rs.4156 Crore consisting of Rs.1892 Crore as Non plan funds and Rs.2264 Crore as Plan funds for implementation of New projects in ITI. Out of Rs. 2264 Crore, ITI has received Rs 769 Crore as of now. The funds have been utilized for upgrading the manufacturing infrastructure at various Units of ITI to cater the need of emerging technologies in Telecom industry after detailed study of the market and demand for Telecom solutions and products prevailing now and expected in the Indian telecom market in future. With the upgraded manufacturing infrastructure, ITI has successfully reverted back to its core strength of manufacturing telecom products & solutions, is now in a position to take up manufacturing of any electronic/telecommunication equipment and in fact ITI is getting benefits from these as ITI is already manufacturing different products for different customers.

92. Details of Revenue and working expenses of ITI from 2015-16 to 2018-19 and income target for 2019-20 are as under:-

<b>(Rs.in Crore)</b>					
Year	2015-16	2016-17	2017-18	2018-19	2019-20(*)
Total Income Target	2200.00	2400.00	2700.00	3300.00	3300.00
Total Income	1674.92	2088.72	1811.62	2004.84	—
Total Expenditure	1532.87	1822.32	1581.05	1912.30	—
Net Profit	251.18	266.39	230.56	92.54	—

(\*) 2019-20 is currently Running year, Accounting standards changed to IndAS from 2017-18

93. On the status of allocation of funds to ITI under the Revival Plan, the Committee have been informed that it has not been in line with the funds requested by ITI for Capital upgradation under Revival Plan. Against request of Rs. 400 Crore for RE 2018-19, ITI received only Rs. 55 Crore. Similarly ITI has received Rs. 105 Crore only against request of Rs. 405 Crore in 2019-20. This has affected the projects undertaken by ITI under Revival plan.

94. The Committee enquired about the projected turnover of ITI for the year 2019-20 and how ITI is planning to achieve this target. To this, the Department have informed that the projected turnover for the year 2019-20 is Rs 3300 Cr (excluding GST). ITI has achieved the turnover of Rs 705.62 Cr up to 30th September 2019 (Q1+Q2). ITI is aiming to achieve the target of Rs 900 Cr during Quarter 3 and Rs. 1700 Cr during Quarter 4. ITI has a very strong order book position of Rs. 13821 Crore (including APOs) as on 30.09.2019 and it is executing the major projects like GujNet, Mahanet, NFS, Smart energy meters very efficiently for achieving the targets for turnover.



95. On the turnover and future plans for complete turnaround of the company , CMD, ITI submitted during evidence as under:-

“In 2018-19, the turnover was around Rs. 100 crore with the profit of around Rs. 104 crore. Mainly, it was the bookish profit. Now, we are coming up with further public offer. The Department of Telecom has constitutionalised the public offer of the ITI and we are offloading shares of Rs. 18 crore in the month of December itself. Once it is done, the ITI will be a completely turn-around company. This is the plan to achieve the target of more than Rs. 3000 crore turnover with the profit of Rs. 200 crore in this financial year.”

## Part-II

### Observations/Recommendations

#### DoT Budget

1. The Department of Telecommunications (DoT) have laid the Detailed Demands for Grants (2019-20) in Lok Sabha on 17<sup>th</sup> July, 2019 for a total amount of Rs.40413.36 crore, consisting of Rs.30693.64 crore under the Revenue Section and Rs.9719.72 crore under the Capital Section. During the year 2018-19, an amount of Rs.33052.53 crore had been allocated at the BE stage which was reduced to Rs.24530.48 crore at RE stage mainly due to reduction of funds under USOF to the tune of Rs.5000 crore. Out of this, the Department had utilized Rs. 24691.73 crore under Revenue Section. Under Capital Section, an amount of Rs.5002.75 crore had been allocated at BE which was increased to Rs.5956.75 crore at RE inclusive of Rs.2500 crore transferred to Central Road and Infrastructure Fund for OFC based network for Defence Services and actual expenditure incurred was Rs.4041.45 crore. Some of the reasons cited for the underutilization of funds during 2018-19 under Capital Section was due to the surrender of Rs. 572 core under OFC based network for Defence Services and under utilization and ultimate surrender of Rs.751 crore under the HPIL Scheme to Ministry of Finance due to the transfer of the scheme to Ministry of Housing and Urban Affairs. For the year 2019-20, the funds allocated under the Revenue Section at BE was Rs.30693.64 crore which was reduced to Rs. 26554.49 crore as proposed RE and the actual utilization has been Rs. 8173.55 crore till 30<sup>th</sup> October, 2019. For

**Capital Section, the allocation at BE was Rs.9719.72 crore which was increased to Rs. 16387.42 crore at proposed RE and the actual utilization has been Rs.2802.16 crore only till 30<sup>th</sup> October, 2019. The Committee do note with concern, the similar underutilization of funds under Capital Section in the year 2017-18 and 2018-19.**

**The Committee note that while utilization of funds under Revenue Section has exceeded the amount allocated at RE during 2017-18 and 2018-19, the trend under the Capital Section has been exactly the opposite during the same period. It is the onerous responsibility of the Department to ensure that precious funds allocated are fully utilized and the surrender of funds is avoided at any cost. While taking a strong note of parking/idling of funds for crucial Schemes such as NFS, the Committee recommend that the Department should make concerted effort for the optimum utilization of funds under the Capital Section during 2019-20 by ensuring that funds allocated at RE are fully utilized and not surrendered to Ministry of Finance. The Committee need not emphasize that remaining few months are crucial as expenditure under Capital Section till 30<sup>th</sup> October, 2019 has been only 17.10 per cent of the amount proposed at RE. The Committee recommend that the Department should undertake an urgent review of Schemes where gross under utilization has led to the surrender of funds and take appropriate corrective measures for optimal utilization.**

### **Overall status of implementation of schemes**

**2. The Committee note that the Department are implementing several important Schemes under the Revenue**

**and Capital Sections. Compensation to Service Providers for creation and augmentation of Telecom Infrastructure-USOF, C-DoT, TRAI, Wireless Monitoring Service, Financial relief to ITI, Financial support to MTNL for payment of interest on bonds, etc. are being implemented under the Revenue Section. Some important Schemes under Capital Section include OFC based network for Defence Services, ITI Revival (Equity Investment), Physical infrastructure to NICF, Telecom Testing and Security Certification Centre (TTSC), Telecom Computer Emergency Response Team (T-Cert), Indigenous 5G Connectivity Test Bed, etc. During the year 2018-19, as against the proposed amount of Rs.16066.20 crore for implementation of the above Schemes, the Ministry of Finance had allocated an amount of Rs.15862.62 crore at BE stage, which was reduced to Rs.11814.37 crore at RE and the actual utilization has been Rs.9667.29 crore *i.e.* 81.83 per cent of the allocation made at RE. While the Department have stated that there is no substantive Scheme where a major shortfall has been noticed during 2018-19, the Committee note the under-utilization of funds under several Schemes such as Financial relief to ITI, Wireless Monitoring Service, Telecom Engineering Centre, Physical infrastructure for NICF, Loans to HPIL, Investment in Public Sector and other Undertakings – Indian Overseas Communications Corporation Investment, etc. For the year 2019-20, as against Rs.37169.36 crore proposed by the Department, an amount of Rs.13400.59 crore has been allocated at BE. However, at RE stage against the proposed amount of Rs.13450.66 crore, the actual utilization achieved till 30<sup>th</sup>October, 2019 has been Rs.3541.35 crore only.**

**Considering the fact that it is just 26.33 per cent of the amount proposed at RE, proposing such huge amount at RE is not only unrealistic but highly ambitious. Though there are still few months left during which the Department can increase the expenditure, the Committee are unable to understand the reasons for 'Nil' expenditure under Schemes such as Establishment of Satellite Gateway assistance to BSNL, Telecom Computer Emergency Response Team (T-Cert), Central Equipment Identity Register (CEIR), Champion Service Sector Scheme, etc.**

**The Committee, while expressing their displeasure over the non-utilization of capital under these Schemes, desire that the Department should take pro-active steps to ensure that utilization of funds in the above schemes improves in the remaining months. While priority Schemes do deserve special emphasis, the Committee recommend that utilization in the above Schemes should not be lost sight of; and more focused attention needs to be given to Schemes where persistent underutilization of funds have been noted. The Committee desire that due consideration be given to important schemes like T-Cert. The Committee may be apprised of all the progress made in this regard.**

### **Implementation of Schemes under USOF**

**3. The Committee note that some crucial Schemes are being implemented by the Department. These are BharatNet, Setting up of Public Wi-Fi Networks, Mobile Services in Left Wing Extremism Affected areas, Comprehensive Development Plans for NE Region, Comprehensive Development Plans for Islands, etc. under USOF. The**

resources for meeting the expenses for implementation of USOF Schemes are generated through a Universal Service Levy (USL) which presently is 5 per cent of the Adjusted Gross Revenue (AGR) of all the telecom licensees. During 2018-19, against the amount of Rs.10450 crore proposed by the Department, an amount of Rs.10000 crore had been allocated at BE. The Committee are unhappy to note that the Department could not completely utilize the funds allocated at BE as only Rs.4788.22 crore allocated at RE could be utilized. Some of the reasons cited for difference between BE and RE under USOF during 2018-19 were that under BhatatNet only 4 States were able to finalize their tenders and work could be awarded only in Chhattisgarh at RE stage, tender for submarine OFC connectivity between Chennai and Andaman and Nicobar Islands was unique and took longer time for finalization, project in NER for Arunachal Pradesh and 2 Districts of Assam was held up due to a court case and higher tender discovered cost in comparison to DPR (Meghalaya), etc. This massive deduction indicates that the implementation of USOF Schemes by the Department during the previous year is far from satisfactory. It is all the more disturbing to note that the status of implementation during the current financial year is once again below the desired level. During the year 2019-20, an amount of Rs.8350 crore has been allocated at BE which is Rs.1650 crore less than the allocation made at BE of the previous year. Clearly indicating that something is wrong in the implementation of the Schemes during 2019-20, the Department have proposed an amount of Rs.5000 crore only at RE which is Rs.3350 crore less than the amount allocated at BE. Till date, the

**Department has utilized Rs.884.21 crore only or 10.59 per cent of the BE allocation. An amount of Rs.500 crore and Rs.100 crore have been allocated at BE for Mobile services in uncovered villages of Arunachal Pradesh and 2 Districts of Assam (by BSNL) and Mobile services in Meghalaya respectively. However, no amount has been proposed for the two Schemes at RE. In respect of Schemes like LWE Areas (Phase-II), Provisions for special projects, Submarine OFC connectivity to Andaman and Nicobar Islands, Mobile services in 361 uncovered villages of Ladakh and Kargil in Jammu and Kashmir, border areas and other priority areas, the status of utilization till date has been indicated as Nil. The Committee have also been informed that there are about 28000 uncovered villages. The Committee note that there are sufficient funds available for implementation of USOF Schemes and as per the Ministry of Finance, as and when the Scheme takes off, Government is bound to provide funds for the Schemes of USOF. The Committee are pained to see that while on the one hand most of the above Schemes are pending completion for a long time, new Schemes such as mobile coverage in uncovered villages and separate Scheme for aspirational District is proposed.**

**Taking into account these facts, the Committee believe that the success of implementation of USOF Schemes greatly depends on meticulous planning and a focused approach. Whereas the objectives and goals for implementation of USOF schemes are high and noble, the pace at which the schemes are being implemented lacks the desired momentum. The Committee note that the project for**

**providing OFC connectivity between mainland India and Andaman Nicobar Islands had been approved by the Cabinet on 21.09.2016 and the Hon'ble Prime Minister had laid the foundation of the project on 30.12.2018 at Port Blair. Considering that the Prime Minister himself had laid the foundation stone, the Committee feel that there should have been greater progress made towards project implementation. The Committee recommend that the Department should relentlessly pursue timely completion of all USOF Schemes.**

### **BharatNet**

**4. BharatNet is being implemented to provide broadband connectivity to all Gram Panchayats (approx 2.5 lakh GPs) in the country. Once completed it is proposed to provide non-discriminatory, affordable broadband services to citizens and institutions in rural areas, in partnership with States and the private sector. The Committee note that the initial target for connecting all the 2.50 lakh GPs was March, 2019. However, as against the above target, only 1.18 lakh GPs could be connected by March, 2019. The status of utilization of the infrastructure created so far is equally discouraging as out of 1,26,223 GPs which have been made service ready, Wi-Fi hot spots have been made functional in only 15,500 GPs, 5179 GPs integrated to SWAN and FTTH connections provided to only 27,856, etc. The Committee have been informed that the network architecture, the connectivity to old BSNL fiber in part of the network operation and maintenance through BSNL, etc. are some of the reasons which had held back optimal utilization of the network. The Committee are given**



**to understand that in order to address these issues Operation and Maintenance of the OFC network along with first line maintenance and custodianship of the equipment at GP level and 2 Wi-Fi Access Points in each GP has been entrusted to Community Service Centre-Special Purpose Vehicle (CSC-SPV), an agency under Ministry of Electronics and Information Technology w.e.f. 1<sup>st</sup> July, 2019. Under Phase-II, the State implementing agency has been given the responsibility of O&M of the network for 7 years under State led Model. Discussions are also underway with BSNL to provide a Service Level Agreement (SLA) for the fiber network. The Department are hopeful that all these are expected to improve the uptime of the network which, in turn, will increase network utilization.**

**The Committee feel that increasing the utilization of the network created is urgently needed, the network should not be a waste of national resources. Considering the fact that huge amount of Rs.19,516.37 crore has been invested, the Committee feel that there ought to be some return on the investment made through increased utilization of the network infrastructure. To improve the uptime and increase the network utilization, operation and maintenance of the OFC network at the GP level should be properly allocated, monitored and responsibilities fixed. The Committee urge the Department to make sincere efforts to increase utilization of the network created under BharatNet and wish to be apprised of the achievements made in this regard.**

## **Comprehensive Telecom Development Plan for North East Region (NER)**

5. The Committee note that a Comprehensive Telecom Development Plan (CTDP) for North East Region (NER) is being implemented to install 6673 mobile towers at 8621 identified uncovered villages, 321 mobile towers along National Highways and strengthening of transmission network in the NER. The Government had approved the project on 10<sup>th</sup> September, 2014. During 2018-19, an amount of Rs.400 crore had been allotted at BE, however no amount had been allocated at RE and hence the utilization was 'Nil'. For the year 2019-20, an amount of Rs. 500 crore has been allocated at BE for Mobile service in uncovered villages of Arunachal Pradesh and 2 Districts of Assam by BSNL and Rs.500 crore for Mobile service in uncovered villages in rest of NER and seamless coverage along National Highway (by USOF) including Meghalaya (Rs.100 crore for Meghalaya). However, at RE no amount has been proposed by the Department for Mobile service in uncovered villages of Arunachal Pradesh and 2 Districts of Assam and Mobile services in Meghalaya. In respect of mobile services in uncovered villages in NER by Airtel, an amount of Rs. 600 crore has been proposed at RE out of which only Rs.60.03 crore has been utilized so far. The Committee are given to understand that total 2004 towers (1694 towers for 2128 uncovered villages + 310 towers for National Highways) are to be set up by Airtel in Assam except 2 Districts, Sikkim, Manipur, Mizoram, Nagaland, Tripura and Arunachal Pradesh (NH only). The project is targeted to be completed by October, 2019. However, as on 22<sup>nd</sup> October, 2019, only 878

**towers have been installed and 732 towers are radiating which substantiates Committee's apprehension that the project has failed miserably in meeting its target. The Committee note with great concern that even though the project had been approved by the Government in 2014, no headway has been made so far under the Comprehensive Telecom Development Plan for the North East Region due to Court case in case of Arunachal Pradesh and two Districts of Assam and high tender discovered cost in comparison to DPR in Case of Meghalaya. The only project which is being implemented is also behind schedule. It is surprising to note that this is happening in spite of the project being monitored closely at the highest level and review meetings being convened periodically.**

**The Committee desire that Committee of Inquiry be set up forthwith to establish responsibility for the implementation failure, particularly in comparison with the project implemented by Airtel.**

**From these observations, the Committee are constrained to note that the way USOF Schemes are being implemented by Department in the NER clearly reflects the general apathy and lack of concern for the region waiting for years to get much needed telecom connectivity. The Committee lay their emphasis that the Department need to take their NER Schemes more seriously and expedite the implementation of the Schemes under USOF to improve connectivity in the areas. Keeping in view the fact that the region suffers from difficult conditions peculiar to the region, the Committee are of the view that the Department should**

**explore innovative measures to speed up the work, such as providing incentive for timely completion on the one hand and imposing penalty in case of failure to meet the target on the other. The concrete steps in this direction may be apprised to the Committee within three months of presentation of the Report.**

**Setting up of towers in Left Wing Extremism (LWE) affected areas**

**6. The Committee note that under the LWE Project Phase-I out of total of 2355 towers, 2343 towers are radiating and 12 towers are not radiating due to damage by Naxalites. The project had to be foreclosed due to non-grant of permission by the State Government. During 2018-19, 375 VSAT sites have been upgraded to 2Mbps and the project has been declared completed during 2018-19. The Department have also informed the Committee that the Cabinet on 21 December, 2017 has approved LWE Phase-II project proposed for provision of mobile connectivity using 2G and 4G technology at 4072 towers identified by Ministry of Home Affairs (MHA). However, the list has been revised and the revised estimate of Rs.5024 crore for 3465 locations has been approved. The list is being further revised and as directed by MHA, RFP with revised tower locations is under process. The Department are hopeful that LWE-II project may be completed by March, 2021. With regard to budgetary allocations, the Committee notes that during the year 2018-19, an amount of Rs.524 crore had been allocated at BE, which was reduced to Rs.414.30 crore at RE and this amount had been fully utilized, for the upgradation of VSAT sites.**

**For the year 2019-20, out of an amount of Rs.300 crore allocated at BE for LWE Phase-I, the Department have so far utilized an amount of Rs.207.95 crore and proposed Rs.430 crore at RE. With regard to LWE Phase-II, where an amount of Rs.500 crore has been allocated at BE, the utilization so far has been 'Nil'. The Department have now proposed a reduced allocation i.e. Rs.150 crore only at RE stage. It is worrisome to note that a scheme which is planned to be completed by March 2021 is yet to take off.**

**The Committee desire to fix responsibility for this egregious failure and the resultant cost escalation. The Committee further desire that renewed efforts should be made by the Department with the concerned State Governments to get the necessary site permissions for 12 towers destroyed by the Naxalites so that towers could be set up in the areas for providing connectivity. The Committee also urge the Department that the RFP for LWE Phase-II which is under process for revised tower locations should be completed at the earliest. The Committee recommend that the Department should complete the necessary formalities on time and ensure that the project is completed within the targeted deadline. It will not only reduce the cost overrun but will also provide the much needed connectivity for people living in the areas.**

**7. The Committee are of the strong view that robust communication network is a must for LWE areas so as to bring about greater integration with the mainstream as well as to take various services to directly to the citizens living in**

**the areas. To achieve this objective, the Department should think in the line of formulating and implementing separate USOF scheme in LWE areas in the line of scheme being implemented for NER in addition to setting up of towers initiated by MHA. In this regard, the Committee desire that the Department should work closely with the elected representatives of the areas to achieve better coordination and balanced achievements in the area.**

### **OFC based network for Defence Services**

**8. The Committee are given to understand that OFC based network for Defence Services was approved by Cabinet Committee on Infrastructure (CCI) on 3<sup>rd</sup> December, 2009 for providing alternate communication network for Defence Services for release of spectrum. The project is mainly implemented by BSNL and MTNL. As per CCI approval, the Air Force network was to be completed by 30<sup>th</sup> June, 2010 and for Army and Navy to be completed by 31<sup>st</sup> December, 2012. While the Air Force network has been dedicated to the nation by Air Force on 14<sup>th</sup> September, 2010, the network related to Army and Navy is yet to be completed which indicates that it has undergone considerable time overrun. This delay has also resulted in massive cost overrun from the initial estimation of Rs.8098 crore in 2009 to Rs.24,664 crore in 2018. The revised timeline for completion of the project is May, 2020. However, the Committee have now been informed that taking into account the complex nature of the project, limited working season and difficult terrain in Arunachal Pradesh, Sikkim and Leh, the completion of the project may get delayed by few months more and the project**

is expected to be completed by December, 2020. As far as financial achievement is concerned, the Committee note that an amount of Rs.4500 crore had been allocated at BE which was reduced to Rs.2500 crore at RE and actual utilization has been only Rs.1973 crore resulting in surrender of Rs.527 crore to the Ministry of Finance. As for the reasons for surrender of funds, the Department have informed that there was a delay in Cabinet approval for enhanced cost and also delay in finalization of tender for complex part of equipment. During the year 2019-20, an amount of Rs.4725 crore has been allocated at BE, out of which the Department have utilized an amount of Rs.2627.40 crore till 30<sup>th</sup> October, 2019 and the Department have now proposed an amount of Rs.8000 crore at RE. So far as the physical progress is concerned, the Committee are given to understand that out of 60,000 km of OFC 94 per cent has been laid. With regard to equipment part, all tenders except one have been finalized and purchase orders have been placed.

However, the Committee have not been informed whether the equipment has been upgraded keeping in view the current needs of the Army and the Navy. Since these telecom equipment can rapidly become obsolete, the Committee desire a clarification as to whether the tenders were suitably updated before issuance.

The Committee further desire that tender for Unified Network Management System (UNMS) which is under finalization should be completed at the earliest. The Committee are hopeful that with adequate budgetary allocation, the project could be completed by December,

**2020. The Committee need not emphasize that the project has already witnessed massive cost and time escalation and any further delay in a priority project such as NFS would only jeopardize the national interest and security. The Department should treat this as an urgent priority.**

### **Telecom Engineering Centre**

**9. The Committee note that the Department are implementing various Schemes under Telecom Engineering Centre, such as Setting up of NGN (Transport) Lab, Setting up of SAR Lab at TEC New Delhi/Mumbai, Procurement of EMF measuring Instrument, Setting up of Security Lab, setting up of CPE and TL Lab, Setting up of Access Lab, Setting up of Green Passport Lab (Phase-I), Setting up of Regional Test at RTECs, and Setting up of NGN Control Lab. These Schemes are at various stages of implementation. However, what has disturbed the Committee is the poor utilization of funds in respect of some of the Schemes reflecting their faulty implementation. During the year 2018-19, an amount of Rs.44.10 crore had been allocated to TEC at BE, which was reduced to Rs.7.20 crore at RE stage and the actual utilization has been Rs.96.9 lakh only which is just 13.45 per cent of the funds allocated at RE. Out of 09 Schemes being implemented by TEC, in respect of 06 Schemes there has been 'Nil' utilization portraying a very sad state of affairs. Some of the reasons cited by the Department viz. pending court cases, cancellation of tenders due to non-responsiveness of bidders, revision of tender document etc. are just not acceptable to the Committee. During the year 2019-20, the Department had proposed an**



**amount of Rs.51.17 crore out of which an amount of Rs.20.11 crore was allocated at BE. But the Committee are disheartened to note that the Department proposed only Rs.11.79 crore at the RE stage and utilized only Rs.58 lakh till 30<sup>th</sup>October, 2019 i.e. 2.88 percent of the allocation made at BE.**

**The Committee would like the Department to explain the reasons for the persistent under utilization of funds by TEC. The Committee are of the view that cancellation of tenders in respect of Schemes of TEC due to non-responsiveness of the bidders and inability to finalize tenders only reflects the general incompetence and lack of requisite expertise to formulate practical tenders by TEC. In view of the persistent failure of TEC to properly implement Schemes for setting up of various Labs for testing of telecom equipment, the Committee strongly recommend the Department to review the whole planning process of TEC and ensure that implementation of Schemes under TEC improve in the current fiscal. The Committee urge the Department to take their concern seriously and do the course correction and apprise them of the corrective measures.**

### **Setting up of Security Lab**

**10. Setting up of Telecommunication Security Testing Lab is one of the important Schemes being implemented by TEC. The purpose of this lab is to cater to the needs of the telecom industry for security testing of various network elements and CPEs. The Committee note that tender was floated on 9<sup>th</sup>November, 2015 but since no bid was received, tender could not be processed. Subsequently tender was reviewed**

**and refloated in October 2016 but again got cancelled on 12<sup>th</sup>May, 2016 due to non-responsiveness of bidders. The Committee have been informed that tender was again floated on 12<sup>th</sup>September, 2018 but has been cancelled due to non-responsiveness of all bidders. Now revised tender document is under preparation. Such casual approach on the part of TEC and the way matter is stuck in tendering and retendering process clearly points to the fact that TEC has failed to handle a highly technical project like this. It has raised serious doubts as to whether TEC really has the technical competence for the setting up of Telecommunications Security Lab. The Committee have now been informed that an open house feedback session has been conducted by TEC in August, 2019 to take inputs on technical specification of tender document and based on feedback, the estimate is being revised. The way the Scheme has been handled since its conception stage gives an impression to the Committee that TEC alone will not be able to execute the project. The Committee are also of the firm view that in the aforesaid scenario the chance of setting up of the lab in the current financial year seems remote. Telecommunication Security Lab has assumed significance in view of the fact that Government of India has mandated that it will be compulsory for the telecom equipment to be tested and certified prior to its import, use or sale into the country. More so as admitted by Secretary, DoT during evidence security equipment testing in India is not of the world standard.**

**Keeping in view that Security Test Lab shall be one such lab carrying out the testing of telecom equipment to ensure that the telecom network elements are free from security**

**vulnerabilities, its early set up is the urgent need of the hour. At the same time, taking into account the complex dynamics in testing, the Committee opine that the implementation of the project should not be left to TEC alone. The Committee recommend that the Department should try to rope in other agencies with expert knowledge in the domain for early setting up of security test lab. The Committee may be informed about the steps taken in the direction and the actual progress made on the ground.**

### **5G Connectivity Test Bed**

**11. The Committee note that the Department had approved financial grant for the multi-institute collaborative project for setting up of 'Indigenous 5G Test Bed' in India. The project was approved on 22<sup>nd</sup> March, 2018 at an estimated cost of Rs.224.01 crore to be completed within 36 months *i.e.* by April, 2021. The purpose of the project is to set up end-to-end open 5G Test Bed for Indian companies and academia. Reputed institutions like IIT Madras, Delhi, Hyderabad, Bombay, Kanpur, IISC Bangalore, Society for Applied Microwave Electronics Engineering and Research (SAMEER) and Centre of Excellence in Wireless Technology (CEWiT) have been engaged for the project. The Test Bed is proposed to be realized in four stages. The Committee have been informed that the project has kicked off in right earnest and out of four stages, version 0 to validate all the hardware design components and the base on which the other versions will be built is already completed. The Department are also very much satisfied that significant progress has been made by institutes in system design, hardware design and**

**algorithm design in all locations. However, financial achievement and the status of utilization of funds depicts a different story altogether. During the year 2018-19, an amount of Rs.134.48 crore had been allocated for the Scheme at BE stage which was reduced to Rs.36.75 crore at RE stage and the actual expenditure increased to Rs.59.27 crore. For the year 2019-20 as against the proposed amount of Rs.82.23 crore, only Rs.38.59 crore has been allocated at BE. The Committee have been informed that an amount of Rs.82.24 crore has been proposed at RE by the Department. With regard to utilization, approval for payment of Rs.46.73 crore has been received and release of payment is under process. The Committee are of the considered view that any shortage of funds will adversely affect the progress of the project and impact the timely completion of the project.**

**Considering that the introduction of new technology like 5G has the potential for ushering in a major transformation across manufacturing, education, healthcare, agriculture, financial, social and other sectors, the Committee recommend that the Department should take all necessary steps for allocation of requisite funds so that progress of the project implementation does not suffer and could be completed as per the schedule. Nonetheless, the Committee will appreciate if they are informed of its environmental and health consequences that have been observed in those countries where 5G has been initially implemented. The Committee are also of the view that proper implementation of the project will enable Institutes in India to gain sufficient expertise that can be leveraged for future gain. Introduction of 5G will not only be limited to major transformation in the**

**economic field, but will also have widespread implications for national security. The Committee wish to be informed whether an assessment has been conducted of all the implications of 5G. The Committee desire that the Department should act in the right earnest for the appropriate implementation of 5G so that Indian industry can reach out to global markets and fruitfully take advantage of the opportunities that will emerge with 5G and also adequately address the security concerns. The Committee wish to be apprised of all the progress made in the implementation of the project.**

#### **Promotion of domestic manufacturing of telecom equipment**

**12. The Committee note that India is highly dependent on import of telecom equipment to meet their demands in the country. This indicates that domestic industries are clearly unable to meet the demand and the country lacks the requisite eco-system for the promotion of domestic manufacturing of telecom equipment. During 2016-17, India had imported telecom equipment worth Rs.1,13,057 crore, Rs.1,41,168 crore in 2017-18 and Rs.1,24,992 crore in 2018-19. China remains the number one country from where India is making the maximum import. The Committee feel that the import of telecom equipment will increase substantially with the introduction of newer technology like 5G and desire to know why the Department have made no plans to develop 5G indigenously. On the challenges in India confronting domestic telecom equipment manufacturing eco-system, the Department have flagged factors, such as Information Technology Agreement which brought most of**

**electronic and telecom equipment at zero duty, low R&D investment and IPR creation, lack of market access for indigenous manufacturers, need for better coordination between academia, research and innovation for leveraging the vast manufacturing potential of our country, etc. The Government have taken several measures to promote domestic manufacturing which include imposition of tariff on non-ITA products, preference to Make in India products, releasing of National Digital Communications Policy 2018 that contains several policy initiatives for promoting domestic manufacturing, setting up of Telecom Equipment and Services Export Promotion Council, mandatory testing and certification of telecom equipment, etc. Undoubtedly, these measures are significant strides in the promotion of domestic manufacturing of telecom equipment. However, at the same time, the continuance of such massive import raises doubts on the adequacy of the above initiatives. The country is yet to take a giant leap in domestic manufacturing of telecom equipment as the extent of import is still very high.**

**Considering the fact that electronic manufacturing is an important constituent of Make in India and Digital India which envisages increasing production of electronic goods in order to generate employment and income, the Committee feel that the Department needs to give adequate attention and review the efficacy of the measures being taken by them and come out with prescription of what more need to be done. The Committee are of the view that until and unless concerted efforts are made, it is very unlikely that the trend of increasing import of telecom equipment will be reversed**

and domestic manufacturing of telecom equipment in the country will grow. The Committee strongly recommend that the Department should clearly identify all the challenges and prepare all the necessary measures to tackle these challenges on a war footing. In this regard, the Committee suggest that the Government should consider incentivizing the domestic equipment manufacturers to promote domestic manufacturing and encouraging telecom service providers to install domestically manufactured equipment, including revisiting the existing tariff obligations under WTO and other international treaties.

#### **Champion Service Sector Scheme (CSSS)**

13. The Committee note that under the Champion Service Sector Scheme (CSSS) of the Department of Commerce, Government have approved two Schemes for promoting development in telecom sector, such as Scheme for brand building of India as telecom manufacturing and services destination at the cost of Rs.46.2 crore over 3 years, and Scheme for setting up of Digital Communication Innovation square at the cost of Rs.104 crore over 3 years. From the information provided by the Department, the Committee note that an amount of Rs.50.07 crore has been allocated at BE for the Schemes during 2019-20. The Committee are given to understand that the purpose of the two Schemes is to showcase capabilities of Indian telecom equipment manufacturers and service providers at important international forums that will help in branding India as a technology supplier, and promote innovative ideas and knowledge for viable technology development.

**The Committee while appreciating the Government for implementing such innovative schemes also desire that the DoT should take all necessary steps to ensure effective utilization of funds to achieve the stated aims and objectives of the Schemes. The Committee would like to be updated on the progress made in this regard.**

#### **Revival of BSNL and MTNL**

**14. The Committee note that both BSNL and MTNL have been incurring losses continuously since the financial year 2009-10. BSNL has incurred total loss of Rs.4794 crore during 2016-17, Rs.8738 crore in 2017-18 and Rs.14904 crore in 2018-19. The projected loss of BSNL during 2019-20 is Rs.25753 crore mainly due to assumption of VRS. In case of MTNL, the loss incurred by the company during 2016-17 was Rs.2941.8 crore, which rose to Rs.2973.45 crore in 2017-18 and Rs.3390.20 crore in 2018-19. The projected Net loss of the company for the year 2019-20 is 4012.5 crore. The Committee have also been informed that the net worth and outstanding debt of BSNL as on 31<sup>st</sup> March, 2019 were Rs.74734 crore and Rs.(-)15983 crore excluding overdraft respectively. As for MTNL for the same period, the net worth was Rs.(-)9734.94 crore and outstanding debt was Rs.19750.35 crore excluding DoT Bonds of Rs.4533.97 crore. With DoT Bonds, the outstanding debt of MTNL as on 31<sup>st</sup>March, 2019 was Rs. 24,284.32 crore. The Committee take note of the fact that the financial position of both the companies, especially that of MTNL is very precarious. As per the submission of the Department the main reasons for the**



**present state of the two companies are due to factors, such as stiff competition in mobile segment, high employee cost which is more than 75 per cent to revenue in case of BSNL and MTNL against the market ratio of 5 to 7 per cent, and absence of 4G services except in few places for BSNL. The Committee are, however, glad to note that a Comprehensive revival plan for BSNL and MTNL has been approved by the Cabinet and with the implementation of the revival plan both the PSUs will be able to register growth and will soon come out of losses. The Committee feel that both PSUs have played a significant role in expansion of telecom connectivity in the country and still have an important role to play. The Committee are in full agreement with the strategic and crucial role of BSNL and MTNL highlighted in NTP-2012 in meeting the strategic and security needs of the nation.**

**The Committee stress that the revival and growth of the two companies are in the best interest of the nation and they are of the view that half the battle has been won with the decision of the Government to go ahead with the revival package for both companies. However, the real challenge remains to be the work of revival itself. The Committee feel that 4G services, VRS to employees and monetization of land/building assets along with debt restructuring are the major issues of immediate intervention for revival of BSNL and MTNL and any revival plan of both the PSUs must includes these components. The Committee recommend that all out effort should be made by the Department to implement the approved revival plan in letter and spirit and bring them to their former glory. The committee also desire**

**that the modus operandi and other details of the approved revival plan and the status of progress made in the implementation may be communicated to them also.**

**The Committee are also of the view that due to offer of VRS to the employees of BSNL and MTNL, many employees of the two PSUs will leave the companies resulting in vacation of residential quarters occupied by them. These quarters can be put to profitable use by them.**

### **Revival of ITI**

**15. The Committee note that under the ITI revival plan, ITI was provided Rs.4156 crore consisting of Rs.1892 crore as non-plan funds and Rs.2264 as plan funds for implementation of new projects in ITI. The Committee are happy to note that the implementation of the Revival Plan has brought a new lease of life for ITI and succeeded in changing the fortune of ITI for better. Out of Rs.2264 crore for Capital expenditure, ITI has received Rs.769 crore only as of now. With an investment of Rs.769 crore, ITI has managed to get orders worth Rs.2193.90 crore during 2016-17 to 2019-20 and generate revenue to the tune of Rs.1000 crore. The Committee have been informed that as on 30<sup>th</sup> September 2019, ITI has booked order for Rs.13821 crore including Advance Purchase Order and is executing major projects like Gujnet, Mahanet, Network for Spectrum (NFS), Smart energy meters to achieve turnover targets of Rs.3300 crore during 2019-20. In the given set of things it is appropriate that ITI continues its strides and achieves a complete turn over. For this, the funds as assured in the**

**revival package needs to be made available to the company so that there is no financial distress. The Committee are, however, disheartened to note that allocation of funds to ITI under Capital has not been in line with the funds requested by ITI. During 2018-19, an amount of Rs.400 crore had been proposed at RE, however, ITI had received only Rs.55 crore. Similarly, during 2019-20 as against an amount of Rs.405 crore proposed at BE stage, ITI received only Rs.105 crore. The decreased allocation has badly affected the project implementation by ITI under the Revival Plan. The Committee note for RE 2019-20, additional amount of Rs.418 crore and Rs.385 crore for BE 2020-21 have been proposed. The Committee also take note of the submission of ITI that the fulfillment of project at hand are subject to realization of funds.**

**The Committee are of the view that the future of telecom PSUs like ITI lies in the introduction of new technologies and diversifying its products according to the requirement in market. Therefore, there is a need for continuous flow of fund to ITI for technological upgradation to keep pace with the changing demands for various electronic or telecom products and stay relevant. Considering the fact that it is already on a revival path and huge orders booked, the Committee find no reasons as to why funds as requested by ITI should not be allocated to ITI. The handholding and support by the Government should not be left midway which may force ITI to go back to its old state. The Committee, therefore, urge the Government that the balance amount under Capital expenditure required as per**

**the revival package for implementation of various revival projects should be released to ITI so that it can invest on newer technologies like 5G. The concern of the Committee in this regard may be communicated to the Ministry of Finance. At the same time, the Committee hope that with increase in revenue, ITI will be able to meet some of the funds towards payment of the statutory dues and other liabilities.**

**New Delhi;  
06 December, 2019  
15 Agrahayana, 1941 (Saka)**

**DR. SHASHI THAROOR,  
Chairperson,  
Standing Committee on  
Information Technology.**

**Appendix-I**

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2019-20)**

**MINUTES OF THE SECOND SITTING OF THE COMMITTEE**  
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The Committee sat on Friday, the 11<sup>st</sup> October, 2019, from 1100 hours to 1335 hours in Committee Room 'C', Ground Floor, Parliament House, New Delhi.

**PRESENT**

**Dr. Shashi Tharoor- Chairperson**

**MEMBERS**

**Lok Sabha**

2. Smt. Locket Chatterjee
3. Shri Karti P. Chidambaram
4. Dr. Nishikant Dubey
5. Choudhary Mehboob Ali Kaiser
6. Dr. Sukanta Majumdar
7. Shri P. R. Natarajan
8. Dr. Gaddam Ranjith Reddy
9. Shri M V V Satyanarayana
10. Shri L. S. Tejasvi Surya
11. Shri Bhanu Pratap Singh Verma

**Rajya Sabha**

12. Dr. Anil Agrawal
13. Shri Y. S. Chowdary
14. Shri Syed Nasir Hussain
15. Dr. Narendra Jadhav
16. Shri Ronald Sapa Tlau

**SECRETARIAT**

- |    |                       |   |                     |
|----|-----------------------|---|---------------------|
| 1. | Shri Y. M. Kandpal    | - | Director            |
| 2. | Dr. Sagarika Dash     | - | Additional Director |
| 3. | Smt. Geeta Parmar     | - | Additional Director |
| 4. | Shri Shangreiso Zimik | - | Deputy Secretary    |

**List of Witnesses**  
**Department of Telecommunications**

<b>Sl. No.</b>	<b>Names</b>	<b>Designation</b>
1.	Shri Anshu Prakash	Secretary
2.	Shri P.K. Sinha	Member
3.	Shri Debatosh Manna	Member
4.	Shri Shiwa Shankar Singh	Member
5.	Ms. Anshuli Arya	Administrator, USOF
6.	Shri Dilip Padhye	Advisor
7.	Shri G.K. Agrawal	Wireless Advisor
8.	Shri P.K. Purwar	CMD, BSNL
9.	Shri Sunil Kumar	CMD, MTNL
10.	Shri Sarvesh Singh	CMD, BBNL
11.	Shri Rakesh Mohan Agrawal	CMD, ITI
12.	Shri A. Rajiv Gupta	CMD, TCIL
13.	Shri Vipin Tyagi	Executive Director, C-DOT

2. After the welcome address by the Chairperson, the representatives of the Department of Telecommunications made a power-point presentation highlighting the issues pertaining to the DoT such as functions and responsibilities of the Department, present status of Indian telecom sector, subscriber base and market share of Telecom Service Providers (TSPs), Revenue and Capital expenditure of the Department during 2018-19 and allocation at BE 2019-20, Actual Revenue Receipts of the Department during 2018-19 and target at BE 2019-20 etc.

3. The power-point presentation also included the status of implementation of various flagship programmes, such as BharatNet, challenges and way forward, mobile connectivity in Left Wing Extremism affected (LWE) areas and mobile coverage plan for North Eastern Region (NER), Comprehensive Telecom Development Plan for Andaman Nicobar Islands and Lakshadweep Islands, status of availability of funds under USOF, progress of implementation of Network for Spectrum (NFS) for Defence Services, etc. The Power Point Presentation also highlighted some recent initiatives taken by the Department viz. notification of National Digital Communications Policy 2018, launching of Saral Sanchar Portal, Development of Online License Management System, publication of Flight and Maritime Connectivity Policy 2018 etc.

4. Members sought clarification on issues arising out of the presentation and submission by Secretary, DoT such as financial health of telecom sector, proliferation of 4G and preparedness for 5G, revival of BSNL and MTNL etc. to which the representatives responded. ....xxxx.....xxxx....xxxx....

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....xxxx....Matters not related to Report.

5. The Committee, thereafter, took up topic-by-topic discussion and questioning of the budget and related provisions. The queries included inter-alia declining trend in collection under USOF, performance of schemes and utilization of funds under USOF, status of utilization of funds during the previous year, allocation of funds at BE and implementation of schemes during 2019-20, status of implementation of revival plan for ITI, setting up of towers in LWE affected areas, low utilization of BharatNet infrastructure etc. With regard to points on which information was not readily available, the Chairperson desired the Department to submit written replies at the earliest.

6. The Chairperson, then, thanked the representatives of the Department of Telecommunications for deposing before the Committee.

The witnesses then withdrew.

Verbatim Proceedings of the sitting have been kept on record.

**The Committee, then, adjourned.**

**STANDING COMMITTEE ON INFORMATION TECHNOLOGY  
(2019-20)**

**MINUTES OF THE NINTH SITTING OF THE COMMITTEE**

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The Committee sat on Wednesday, the 27 November, 2019 from 1500 hours to 1620 hours in Committee Room '62', First Floor, Parliament House, New Delhi.

**PRESENT**

**Dr. Shashi Tharoor -Chairperson**

**MEMBERS**

***Lok Sabha***

2. Smt. Locket Chatterjee
3. Shri Karti P. Chidambaram
4. Shri Sunny Deol
5. Dr. Nishikant Dubey
6. Smt. Raksha Nikhil Khadse
7. Ms. Mahua Moitra
8. Shri P. R. Natarajan
9. Shri Nisith Pramanik
10. Col . Rajyavardhan Singh Rathore
11. Dr. Gaddam Ranjith Reddy
12. Shri L.S. Tejasvi Surya
13. Dr. T. Sumathy (A) Thamizhachi Thangapandian
14. Shri Bhanu Pratap Singh Verma

***Rajya Sabha***

15. Shri Y. S. Chowdary
16. Shri Suresh Gopi
17. Shri Md. Nadimul Haque
18. Shri Syed Nasir Hussain
19. Shri Ronald Sapa Tlau

***Secretariat***

1. Shri Ganapati Bhat - Additional Secretary
2. Shri Y.M. Kandpal - Director
3. Dr. Sagarika Dash - Additional Director
4. Smt. Geeta Parmar - Additional Director
5. Shri Shangreiso Zimik - Deputy Secretary



2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt Draft Reports on Demands for Grants (2019-20) relating to the Ministries/Departments under their jurisdiction.

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

(i) Draft Report on Demands for Grants (2019-20) of the Ministry of Communications (Department of Telecommunications).

(ii) ....XXXX....XXXX...XXXX...XXXX.....XXXX....XXXX...XXXX...XXXX.....

(iii) ....XXXX....XXXX...XXXX...XXXX.....XXXX....XXXX...XXXX...XXXX.....

4. The Committee, thereafter, adopted the above Report with some modifications.

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

**The Committee, then, adjourned.**

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....XXXX....Matters not related to Report.